JINHUI

JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137

2022
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ng Siu Fai, *Chairman*
Ng Kam Wah Thomas, *Managing Director*
Ng Ki Hung Frankie
Ho Suk Lin

Independent Non-executive Directors

Cui Jianhua
Tsui Che Yin Frank
William Yau

AUDIT COMMITTEE

Tsui Che Yin Frank, *Chairman*
Cui Jianhua
William Yau

REMUNERATION COMMITTEE

Cui Jianhua, *Chairman*
Tsui Che Yin Frank
William Yau

NOMINATION COMMITTEE

Cui Jianhua, *Chairman*
Tsui Che Yin Frank
William Yau

COMPANY SECRETARY

Ho Suk Lin

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants

SHARE LISTING

The Company's shares are listed on the Hong Kong Stock Exchange (stock code: 137)

PRINCIPAL BANKERS

Hamburg Commercial Bank AG
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

SHARE REGISTRAR

Tricor Standard Limited
17/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

26th Floor
Yardley Commercial Building
1-6 Connaught Road West
Hong Kong

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WEBSITE

www.jinhuiship.com

Chairman's Statement

The Board is pleased to present the annual report of **Jinhui Holdings Company Limited** for the financial year 2022.

2022 was overall a good year for shipping, with the freight environment being steadily driven by a general robust demand for commodities worldwide. Dry bulk shipping market showed a strong sign of rebound amid global economic recovery. With the recovery of the pandemic across different countries around the world and the gradual release from lock-downs, there was a strong rebound of market freight rates driven by robust demand for dry bulk commodities, limited supply of vessels and COVID-19 related congestion, despite the simultaneous occurrence of multiple geo-political issues. However, market freight rates were under pressure during second half of 2022, primarily driven by the interest rate outlook which translates to increasing borrowing costs and correction of risk assets values, as well as a general expectation of a slower global economic growth going forward given geopolitical conflicts at multi frontiers.

Revenue from chartering freight and hire for the year 2022 increased 16% to HK$1,189,232,000, comparing to HK$1,022,335,000 for the year 2021 due to the remarkable rebound of market freight rates driven by robust demand for dry bulk commodities worldwide and the increase in number of owned and chartered-in vessels as compared to the year 2021. However, there was a downward correction in market freight rates during the second half of 2022. The average daily time charter equivalent rate earned by the Group's fleet decreased to US$18,813 (approximately HK$147,000) for the year 2022 as compared to US$19,233 (approximately HK$150,000) for the year 2021. The Company recorded a consolidated net loss of HK$70,179,000 for the year 2022, which included a net impairment loss of HK$384,742,000 on owned vessels, as compared to the consolidated net profit of HK$1,498,072,000 which included a reversal of impairment loss of HK$1,042,129,000 on owned vessels for the year 2021. Basic loss per share for the year was HK$0.086 as compared to basic earnings per share of HK$1.559 for the year 2021.

During the year, the Group entered into agreements to acquire three vessels and took delivery of five vessels including two vessels which were committed to acquire in December 2021. We considered acquiring additional vessels could allow the Group to generate more operating income and cashflow from the core shipping business and increase the returns of the Company in the future. In addition, the Group entered into a charterparty with a third party during the year in respect of leasing of a vessel for a term of seven years. The Group also entered into agreements to dispose of five vessels during the year. We will continuously monitor the market as well as our operations going forward and look out for opportunities to maintain a reasonably modern and competitive fleet, not ruling out any future disposal or acquisition of vessels, and will make such decisions on an ad hoc basis to maintain high financial flexibility and operational competitiveness. At the same time, we remain alert to the increasing frequent economic, geo-political, or other unforeseen surprises that can trigger volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. In face of the increasing uncertainties from the external environment, the Group will continue to stay alert to any unforeseen changes to the market and carry out any investment decisions cautiously, with a view to create sustainable return to shareholders in long term. As at 31 December 2022, the Group owned twenty four grabs fitted Supramaxes and had one chartered-in Panamax.

The Board recommended the payment of a final dividend of HK$0.02 per share for the year ended 31 December 2022 subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company.

Chairman's Statement

We continue to maintain a healthy financial position under the existing challenging environment. The Board will continuously review the dividend policy going forward, with the aim of returning steady capital to shareholders should the Company's financial position and future strategy allow.

On behalf of the Board of Directors of the Company, I would like to first express our heartfelt appreciation to our seafarers who have continued to remain professional under an extremely challenging environment, as well as all customers and stakeholders for their ongoing support. Going forward, we will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under all kinds of scenarios. We will continue to exercise our best efforts to be a trustworthy business partner. I would also like to take this opportunity to express my gratitude to my colleagues on the Board for their valuable contribution and to the staff for their hard work, commitment and dedication throughout the year.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 17 March 2023

Strategies and Business Profile

The Company was incorporated with limited liability in Hong Kong on 23 April 1991 and listed on the Hong Kong Stock Exchange (stock code: 137) on 6 December 1991 as the holding company for a number of ship owning and ship chartering subsidiaries. Since 1992, the Company started diversification of businesses such as trading and investments in various industries in China. Following a reorganization in June 1994, Jinhui Shipping and Transportation Limited became the immediate holding company of the shipping group. In order to generate international interest in Jinhui Shipping, it has been listed on the Oslo Stock Exchange (Oslo Børs), Norway (stock code: JIN) since October 1994.

STRATEGIES

The Group's fleet comprise principally of Supramax class vessels, a larger and more efficient Handymax design that enjoys increasing demand from customers around the world. The Group will focus on taking sensible and decisive actions, maintaining a strong financial position and moderate leverage, not ruling out a reduction in fleet size in order to sail through the current storm by placing further emphasis on prudence and stability as our core objectives going forward and seek to be a preferred vessel provider for customers.

On the commercial side, our strategy is to maintain a flexible chartering policy to achieve an optimal balance between longer term time charterparties which generate a robust cash inflow, and spot exposure which allows the Group to take advantage of any upside in future charter rates. We will also further boost up our risk management efforts with the objective to minimize potential counterparty risks.

SHIPPING BUSINESS

The Group operates its worldwide shipping activities through Jinhui Shipping, an approximately 55.69% owned subsidiary of the Company as at date of this annual report.

The Group's shipping activities began in the mid 1980's, principally in the form of chartering dry bulk carriers worldwide. The Group masterminds a meticulous and complex shipping operation linking suppliers with end users around the world. Its chief task is to identify the exact requirements of customers and use suitable vessels to carry bulk cargoes for specific voyages or periods of time.

The Group operates a modern fleet of dry bulk carriers which are either used for carrying cargoes or time chartered-out to other shipping operators whichever is expected to bring a higher economic benefit to the Group.

Strategies and Business Profile

SHIPPING BUSINESS *(Continued)*

The key success factors in the ship chartering business are timing, performance and relationship. Ship charterers have to know their customers and suppliers well, building up mutual trust and respect. It is in this important area that the Group has always excelled, helping to cement contracts and maintain reasonable business flow even during difficult periods when the economy is weak.

It is the Group's policy to comply with all applicable environmental rules and regulations in its shipping operations as well as in its daily working environment to avoid the emission of noxious liquids into the environment. The Group's owned vessels are well maintained and we place great emphasis on the operation in compliance with safety and environmental laws and regulations including but not limited to ISM Code, ISPS Code, MARPOL and other applicable rules regulated by IMO. We ensure all crew on board are trained and certificated in accordance with STCW Convention. Our owned vessels are also subject to the laws, regulations and rules of each country and port they visit. We have developed policies and procedures intended to ensure our compliance with these laws, regulations and rules. Carbon Intensity Indicator ("CII") has already come into force 1 January 2023. CII is an annual carbon rating for every vessel, measuring the efficiency in terms of grams of carbon dioxide emitted per cargo-carrying capacity and nautical mile. From 1 January 2023 onwards, the Group will choose to use Annual Efficiency Ratio to replace Energy Efficiency Operational Indicator for carbon intensity reporting. Jinhui Shipping is well prepared and ready for all changes, heading to the target of decarbonization.

Strategies and Business Profile

SHIPPING BUSINESS *(Continued)*

Owned Vessels

As at 31 December 2022, the Group had twenty four owned vessels and 553 crew employed on board.

Name	Type	Built	Builder	Size (dwt)
JIN HENG	Supramax	2014	Jiangsu Hantong	63,518
JIN PING	Supramax	2014	Jiangsu Hantong	63,485
JIN CHAO	Supramax	2014	Jiangsu Hantong	63,469
JIN XIANG	Supramax	2012	Oshima	61,414
JIN HONG	Supramax	2011	Oshima	61,414
JIN RONG	Supramax	2008	Tsuneishi	58,729
JIN SUI	Supramax	2008	Shanghai Shipyard	56,968
JIN TONG	Supramax	2008	Shanghai Shipyard	56,952
JIN YUE	Supramax	2010	Shanghai Shipyard	56,934
JIN GANG	Supramax	2009	Shanghai Shipyard	56,927
JIN AO	Supramax	2010	Shanghai Shipyard	56,920
JIN JI	Supramax	2009	Shanghai Shipyard	56,913
JIN WAN	Supramax	2009	Shanghai Shipyard	56,897
JIN JUN	Supramax	2009	Shanghai Shipyard	56,887
JIN MAO	Supramax	2012	Jiangsu Hantong	56,469
JIN BI	Supramax	2012	Jiangsu Hantong	56,361
JIN AN	Supramax	2007	Kawasaki	55,866
JIN XING	Supramax	2007	Oshima	55,496
JIN YI	Supramax	2007	Oshima	55,496
JIN YUAN	Supramax	2007	Oshima	55,496
JIN SHUN	Supramax	2007	Shanghai Shipyard	53,350
JIN FENG	Supramax	2004	Oshima	52,686
JIN QUAN	Supramax	2006	Tsuneishi	52,525
JIN SHENG	Supramax	2006	IHI	52,050
				1,373,222

Chartered-in Vessel

As at 31 December 2022, the Group had one chartered-in vessel.

Name	Type	Built	Size (dwt)	Charter-in date	Expiry
TAHO CIRCULAR *	Panamax	2022	84,484	Jun 2022	Feb 2029

* *Industry called this new design as Kamsarmax*

Highlights

While the Group's expertise for its ship chartering business remains in Asia, by deploying a flexible and responsive sales strategy as well as an efficient fleet of vessels, the Group managed to serve a balancing portfolio of customers of our ship chartering business geographically during the year.

Loading Ports Analysis

(Expressed as a percentage of revenue)	2022 %	2021 %
Asia excluding China	83.2	89.0
Australia	7.8	5.8
China	7.0	1.5
North America	1.0	3.1
Europe	1.0	0.6
	100.0	100.0

Discharging Ports Analysis

(Expressed as a percentage of revenue)	2022 %	2021 %
China	79.9	87.5
Asia excluding China	20.1	10.9
North America	–	1.6
	100.0	100.0

Types of Cargoes carried by the Group's Fleet

	2022		2021	
	Metric Tons *(in '000)*	%	Metric Tons *(in '000)*	%
Minerals	12,047	81.1	8,971	86.1
Coal	1,768	11.9	1,083	10.4
Steel products	940	6.3	364	3.5
Agricultural products	97	0.7	–	–
	14,852	100.0	10,418	100.0

KEY PERFORMANCE INDICATORS FOR SHIPPING BUSINESS

	2022	2021
	HK$'000	*HK$'000*
Average daily time charter equivalent rate [1]	**147**	150
Daily vessel running cost [2]	**44**	36
Daily vessel depreciation [3]	**32**	20
Daily vessel finance cost [4]	**1**	1
	77	57
Average utilization rate [5]	**96%**	96%

As at 31 December 2022, the Group had twenty-four owned vessels and one chartered-in vessel. Revenue from chartering freight and hire for the year 2022 increased 16% to HK$1,189,232,000, comparing to HK$1,022,335,000 for the year 2021 due to the remarkable rebound of market freight rates driven by robust demand for dry bulk commodities worldwide and the increase in number of owned and chartered-in vessels as compared to the year 2021. However, there was a downward correction in market freight rates during the second half of 2022. The average daily time charter equivalent rate earned by the Group's fleet decreased 2% to US$18,813 (approximately HK$147,000) for the year 2022 as compared to US$19,233 (approximately HK$150,000) for the year 2021. Daily vessel running cost increased to US$5,656 (approximately HK$44,000) for the year 2022 as compared to US$4,624 (approximately HK$36,000) for the year 2021 due to the increased crew costs and other pandemic related manning expenses. Daily vessel depreciation increased from US$2,587 (approximately HK$20,000) for the year 2021 to US$4,074 (approximately HK$32,000) for the year 2022 mainly due to the combination effects on the increase in carrying amounts of the owned vessels after the recognition of the reversal of impairment loss on owned vessels in 2021, the delivery of acquired owned vessels and the increment in capitalized drydocking costs incurred under the regular drydocking schedule. Daily vessel finance cost decreased 4% from US$161 (approximately HK$1,000) for the year 2021 to US$155 (approximately HK$1,000) for the year 2022 due to the repayment of vessel mortgage loans as compared with that of the year 2021. Fleet utilization rate was 96% for both the years of 2022 and 2021. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Notes:

1. Average daily time charter equivalent rate is calculated as the time charter revenue, and voyage revenue less voyage expenses divided by the number of available days in the year.

2. Daily vessel running cost is calculated as the aggregate of crew expenses, insurance, consumable stores, spare parts, repairs and maintenance and other vessels' miscellaneous expenses divided by ownership days in the year.

3. Daily vessel depreciation is calculated as the aggregate of vessels' depreciation charge divided by ownership days in the year.

4. Daily vessel finance cost is calculated as the aggregate of vessels' finance costs divided by ownership days in the year.

5. Average utilization rate is calculated as the number of operating days divided by the number of available days in the year.

Highlights

FIVE-YEAR FINANCIAL SUMMARY

	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Key Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue	**1,189,232**	1,022,335	367,523	492,645	593,680
Net profit (loss) for the year	**(70,179)**	1,498,072	(138,553)	12,085	78,338
Other comprehensive income (loss)	**(22,607)**	17,067	13,833	(7,615)	(890)
Total comprehensive income (loss) for the year	**(92,786)**	1,515,139	(124,720)	4,470	77,448
Total comprehensive income (loss) for the year attributable to:					
Shareholders of the Company	**(58,184)**	837,064	(77,915)	(10,261)	48,303
Non-controlling interests	**(34,602)**	678,075	(46,805)	14,731	29,145
	(92,786)	1,515,139	(124,720)	4,470	77,448
Other Financial Information					
Basic earnings (loss) per share	**HK$(0.086)**	HK$1.559	HK$(0.162)	HK$(0.007)	HK$0.091

FIVE-YEAR FINANCIAL SUMMARY *(Continued)*

	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Key Items in the Consolidated Statement of Financial Position					
Non-current assets	**3,714,794**	3,592,612	2,264,529	2,435,596	2,180,732
Current assets	**720,555**	929,599	844,997	1,008,892	913,546
Current liabilities	**(510,244)**	(695,645)	(691,335)	(796,906)	(433,714)
Non-current liabilities	**(605,981)**	(345,073)	(440,507)	(545,178)	(553,944)
Net assets	**3,319,124**	3,481,493	1,977,684	2,102,404	2,106,620
Issued capital	**381,639**	381,639	381,639	381,639	381,639
Reserves	**1,503,149**	1,593,150	756,086	834,001	844,262
Equity attributable to shareholders of the Company	**1,884,788**	1,974,789	1,137,725	1,215,640	1,225,901
Non-controlling interests	**1,434,336**	1,506,704	839,959	886,764	880,719
Total equity	**3,319,124**	3,481,493	1,977,684	2,102,404	2,106,620
Other Financial Information					
Gearing ratio	**8%**	6%	19%	18%	6%

Corporate Governance Report

CORPORATE GOVERNANCE PRINCIPLES

Jinhui Holdings is committed to promoting good corporate governance, with the objectives of the maintenance of responsible decision making; the improvement in transparency and disclosure of information to shareholders; the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of shareholders; and the improvement in management of risk and the enhancement of performance by the Group.

To this end, the Company has promulgated a set of Company Code which sets out the corporate standards and practices used by the Group to direct and manage its business affairs. It is prepared and updated by referencing to the principles, code provisions and recommended best practices as set out in Appendix 14 of the Listing Rules. In addition to formalizing existing corporate governance principles and practices, the Company Code also serves the purpose of assimilating existing practices and ultimately ensuring high transparency and accountability to the Company's shareholders.

The Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2022, with deviations explained in this corporate governance report.

DIRECTORS

The Board

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the success of the Company by directing and supervising the Company's businesses and affairs.

The Board meets regularly and board meetings are held at least four times a year at approximately quarterly intervals. Such board meetings involve the active participation, either in person or through electronic means of communication, of a majority of directors of the Company entitled to be present.

All Directors are given the opportunity to include items in the agenda for regular board meetings. Sufficient and reasonable notices have been given to ensure Directors are given opportunity to attend. Minutes of board meetings and meetings of board committees are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director. Such minutes record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes are sent to all Directors for their comment and records respectively, within a reasonable time after the board meeting is held. Any Director may, in furtherance of his / her duties, take independent professional advice where necessary at the expense of the Company.

DIRECTORS *(Continued)*

The Board *(Continued)*

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction shall be present at such board meeting.

The Company has arranged for appropriate insurance cover for directors' and senior management's liabilities in respect of legal actions against its directors and senior management arising from corporate activities.

The Board meets regularly over the Company's affairs and operations. The attendance records of each member of the Board and board committees at meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee held in 2022, and the 2022 Annual General Meeting as well as the participation of the training of the Directors are set out below:

	Number of meetings attended / held for the year 2022					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	2022 Annual General Meeting	Training [1]
Executive Directors						
Ng Siu Fai, *Chairman*	13/13	–	–	–	1/1	✓
Ng Kam Wah Thomas, *Managing Director*	13/13	–	–	–	1/1	✓
Ng Ki Hung Frankie	13/13	–	–	–	1/1	✓
Ho Suk Lin	13/13	–	–	–	1/1	✓
Independent Non-executive Directors						
Cui Jianhua	13/13	5/5	1/1	1/1	1/1	✓
Tsui Che Yin Frank	13/13	5/5	1/1	1/1	1/1	✓
William Yau	13/13	5/5	1/1	1/1	1/1	✓

Note:

1. This includes attending courses or seminars relevant to the Company's business or directors' duties arranged by the relevant authorities and professional bodies, and perusing comprehensive papers focusing on the regulatory changes and corporate governance related matters published by relevant authorities and professional bodies.

DIRECTORS *(Continued)*

Chairman and Chief Executive

CG Code provision C.2.1 Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and the Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes deviation from code provision C.2.1 of the CG Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive.

As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Group. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company as one-third of the Board members are represented by the independent non-executive directors and the Board will meet regularly to consider major matters affecting the operations of the Group and all Directors are properly briefed on the matters arising at the Board meetings with adequate, complete and reliable information received in a timely manner. The current structure also allows flexibility and enhances the efficiency of decision making process in response to the constantly changing competitive environment.

As the Chairman's major responsibility is to manage the Board whereas the Managing Director's major responsibility is to manage the Group's businesses, the Board considers that the responsibilities of the Chairman and the Managing Director are clear and distinctive and hence written terms thereof are not necessary. Although the respective responsibilities of the Chairman and the Managing Director are not set out in writing, power and authority are not concentrated in any one individual and all major decisions are made in consultation with members of the Board and appropriate board committees, as well as senior management.

Going forward, the Board will periodically review the effectiveness of this arrangement, the board composition as well as division of responsibilities to enhance best interests of the Company and its shareholders as a whole.

The Chairman ensures that all Directors are properly briefed on the issues arising at the Board meetings and all Directors receive adequate, complete and reliable information. Throughout the year, the Chairman provides leadership for the Board; ensures that the Board and board committees function effectively and perform their responsibilities; ensures that good corporate governance practices and procedures are established and ensures all directors act in the best interests of the Company by making full and active contribution to the Board's affairs. The Chairman holds annual meeting with the independent non-executive directors in respect of corporate governance improvements, effectiveness of the board, and any other issues they may wish to raise without the executive directors; and ensure necessary steps are taken to provide effective communication with shareholders and ensure constructive relations between executive and non-executive directors. The Board believes that Mr. Ng Siu Fai's appointment to the post of Chairman is beneficial to the business prospects and management of the Company.

DIRECTORS *(Continued)*

Board composition

The Board includes a balanced composition of executive and non-executive directors with a balance of skills and experience appropriate for the business of the Company.

The Board comprises a total of seven Directors, with four executive directors, Mr. Ng Siu Fai (Chairman), Mr. Ng Kam Wah Thomas (Managing Director), Mr. Ng Ki Hung Frankie and Ms. Ho Suk Lin; and three independent non-executive directors, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau.

Biographical details of the Directors and the relationships (including financial, business, family or other material or relevant relationships) among members of the Board are set out on pages 67 and 68.

During the year, the Board is assisted by three board committees which are Audit Committee, Remuneration Committee and Nomination Committee. Their existence does not reduce the responsibility of the Board as a whole. Board committee meetings are convened to prepare matters for consideration and final decision by the Board as a whole. Material information that comes to the attention of board committees are also communicated to other members of the Board. As a general principle, the board committees have an advisory role to the Board. They assist the Board in specific areas and make recommendations to the Board. However, only the Board has the power to make final decisions.

During the year, the Board has at all times complied with the Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise and the independent non-executive directors of the Company represents more than one-third of the Board. Each of the independent non-executive director has made an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines as set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

All independent non-executive directors are expressively identified in all corporate communications that disclose the names of directors while a list of directors identifying their roles and functions is maintained on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com.

DIRECTORS *(Continued)*

Appointments and re-election of directors

The independent non-executive directors of the Company are appointed for specific terms and subject to retirement by rotation at least once every three years and re-appointed at annual general meeting of the Company. Formal letters of appointment with specific terms with independent non-executive directors are arranged.

CG Code provision B.2.2 Under code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Articles of Association of the Company, all Directors other than the Chairman and the Managing Director shall be subject to retirement by rotation at least once every three years and any new directors appointed to fill casual vacancies or as an addition to the Board shall be subject to election by shareholders at the annual general meeting after their appointments.

As the Chairman and the Managing Director are not subject to retirement by rotation in accordance with the Articles of Association of the Company, this constitutes deviation from code provision B.2.2 of the CG Code. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group's business continuity and stability, and there should be planned and orderly succession for these offices. Since continuation is a key factor to the successful implementation of the Company's business plans and strategies, any Director holding the office as the Chairman or the Managing Director should therefore be exempted from the retirement by rotation and re-election at the Company's annual general meeting and the Board believes this arrangement is most beneficial to the Company and its shareholders.

DIRECTORS *(Continued)*

Re-election of independent non-executive directors

Where an independent non-executive director has served more than nine years, such director's further appointment will be subject to a separate resolution to be approved by Shareholders. A circular accompanying that resolution will state why the Board or the Nomination Committee believes that the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the Board or the Nomination Committee in arriving at such determination will be sent to Shareholders.

The Board currently comprises of four executive directors, including the Chairman and the Managing Director, and three independent non-executive directors. All the existing independent non-executive directors of the Company, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau, have served the Company for more than nine years, and their length of tenure are respectively more than twenty-nine years, twenty-eight years and eighteen years.

Mr. Cui Jianhua was subject to re-election as an independent non-executive director at the 2022 Annual General Meeting. Mr. Cui has served as an independent non-executive director of the Company for more than nine years since 1993. The Board noted the positive contributions of Mr. Cui to the Board on the development of the Company's strategy and policies through his independent and constructive contributions supported by his skills, expertise and qualifications extensive experience gained from his management positions in various entities also contributes to the diversity of the Board. The nomination has been considered in accordance with the nomination policy and the objective criteria therein (including but not limited to skills, knowledge, experience, expertise, professional and education qualifications), with due regard to the benefits of diversity as set out in the diversity policy of the Board. The nomination committee of the Company had assessed and was satisfied of the independence of Mr. Cui. The Board was of the view that Mr. Cui's independence was not affected by his long service with the Company. Mr. Cui met the independence guideline as set out in Rule 3.13 of the Listing Rules. He has been independent of the management and free from any business or other relationship or circumstances which would materially interfere with the exercise of his independent judgement. His further appointment which was subject to a separate resolution had been approved by Shareholders at the 2022 Annual General Meeting held on 1 June 2022. The details of the re-election of the independent non-executive director was stated in the circular dated 28 April 2022 which was sent to the Shareholders.

DIRECTORS *(Continued)*

Nomination Committee

The Nomination Committee was established on 1 January 2013, currently comprising three independent non-executive directors, Mr. Cui Jianhua (chairman of Nomination Committee), Mr. Tsui Che Yin Frank and Mr. William Yau.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors. The Nomination Committee has a board diversity policy to achieve diversity on the Company's board of directors. The diversity perspective in the board diversity policy has been considered from a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Group pursues a policy of gender equality. The Board currently consists of seven members, of whom six members are male and one member is female. The nomination procedures are carefully reviewed with due consideration to avoid gender discrimination and to ensure equal opportunities and rights in workplace. The Company also has a director nomination policy in place to assist the Board in making recommendations on the appointment of directors, and succession planning for directors. The nomination policy states that in assessing the suitability of the proposed candidate, the Nomination Committee shall consider a number of factors, including but not limited to the reputation for integrity, accomplishment, experience and reputation in the shipping industry and other relevant sectors, time commitment to the Company's business, diversity in various aspects, and the ability to assist and support management and make contributions to the Company. The appointment of any proposed candidate shall be made in accordance with the Company's Articles of Association and other applicable rules and regulations and the details of the procedures for shareholders to propose a person for election as a director of the Company are also available in the Company's website. When proposing an independent non-executive director candidate for election, Nomination Committee will set out (i) the process by which the candidate was identified, (ii) reasons why the candidate should be elected, (iii) reasons the candidate is independent, (iv) the perspectives, skills and experience the candidate brings, and (v) how the candidate will contribute to diversity of the board, and where an independent non-executive director candidate is nominated to a seventh (or more) listed company directorship, the board must explain why it believes the candidate will still be able to devote sufficient time to his / her role. A circular containing the above factors will be sent to the Shareholders. The Board's composition is included in the corporate governance report and the Nomination Committee shall meet at least once a year. The Nomination Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary. During the year, the Board with the assistance of the Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity and the Nomination Policy and considered that they are effective and appropriate for the Company. The Board considers its diversity of gender is appropriate.

DIRECTORS *(Continued)*

Nomination Committee *(Continued)*

The terms of reference of the Nomination Committee, explaining its roles and authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, there is no change to the Board's composition, nor any election of new director. The Nomination Committee held a meeting to review the structure, size and composition of the Board, and make recommendations to the Board.

Responsibilities of directors

A Guide on Directors' duties issued by the Companies Registry has been provided to each Director. A comprehensive induction package designed to provide a general understanding of the Group, its business, the operations of the Board and the main issues it faces, and, if appropriate, an overview of the additional functions and responsibilities of independent non-executive directors will be provided to newly appointed directors. To assist Directors bringing informed decisions in the best interests of the Company and the shareholders, an information package comprising the latest developments in the legislations and industry news are forwarded to each Director from the Company Secretary periodically.

Directors are aware sufficient time and attention could be given to the affairs of the Company and ensure that their contribution to the Board remains informed and relevant by participating in continuous professional development.

The Board has the responsibility of development and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risks. The Board is responsible for arranging appropriate insurance coverage and organizing the Group's wide risk reporting.

Independent non-executive directors have participated in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; they also take the lead where potential conflicts of interests arise; serve on the audit, remuneration, and nomination committees; and scrutinize the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting. They have given the board and committees on which they service the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They have also attended general meetings and developed a balanced understanding of the views of shareholders and have contributed to the development of the Company's strategy and policies through independent, constructive and informed comments.

DIRECTORS *(Continued)*

Responsibilities of directors *(Continued)*

The Board is satisfied with continuous professional development undertaken by respective Directors. During the year, Mr. Ng Siu Fai, Mr. Ng Kam Wah Thomas, Mr. Ng Ki Hung Frankie, Ms. Ho Suk Lin, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau participated in continuous professional development by perusing comprehensive papers focusing on the regulatory changes and corporate governance related matters published by relevant authorities and professional bodies. In addition, Ms. Ho Suk Lin and Mr. Tsui Che Yin Frank, who have appropriate professional qualifications in accounting and related financial management expertise, further confirmed that they had attended adequate continuous professional development courses and seminars held by relevant authorities and professional bodies.

Securities transactions by directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the year ended 31 December 2022.

Supply of and access to information

Directors are provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities. For regular board meetings, agenda and accompanying board papers are sent in a timely manner and at least three days before the intended date of a board or board committee meeting (or other agreed period). The board and individual directors have separate and independent access to the Company's senior management. All Directors are entitled to have access to board papers and related materials.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee was established on 25 August 2005, currently comprising three independent non-executive directors, Mr. Cui Jianhua (chairman of Remuneration Committee), Mr. Tsui Che Yin Frank and Mr. William Yau.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Remuneration Committee *(Continued)*

The roles and functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, and reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. It also makes recommendations to the Board on the remuneration packages of individual executive directors and senior management, including salaries, bonuses, benefits in kind, pension rights and compensation payments, and the remuneration of the independent non-executive directors. The Remuneration Committee should consider factors such as the performance of executive directors and senior management, the profitability of the Group, salaries paid by comparable companies, time commitment and responsibilities, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has to ensure that the Group is able to attract, retain and motivate a high-caliber team which is essential to the success of the Group. The Remuneration Committee shall meet at least once a year. The Remuneration Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary.

The terms of reference of the Remuneration Committee, explaining its roles and the authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, the Remuneration Committee held a meeting to review and assess the management's remuneration proposals with reference to the corporate goals and objectives, and to make recommendations to the Board regarding the remuneration to individual executive directors and senior management. Details of the emoluments of the Directors and remuneration to senior management by band for the year are set out in note 13 to the consolidated financial statements.

ACCOUNTABILITY AND AUDIT

Financial reporting

It is the Board's responsibility to present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects. The Board presents such assessment in annual and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules, and for reports to regulators and information disclosed under statutory requirements.

Management provides sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval. In this regard, the management provides all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details.

ACCOUNTABILITY AND AUDIT *(Continued)*

Financial reporting *(Continued)*

The Directors are responsible for preparing the consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. Appropriate accounting policies have also been used and applied consistently. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt on the Group's ability to continue as a going concern. A statement by the auditor of the Company about auditor's responsibility on the consolidated financial statements of the Group is set out in "Independent Auditor's Report" on pages 79 to 83. A separate statement of the strategy and business model is included in "Strategies and Business Profile" on pages 5 to 7, and the Board is satisfied that these and the Group's culture are aligned. All Directors act with integrity, lead by example, and promote the desired culture. Such culture will instil and continually reinforce across the Group values of acting lawfully, ethically and responsibly. The Board also present a balanced, clear and understandable assessment of the Group's performance in its "Management Discussion and Analysis" on pages 51 to 66.

Risk management and internal control

It is the Board's responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. Such risks include, amongst others, material risks relating to ESG. The Board also oversees management in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis, and management shall confirm to the Board on the effectiveness of these systems at least annually.

The Board, through the assistance of Audit Committee, has conducted an annual review of the effectiveness of the Group's risk management and internal control systems, covering all material financial, operational and compliance controls. In particular, the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Group's accounting and financial reporting functions, as well as those relating to the Company's ESG performance and reporting, are reviewed. The annual review also covered the Group's significant and emerging risks (including ESG risks) in shipping business; the quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems; the extent and frequency of communication of monitoring results to the Audit Committee and the Board; whether there is any significant control failings or weaknesses identified and the effectiveness of the Group's processes for financial reporting and Listing Rules compliance. For the year, the review of the effectiveness of the Group's risk management and internal control systems has been conducted and certain key internal control systems have been independently reviewed by Grant Thornton Hong Kong Limited during the year and are reviewed by the Audit Committee on an ongoing basis so that the practical and effective systems are implemented. The findings are reported subsequently at Board meetings to enable the Board to assess the Group's risk management and internal control system and the Board is satisfied that such systems are effective and adequate and appropriate actions have been taken.

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk management and internal control *(Continued)*

The risk management and internal control systems and accounting system of the Group are designed to identify and evaluate the Group's risk and formulate risk mitigation strategies, and to provide reasonable assurance that assets are safeguarded against unauthorized use or disposition, transactions are executed in accordance with management's authorization, and the accounting records are reliable for preparing financial information used within the business for publication, maintaining accountability for assets and liabilities and ensuring the business operations are in accordance with relevant legislation, regulations and internal guidelines, including guidelines for corporate social responsibility.

The Group has a defined organizational structure with clearly defined lines of responsibility and authority. Each business unit / department is accountable for its daily operations and is required to report to executive directors on a regular basis. Policies and procedures are set for each business unit / department, which includes approvals, authorization, verification, recommendations, performance reviews, assets security and segregation of duties. The key control procedures include establishing and maintaining effective policies to ensure proper management of risks to which the Group are exposed and taking appropriate and timely action to manage such risks, establishing a structure with defined authorities and proper segregation of duties; monitoring the strategic plan and performance; designing an effective accounting and information system; controlling price sensitive information; and ensuring swift actions and timely communication with our stakeholders. At least twice a year, the management will report to the Audit Committee on the effectiveness of risk management and internal control systems. The Audit Committee review how management designs, implements and monitors risk management and internal control procedures, findings and recommendations and follow-up procedures on the annual assessment; and the Audit Committee will report on the overall effectiveness of the risk management and internal control systems to the Board annually. The Group's risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives. With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has internal policy and procedures which strictly prohibit unauthorized use of inside information and has communicated to all staff; the Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and conducts the affairs with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs. Details of the Group's risk management policies are set out in "Management Discussion and Analysis" on pages 63 and 64 and note 39 to the consolidated financial statements on pages 143 to 151.

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk management and internal control *(Continued)*

CG Code provision D.2.5 Under code provision D.2.5 of the CG Code, the Group should have an internal audit function. Based on the size and simple operating structure of the Group as well as the existing internal control processes, the Board has decided not to set up an internal audit department for the time being. When necessary, the Audit Committee under the Board would carry out the internal audit function for reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

Except for the deviation of code provision D.2.5 of the CG Code, the Board considers that the Company has complied with the requirements under the Listing Rules regarding the risk management and internal control, and will continue to review, revise and strengthen its risk management and internal control from time to time so that practical and effective systems are implemented.

Audit Committee

The Audit Committee was established on 22 September 1998, currently comprises of three independent non-executive directors, Mr. Tsui Che Yin Frank (chairman of Audit Committee), Mr. Cui Jianhua and Mr. William Yau.

The primary duties of the Audit Committee include the review and monitor the Group's financial reporting, compliance with legal and regulatory requirements, the nature and scope of audit review as well as the effectiveness of the systems of risk management and internal control. The Audit Committee is also responsible for making recommendations in relation to the appointment, re-appointment and removal of the auditor, and reviewing and monitoring the auditor's independence and objectivity. In addition, the Audit Committee discusses matters raised by the auditor and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee shall meet at least twice a year. Minutes of Audit Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the meetings are sent to all Audit Committee members for their comment and records within a reasonable time after the Audit Committee meeting is held. The Audit Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary.

The terms of reference of the Audit Committee, explaining its roles and the authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, the Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the review of the Company's interim and annual reports before submission to the Board. The Audit Committee held five meetings in 2022. The Group's annual consolidated financial statements for the year ended 31 December 2022 and interim consolidated financial statements for the period ended 30 June 2022 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

DELEGATION BY THE BOARD

Management functions

While the Board is entrusted with the overall responsibility for promoting the success of the Company by the strategic direction and governance of the Company's businesses and affairs, the functions of implementing the approved strategy and policies as well as managing the day-to-day operations are delegated to the management, comprises of executive directors and senior management of the Company. Management invites department heads or other colleagues to participate in management meetings periodically and through internal communication to convey the Company's strategies and policies to the staff and to collect views and opinions from the staff and reports to the Board. The Board will review the implementation and effectiveness of this mechanism on an annual basis.

The Company formalizes the functions reserved to the Board and those delegated to the management. Formal letters of appointment for Directors setting out the key terms and conditions of their appointments are arranged. Such arrangements are subject to periodically review to ensure they remain appropriate to the Company's needs.

The Board delegates aspects of its management and administration functions to the management and it gives clear directions as to the management's powers, in particular, where the management should report back and obtain prior Board's approval before making decisions or entering into any commitments on the Company's behalf.

The list of executive directors and senior management and their biographical details are set out on pages 67 and 68.

Board committees

Board committees are established with clear specific terms of reference which deal clearly with their authority and duties that enable such committees to discharge their functions properly. Such terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee require such committees to report back to the Board on their decisions or recommendations.

DELEGATION BY THE BOARD *(Continued)*

Corporate governance functions

The Board is responsible for developing and reviewing the Company's policies and practices on corporate governance and performing the corporate governance duties as set out in CG Code provision A.2.1. The following is a non-comprehensive summary of the duties performed by the Board:

- to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct applicable to employees and Directors; and
- to review the Group's compliance with the CG Code and disclosure in the Corporate Governance Report.

COMMUNICATION WITH SHAREHOLDERS

Effective communication

The Board endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings or other general meetings to communicate with shareholders and encourage their participation. At each general meeting, a separate resolution is proposed by the chairman of that meeting and the resolutions are not bundled. All Directors, including the chairman of the Board and the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, and the auditor of the Company shall attend and answer questions at the annual general meetings. The Company's dividend policy is set out in Directors' Report on page 69.

In order to further promote effective communication, the Company maintains a website to disseminate information electronically on a timely basis and the Board shall review the effectiveness of shareholders' communication policy on a regular basis. During the year, a review on the implementation and effectiveness of the shareholders' communication policy has been conducted and the Board is satisfied that such policy are effective and adequate and appropriate actions have been taken.

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Effective communication *(Continued)*

The 2022 Annual General Meeting was held on 1 June 2022 and the resolutions of: (1) receipt of the Financial Statements, the Directors' Report and the Independent Auditor's Report for the year ended 31 December 2021; (2) declaration of final dividend for the year ended 31 December 2021; (3) re-election of Directors; (4) authorizing the Board to fix Directors' remuneration; (5) re-appointment of Grant Thornton Hong Kong Limited as auditor of the Company and authorizing the Board to fix its remuneration; (6) granting a general mandate to allot shares of the Company; (7) granting a general mandate to buy back shares of the Company; and (8) adding the number of shares bought back under resolution 7 to the mandate granted to the Directors under resolution 6, were voted and approved by poll. The poll results and Directors' attendance at the 2022 Annual General Meeting are announced and posted on the websites of both of Hong Kong Exchanges and Clearing Limited and the Company.

The 2023 Annual General Meeting of the Company will be held on Tuesday, 30 May 2023. Notice of the 2023 Annual General Meeting will be published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com, and will be dispatched to shareholders of the Company in due course.

The register of members of the Company will be closed from Wednesday, 24 May 2023 to Tuesday, 30 May 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2023 Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 23 May 2023.

Voting by poll

Sufficient notice of shareholders meetings are given to the shareholders of the Company and they are entitled to attend shareholders' meeting in person or by proxy. The Company informs the shareholders of the procedures for voting by poll and ensures compliance with the requirements about voting by poll contained in the Listing Rules and the Articles of Association of the Company.

COMPANY SECRETARY

Ms. Ho Suk Lin has been appointed by the Board as Company Secretary of the Company since 1991. The biographical details of Ms. Ho is set out on page 67. Ms. Ho is responsible for advising the Board through the Chairman and / or the chief executive on governance matters and also facilitating induction and professional development of Directors. All Directors have access to the advice and services of the Company Secretary to ensure that all Board procedures and rules and regulations are followed. The selection, appointment or dismissal of the company secretary shall be dealt with by a physical board meeting rather than a written resolution.

Corporate Governance Report

AUDITOR'S REMUNERATION

The performance of the auditor of the Company during the year has been reviewed by the Audit Committee. In 2022, the remuneration paid and payable to the auditor of the Company for the provision of the Group's audit services and other services were HK$2,100,000 and HK$566,000 respectively. The other services mainly include interim review, tax compliance services and review of internal control systems.

INVESTOR RELATIONS

There is no change in the company's constitutional documents during the year.

SHAREHOLDERS' RIGHT

Procedures for shareholders to call a general meeting

For shareholder(s) of the Company who wish to call a general meeting, the shareholder(s) is / are requested to follow the requirements and procedures as set out in Section 566 of the Companies Ordinance.

Shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings can make a request to call a general meeting of the Company.

The request (a) must state the general nature of the business to be dealt with at the meeting; (b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting; (c) may consist of several documents in like form; (d) may be sent to the registered office of the Company in hard copy form or in electronic form; and (e) must authenticated by the person or persons making it.

Pursuant to Section 567 of the Companies Ordinance, the Directors must call a general meeting within twenty one days after the date on which they become subject to the requirement and the meeting so called must be held on a date not more than twenty eight days after the date of the notice convening the meeting. If the Directors do not do so, the shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting pursuant to Section 568 of the Companies Ordinance, but the meeting must be called for a date not more than three months after the date on which the Directors become subject to the requirement to call a general meeting. The Company must reimburse any reasonable expenses incurred by the shareholders requesting the meeting by reason of the failure of the Directors duly to call a general meeting.

SHAREHOLDERS' RIGHT *(Continued)*

Procedures for shareholders to circulate a resolution for annual general meeting

For shareholder(s) of the Company who wish to make a request to circulate a resolution for an annual general meeting, the shareholder(s) is / are requested to follow the requirements and procedures as set out in Section 615 of the Companies Ordinance.

Shareholder(s) can make a request to circulate a resolution for an annual general meeting pursuant to Section 615 of the Companies Ordinance if: (a) they represent at least 2.5% of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least fifty shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate.

The request (a) may be sent to the registered office of the Company in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than (i) six weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

Shareholders' enquiries

The Chairman as well as the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, and all Directors are normally available at the annual general meeting to answer shareholders' enquiries, unless illness or another pressing commitment precludes them from doing so. Shareholders are also invited to ask questions during the meeting and have an opportunity to meet with Directors after the formal business of the meeting has been concluded. Shareholders could also direct their questions about their shareholdings to the Company's share registrar.

WORKFORCE DIVERSITY

The employees are the Group's most important resource and are crucial to the Group's success in achieving its targets for long term value creation. The Group provides various resources for staff training and development. The Group remunerates its employees, including the Executive Directors, in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. As far as the Group is aware, it complies with all relevant applicable regulations concerning employment, social benefits and labour safety.

The Group pursues a policy of gender equality. Workload and working hours depend on positions while promotion and recruitment depend on performance and experience. As at 31 December 2022, the Group had 65 (2021: 64) full-time employees (including senior management), of whom 35 (2021: 34) employees, representing 54% (2021: 53%) were male and 30 (2021: 30) employees, representing 46% (2021: 47%) were female. As at 31 December 2022, the Board consists of seven members, of whom six members are male and one member is female. Procedures regarding recruitment, promotion and salary review are carefully reviewed with due consideration to avoid gender discrimination. The Group aims to ensure equal opportunities and rights in workplace.

The Group has a sound and sufficient risk management and internal control measures in place. We understand the importance of anti-corruption and anti-money laundering and always uphold a high standard of corporate governance and maintain an ethical corporate culture. The Group's whistle-blowing policies and internal ethical guidelines are stated in our staff handbooks. Our employees or any person who deal with the Group can access the management or members of the Audit Committee to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Group or its employees. During the year, there was no report on any corrupt practices brought against the Group or its employees.

The Group maintains a good relationship with its employees and seafarers and has not experienced any disruption of its operation as a result of industrial disputes.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Report profile

Jinhui Holdings Company Limited and its subsidiaries (the "Group") released the 2022 Environmental, Social and Governance Report (the "ESG Report") to share its social and environmental performance with our stakeholders in a complete, accurate, and balanced manner. Jinhui Holdings Company Limited (the "Company") is committed to creating greater values for our shareholders to achieve its sustainable development goals. This report focuses largely on the boundary of our shipping operations which are carried out internationally and on working environments and corporate-wide practices relating to our sustainability performances.

The Board has the overall responsibility and accountability for Environmental, Social and Governance ("ESG") strategy and reporting.

Reporting standard

This ESG Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). This ESG Report has complied with all mandatory disclosure requirements and "comply or explain" provisions of the ESG Guide.

Reporting principles

The ESG Report was prepared in accordance with the reporting principles outlined in the Stock Exchange's ESG Guide, including:

Materiality: The Group identifies key ESG issues through stakeholder engagement and materiality assessment.

Quantitative: Key performance Indicators ("KPIs") were presented in quantitative terms to illustrate the performance more objectively. We established data collection tools to record and monitor the environmental and social indicators.

Balance: The ESG Report disclosed both our achievements and areas for improvement to provide an unbiased picture of the Group's performance.

Consistency: Methodologies used in the ESG Report are consistent with those used in the prior years in terms of data statistics and calculation to ensure the comparability of information, unless otherwise stated. Any changes will be annotated for readers' reference.

ABOUT THIS REPORT *(Continued)*

Reporting period

The ESG Report illustrated and highlighted the environmental and social performance of the Group for the reporting period from 1 January 2022 to 31 December 2022 (the "Reporting Period"), which aligned with the period covered in the Group's annual report 2022. All financial data in this report is extracted from the financial reports of the Company, official documents and internal statistics.

The Board of Directors reviewed and approved the disclosure in this report.

Statement of the Board

The Board has overall responsibility for the long term sustainability and ESG strategies which support growth and enhance value for the business and its stakeholders, as well as contribution to the environment and the community growing.

The Board and the management are committed to operate our business in an environmentally and socially responsible manner. When setting the standards, the Board considers the needs and requirements of the business, its stakeholders, the Corporate Governance Code and the ESG Guide. The Board discusses and reviews the risks and opportunities, performance, progress, goals and targets regularly to monitor the ESG performance, related issues and potential risks.

The Group's businesses and functional departments also help to formulate relevant strategies in their respective areas and monitor the effectiveness of the implementation in accordance with the sustainable development strategies and objectives suggested by the Board. Reviews are also arranged regularly to evaluate the effectiveness of current policies and procedures and develop appropriate solutions to improve the overall performance of ESG policies.

The possible environment impact may include air pollutants emissions, ballast water discharges and oil pollution in environmental disaster. By maintaining operational safety and providing quality training of our seafarers in compliance with applicable environmental laws and regulations, we believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations. To achieve this, we strive to comply with all applicable rules and regulations with our best efforts in shipping operation as well as in our daily working environment to minimize any adverse impact to the environment.

In line with the ESG Guide, the Board reports on an annual basis regarding the ESG performance. The management has provided confirmation to the Board on the effectiveness of the ESG risk management and internal control system.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder engagement

The management and staff of different operating functions were involved in the preparation of the ESG Report, including assisting management to review its operations, identification of relevant ESG issues, and assessing their materiality to our business as well as to the stakeholders.

The Group communicates regularly with and gathers feedback from stakeholders including members of the Board of Directors, employees, investors, shareholders, service providers, and clients through various channels to understand their expectations, build and maintain a good relationship, and identify the most significant environmental and social aspects of the Group's operations to its stakeholders.

Below outlines the Group's various dialogue channels for different types of stakeholders:

Stakeholders	Communication Channels
Shareholders and investors	– Company's website – Annual and interim reports – Annual general meetings – Company's announcements and circulars – Postal correspondences, emails (ir@jinhuiship.com)
Customers and business partners	– Company's website – Online presentation and discussion – Regular meetings – Customer services channels (chartering@jinhuiship.com) – Customers' meetings
Employees	– Daily direct communications – Training and orientation programs – Employees' performance evaluations – Employees' activities – Regular meetings – Emails and feedback collection boxes
Government authorities and regulators	– Documented information submissions – Compliance inspections and checks – Regular meeting / luncheons with professional bodies – Forums, conference and workshops
Media	– Company's website – Company's announcements and circulars – Press releases

STAKEHOLDER ENGAGEMENT AND MATERIALITY *(Continued)*

Materiality analysis

The Group values the input and feedback of its stakeholders as they bring insights into the Group's business. To determine the material aspects that are most important and influential to the business of the Group, a materiality assessment had been conducted specifically for this ESG Report, through the above stakeholder communication channels. This assessment helps to determine, prioritize and allocate resources more effectively.

The data collected from the materiality assessment formed the basis for the Group to identify long-term strategies for sustainable development. We continue to assess the relevance of the ESG framework by frequently communicating with our stakeholders through the means outlined above.

Stakeholders' feedback

The Group welcomes stakeholders' comments and feedbacks regarding its performance and approach on ESG aspects as they are valuable to its continuous improvement and sustainable development. Please send your questions, suggestions, and recommendations to the Group:

Address: 26/F, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong.
Telephone: (852) 2545 0951
Fax: (852) 2541 9794
Email: ir@jinhuiship.com

ENVIRONMENTAL

A1 Emissions

CO_2 and GHG Emissions

The International Maritime Organization ("IMO") Initial Strategy on the reduction of Carbon Dioxide ("CO_2") and greenhouse gas ("GHG") emissions from ships, is the framework through which the IMO aims to reduce GHG emissions from international maritime shipping. The strategy incorporates quantitative carbon intensity reduction targets for the international shipping sector by at least 40% reduction in carbon intensity by 2030 and pursuing efforts towards a 70% reduction by 2050 compared to 2008. For GHG emissions from international shipping, the target should be reduced by at least 50% by 2050 compared to 2008.

The 27th Conference of the United Nations Climate Change Conference ("COP27") was held in November 2022, the message from COP27 is clear for decarbonization. A joint statement was signed by various related marine participants, committed to the rapid adoption of green hydrogen-based fuels this decade, to get on track for full decarbonization by 2050. We support the IMO's 2030 and 2050 targets and COP27 as our short term and long term targets of decarbonization.

ENVIRONMENTAL *(Continued)*

A1 Emissions *(Continued)*

CO_2 and GHG Emissions *(Continued)*

KPIs
Emission
70% Reduction on Carbon Intensity
50% Reduction on GHG
By 2050 compared to 2008

Acting as a participant in the marine market, Jinhui Holdings always concerns the issue of increasing GHG and consumption of fossil fuels. We owned a modern and high-quality fleet of dry bulk carriers and as at 31 December 2022, the Group had twenty four owned vessels which are all grabs fitted Supramaxes. We ensure our own fleet be equipped with proven green and energy efficient equipment and technologies to minimize the emission of toxic pollutants.

Change to AER

From 1 January 2023 onwards, the Group will choose to use Annual Efficiency Ratio ("AER") to replace Energy Efficiency Operational Indicator ("EEOI") for carbon intensity reporting. AER is a vessel carbon intensity ratio which is approved as mandatory by IMO. In the short term, we aim at a 15% reduction of AER by 2026 and a 30% reduction by 2030, compared to 2019. Below showing the EEOI and related index of the Group for the years ended 2022 and 2021:

EEOI

EEOI is an index showing the amount of CO_2 emission per tonne of cargo carried per mile of sea voyage.

2022: the average EEOI of the fleet is about 12.8 grammes CO_2 / MT.Mile
2021: the average EEOI of the fleet is about 13.2 grammes CO_2 / MT.Mile

The EEOI of 2022 is about 0.4 grammes decreased from the EEOI of 2021, representing a decrease of 3% as compared to 2021.

The fuel oil consumption and the corresponding CO_2 emission of the fleet are as follows:

Fuel oil consumption:
2022: Fuel oil consumption – 105,910 tonnes
2021: Fuel oil consumption – 81,088 tonnes

Corresponding CO_2 emission:
2022: CO_2 emission – 330,551 tonnes
2021: CO_2 emission – 252,959 tonnes

ENVIRONMENTAL *(Continued)*

A1 Emissions *(Continued)*

EEOI ***(Continued)***

The expansion of fleet size in the year 2022 resulted in increased fuel oil consumption by the fleet vessels and correspondingly higher CO_2 emission for the year 2022.

Achieve decarbonization

In order to meet the short term and long term target of decarbonization, a mix of design, technical, operational measures and innovative measures required:

(i) Calculation and verification of Energy Efficiency Existing Ship Index ("EEXI");

(ii) Compliance of Energy Efficiency Design Index ("EEDI") for newbuilding ship energy efficiency;

(iii) Introduction of a rating mechanism linked to the operational Carbon Intensity Indicator ("CII");

(iv) Implementation of Ship Energy Efficiency Management Plan ("SEEMP") Part III; and

(v) For newbuilding projects, we may choose the most energy efficient design and will include the possibility of using dual fuel engines.

(i) EEXI & (ii) EEDI

The IMO's Marine Environment Protection Committee ("MEPC") has published a review on the quality of marine fuels supplied ("MEPC 76"). Subject to the adoption of MEPC 76 in June 2022, the attained EEXI is required to be calculated and verified by Class American Bureau of Shipping for every vessel and the requirement will enter into force in 2023. Ships are required to meet a specific required EEXI, which is based on a required reduction factor expressed as a percentage relative to EEDI baseline.

Our fleet have been evaluated by Class American Bureau of Shipping by end of 2022. A series of modification on the main and auxiliary machinery will be made to meet with the EEXI requirement accordingly.

In order to fill the gap between the existing EEXI and the required EEXI, we choose to implement Engine Power Limitation. With Engine Makers evaluation has been made to fleet vessel, engines and respective power limitation will be effective with individually designed power limitation devices.

ENVIRONMENTAL *(Continued)*

A1 Emissions *(Continued)*

(i) EEXI & (ii) EEDI ***(Continued)***

In 2022, the Group acquired three vessels which are already in compliance with EEDI.

KPIs
EEXI & EEDI
All fleet vessels comply EEXI by 2023
Future new join vessels comply EEDI

(iii) CII

CII is an annual carbon rating, with rated from A to E for each vessel. The rating measures how efficiently a vessel transports goods and is given in grams of CO_2 emitted per cargo-carrying capacity and nautical mile. A vessel rated D for three consecutive years, or rated E for a particular year, will need to develop a plan of corrective actions.

CII has already come into force 1 January 2023 and our fleet has joined the Data Collection and Reporting System since 2019, data are analyzed and verified by American Bureau of Shipping. Rating evaluation will be available by the end of 2023 and we aim at achieve rated C or above for our vessels on CII.

KPIs
CII
Rated C or above for all vessels by 2023

(iv) SEEMP

The vessels' SEEMP plans are approved by American Bureau of Shipping certified in compliance to IMO Resolutions.

CO_2 emission reduction – since February 2013, the Group has adopted the SEEMP, a plan that individual vessel can follow and improve each vessel's energy efficiency and reduction in fuel consumption through a series of procedures and efforts.

Our vessels adopted IMO Data Collection System on fuel consumption to allow us monitor and improve fuel efficiency and to mitigate emissions. The Group implemented initial SEEMP in 2013, adopted SEEMP Part II in 2021 and SEEMP Part III in 2022.

ENVIRONMENTAL *(Continued)*

A1 Emissions *(Continued)*

(iv) SEEMP ***(Continued)***

SEEMP improves each vessel's energy efficiency through a series of procedures and efforts. We take below steps:

(1) Planning
(2) Implementation
(3) Monitoring
(4) Self-evaluation and improvement

A2 Use of resources

It has always been our policy to maintain high standard of environmental protection awareness and to operate our vessels in a safe and environmentally friendly manner. We maintain our modern first-class fleet to enable maximum environmental performance and ensure our compliance to safety and environmental laws and regulations including The International Safety Management Code ("ISM Code"), The International Ship and Port Facility Security Code ("ISPS Code"), and other applicable rules regulated by IMO. These conventions have been ratified by majority of maritime nations and apply to all vessels registered in these countries or calling in the waters of these countries. We obtain safety management certificate, document of compliance and go through annual verification and audit for compliance with ISM Code issued by recognized organization on behalf of the flag states.

Low sulphur oil

Since 2020, our vessels have switched over to 0.5% low sulphur content heavy fuel oil according to IMO 2020 Sulphur Cap requirement. New requirements for China Emission Control Areas ("ECA") in Chinese territorial waters as announced by the Chinese Ministry of Transport came into effect on 1 January 2019. When our vessels enter regional emission control areas, we switched to 0.1% ultra-low sulphur content fuel oil to minimize fuel consumption and emission. As our fleet vessels trade more into ECA, our consumption of 0.1% ultra-low sulphur content fuel oil increased in 2022.

ENVIRONMENTAL *(Continued)*

A2 Use of resources *(Continued)*

Low sulphur oil ***(Continued)***

Fuel oil consumption:

2022: 0.5% low sulphur content heavy fuel oil consumption – 98,197 tonnes

2021: 0.5% low sulphur content heavy fuel oil consumption – 79,611 tonnes

2022: 0.1% ultra-low sulphur content fuel oil consumption – 7,713 tonnes

2021: 0.1% ultra-low sulphur content fuel oil consumption – 1,477 tonnes

KPIs
Low sulphur oil consumption
Minimum 2% reduction compare with previous year

Hazardous and non-hazardous waste produced

Waste from our vessels included garbage and food waste which are trivial and not hazardous. These wastes are disposed of by incineration, shore collection and other means according to The International Convention for the Prevention of Pollution from ships ("MARPOL") Annex V and local requirements.

As discussed in our ESG principles, we were committed to operate our vessels in compliance with MARPOL regulations pertaining to hazardous ozone depleting substances; and there was no material marine waste discharge or environment pollution incidents happened in the years 2022 and 2021.

KPIs
Waste produced
Zero hazardous and non-hazardous waste discharge

Garbage and waste management plan

Apart from the above, the Group also implements garbage and waste management plan for all vessels. All vessels are equipped with colored recycle trashes for garbage sorting. It is aimed to dispose garbage and waste in a diversified way ashore. The purpose is not only to reduce the level of waste but also have economic benefits to the Group. The less garbage disposed; the less wastage charged by each local port when the ship reaches that port for discharge.

KPIs
Garbage waste
Less than 1.5m^3 garbage landed per vessel per month

ENVIRONMENTAL *(Continued)*

A2 Use of resources *(Continued)*

Water consumption

Fresh water consumption for the use of boiler, machinery cooling and deck and hold cleaning is produced from the vessel's own desalination plants on board and running on waste heat of engines. This reduces the need to source fresh water from ashore and less consume of natural water. Fresh water is consumed for drinking, cooking and other domestic purposes.

Water consumption reduced from 7 tonnes per vessel per day in 2021 to 6 tonnes of water per vessel per day in 2022.

2022: Water consumption – 66,000 tonnes
2021: Water consumption – 49,000 tonnes

The increase in water consumption of our fleet vessels for the year 2022 was mainly attributable to the expansion of fleet size during the year. In order to reduce the use of water resources, we keep good maintenance on boilers and other equipment that use fresh water and also ensure that there is no leakage of water. Water log has been used for recording the usage of daily fresh water and locate leak when abnormal consumption was found. On the other hand, we also educate seafarers to use water in a frugal way. We encourage seafarers to efficiently use washing machines. We use appliances, shower heads and equipment that conserve water. In the future, vacuum toilet systems will be considered when planning to acquire the newbuild vessels.

KPIs
Fresh water consumption
Less than 3 tonnes per vessel per day by 2030

A3 The environment and natural resources

The Group is committed to controlling the consumption of resources and strives to use energy and resources efficiently, reducing emissions and waste during operations.

We realize the importance of environmental stewardship and share the same environmental preservation objective with our seafarers and our people. In order to foster the environmentally friendly practices in our vessels, we follow an internal safety management manual, which defines our objectives and commitments in complying with all applicable national and international rules and regulations, code and guidelines and standards recommended by IMO, flag states and other maritime industry organizations. These codes and guidelines and standards, together with our safety manual have been kept ashore and on our fleet and strictly followed by our team. We will closely monitor environmental regulations development to ensure compliance with all applicable environmental regulations in our business operation. We obtain safety management certificate, document of compliance and go through annual verification and audit for compliance with The International Safety Management Code ("ISM Code") issued by recognized organization on behalf of the flag states.

ENVIRONMENTAL *(Continued)*

A3 The environment and natural resources *(Continued)*

Ballast water management

Ballast water is essential for safe and efficient modern shipping operations, it may pose serious ecological, economic and health problems due to the multitude of marine species carried in ships' ballast water. These include bacteria, microbes, small invertebrates, eggs, cysts and larvae of various species. The transferred species may survive to establish a reproductive population in the host environment, becoming invasive, out-competing native species and multiplying into pest proportions.

KPIs
BWTS
All vessels installed BWTS by 2023
Zero failure in the Ballast Water Record Book

The Group started the investing project and installing Ballast Water Treatment System ("BWTS") to our fleet in 2021. We implemented ballast water management with clearly stated instructions for dealing with ballast water in different situations and ensure the ballast water management plans are carried out to the standards set out by IMO. We prohibit unnecessary discharge of ballast water. Vessels need to replace the ballast water at least 50 nautical miles from the nearest shore and at least 200 meters deep when facing abnormal or special situations. Ballast Water Record Book must be kept on each vessel to record the discharge.

A4 Climate change

The Group understands climate change affects our business and operations, hence it is crucial for the Group to react to prevent the risks associated with the climate change.

To enable a comprehensive review of the climate risks and opportunities, the Group conducted a climate risk assessment and scenario analysis. The climate-related risks that are likely to have an impact on the Group are discussed as below.

Physical risks

Acute risk – long term

The increased frequency and severity of extreme weather such as typhoons, cold waves, sea level rise and increasing tropical cyclones can disrupt the Group's operations by damaging the fleet, power grid, and communication infrastructures, and injuring employees during their work, leading to reduced capacity and decreased in productivity, or expose the Group to risks associated with non-performance and delayed performance. These risks affect the operational ability of the organization resulting in both reputational damage and direct loss of revenue.

ENVIRONMENTAL *(Continued)*

A4 Climate change *(Continued)*

Physical risks ***(Continued)***

Acute risk – long term (Continued)

To minimize the potential risks and hazards, the Group has obtained typhoon-related information by applying high-altitude, ground and global meteorological network and other high technologies. Captains were assigned as the first responsible person of vessel safety who has the right to decide what reaction to take to avoid or facing the extreme events. Captains shall also organize all seafarers members to acquire knowledge of possible threats in order to better protect life and vessels.

Transition risks

Policy and legal risk – short to medium term

The Group anticipates that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. From a listed company's perspective, the Group acknowledges the increasing requirements of climate-related information disclosures.

The Group's compliance cost may increase as a result of stricter environmental laws and regulations, and stricter environmental laws and regulations may expose the Group to higher risks of claims and lawsuits.

Market and reputational risk – short to medium term

Corporate reputation may also decline due to failure to meet the compliance requirements for climate change. The Group's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the top management where necessary to avoid cost increments, non-compliance fines or reputational risks due to delayed response.

We continue to assess the climate change phenomena and consider that there is no material and immediate threat to our operating business in short term. In medium and long term, we will monitor main climate change hazards, extreme weathers at seas, weather-related disruption to port and cargo loading activities across the global seaborne hubs and route. With flexible chartering policy and experienced captains and seafarers, we will swiftly respond to the climate change challenge by operating our vessels in geographical regions where are safe and practical. We will also reinvest, equip and modify our fleet to enable maximum environmental performance and compliance to climate change and maritime regulations.

In response to policy and legal risk and market and reputational risk, the Group would closely monitor any change in environment regulations and policies, and respond in a timely manner.

SOCIAL

We encourage management and employees to take part in environmental preservation with best efforts. We support all kinds of environmentally friendly practices or energy saving ideas throughout our operations and dedicate to conserve water, energy, resources and materials by reduce, recycle and reuse in our office and to strengthen environment preservation consciousness as an integral part of our corporate culture.

Employment and labour practices

B1 & B4 Employment and labour standards

To promote a high-quality and diverse workforce, the Group provided equal opportunities to its employees in respect of recruitment, training and development, job advancement, and remuneration and benefits. The Group's staff handbook is designed to communicate important laws and work ethics surrounding employment, benefits and welfare, training and development, occupational health and safety, and code of conduct guidelines. It is an essential tool in helping to define the expectations of both the management and the employees, and to protect employees from unfair or inconsistent treatment and discrimination at work.

All employment of the Group is complied with particular local labour legislations and there was no reported incident of non-compliance or grievances in relation to human rights or labour practices standards and regulations that would have a material or significant impact on the Group during the reporting period.

Total workforce by employment and employee turnover

As at 31 December 2022, the Group had 65 employees and 553 seafarers. All employees of the Group are on full-time basis.

The Group's employee turnover rate for 2022 was 0.8%, amongst which, all were employees in the age group of 30 to 50 years old. Details are as follows:

Turnover rate of employee for 2022

	Male	Female	Group
Total employee	0.5%	6.7%	0.8%
30 to 50 years old	0.8%	14.3%	1.3%

KPIs
Employee turnover
Less than 10% annually

SOCIAL *(Continued)*

Employment and labour practices *(Continued)*

B1 & B4 Employment and labour standards *(Continued)*

The Group pursues a policy of gender equality. Workload and working hours depend on positions while promotion and recruitment depend on performance and experience. As at 31 December 2022, the Group had 65 (2021: 64) full-time employees, of whom 35 (2021: 34) employees were male and 30 (2021: 30) employees were female. As at 31 December 2022, the Board consists of seven members, of whom six members are male and one member is female.

Number of employees as at 31 December 2022

	Male	Female	Total
By Employment Category			
Office Staff	35	30	65
Seafarers	553	–	553
	588	30	618
By Age Group			
Below 30 years old	98	1	99
30 to 50 years old	379	14	393
Over 50 years old	111	15	126
	588	30	618
By Region			
Chinese			82.0%
Filipino			18.0%
			100.0%

Procedures regarding recruitment, promotion and salary review are carefully reviewed with due consideration to avoid gender discrimination. The Group aims to ensure equal opportunities and rights in workplace. In addition to basic salary, the Group offers various performance bonus, employee allowances, overtime payment to compensate and reward performing employees. The Group maintains a good relationship with its employees and seafarers and has not experienced any disruption of its operation as a result of industrial disputes.

SOCIAL *(Continued)*

Employment and labour practices *(Continued)*

B1 & B4 Employment and labour standards *(Continued)*

The Group does not tolerate any use of child or forced labour. During recruitment, human resources department will verify the personal information of candidates according to the requirements of the Company's policies and procedures and check their identity cards to verify their age in order to avoid child labour. Prior to commencement of employment, employees are provided with key information, such as job duties and working hours of the position concerned, and the employment conditions are in line with the terms in the employment contract to prevent any forced labour.

Furthermore, our staff undergoing unfair treatment can report through our whistle-blowing policy.

We are not aware of any material non-compliance with rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare issues during the reporting period.

We provide fringe benefits and welfare to our people including but not limited to medical and life insurance, pension schemes, paid leave for various purposes, travel or meals for business-related work, and other benefits to improve employees' well-being.

B2 Health and Safety

Number and rate of work-related injuries

In order to foster the environmentally friendly practices in our vessels, we follow an internal safety management manual, which defines our objectives and commitments in complying with all applicable national and international rules and regulations, code and guidelines and standards recommended by IMO, flag states and other maritime industry organizations. These codes and guidelines and standards, together with our safety manual have been kept ashore and on our fleet and strictly followed by our team.

For the purpose to attract and retain the best people for the sustainable growth of the Company, we place emphasis on a healthy and safe workplace on board in our vessels and ashore at our office. The Group is committed to preventing any work-related injury to its employees, and has complied with relevant laws and regulations to provide a safe working environment and protecting employees from occupational hazards.

During the years 2022, 2021 and 2020 there were no work-related fatalities.

KPIs
Work-related accident
Zero work-related fatalities

SOCIAL *(Continued)*

Employment and labour practices *(Continued)*

B2 Health and Safety *(Continued)*

Lost days due to work injuries

In 2022, the percentage of people suffering from work-related serious injuries or accidents is 0.6% (2021: 0.2%). The number of working days lost due to work-related injuries for the year 2022 is 61 (2021: 16).

KPIs
Lost day
Zero serious work injuries
Zero lost days due to work injuries

Occupational health and safety measures adopted

We put safety as our top priority in business operation. Accident preventions and efforts for improvement in working environment are given high priority in the business management, conventions and all parts of operations. We strive to comply with applicable safety and environmental laws and regulations to which seafarers of all ranks must be trained and certificated in order to be able to carry out their respective duties on board in our vessels. We ensure all seafarers on board are trained and certificated in accordance with the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("STCW Convention").

The Group is committed to preventing any work-related injury to its employees, and has complied with relevant laws and regulations to provide a safe working environment and protecting employees from occupational hazards. During the year, the Group was not aware of any non-compliance to health and safety related rules and regulations.

In order to deal with the outbreak of the COVID-19, the Group has implemented several measures including but not limited to requiring daily health declaration to prevent the spread of virus and all staff to take body temperature before entering the office area. In order to encourage employees to receive vaccination of COVID-19, the Group offered vaccination leave for those Hong Kong office employees who took the vaccination of COVID-19. As the COVID-19 situation persists in 2022, we implemented special and flexible working hours arrangements and encouraged employees to work from home.

SOCIAL *(Continued)*

Employment and labour practices *(Continued)*

B3 Development and training

The Group recognizes the importance of skilled and professionally trained employees to its business growth and future success. Hence, it is firmly believed that it is necessary to improve employees' professional standards continuously through training. We encourage and support all employees taking training courses and workshops that are relevant to their job duties to enrich their knowledge and perspective in discharging their duties.

Management and Company Secretary had access to a variety of training activities, including attending seminars, workshops and conferences and receiving regulatory updates relevant to their business and duties, anti-corruption practices as well as their directors' duties and responsibilities when acting as directors. They received sufficient internal and external training to better equip themselves to fulfil their roles in supporting the Group.

We ensure all seafarers on board are trained and certificated in accordance with STCW Convention. Our owned vessels are also subject to the laws, regulations and rules of each country and port they visit. We have developed policies and procedures intended to ensure our compliance with these laws, regulations and rules.

Training data for the year 2022

	Percentage of employees trained	Average training hours
By Gender		
Male	97%	47.81
Female	3%	41.75
By Employment Category		
Office Staff	5%	40.61
Seafarers	95%	48.00

Drill

In order to reduce the number of incidents that may happen or minimize the level of accident on vessels, we arranged emergency drill for seafarers to deal with unexpected situations. We also hold emergency personnel training. Anti-piracy drill will also be performed periodically for our seafarers for the proper procedure when there is pirate attack happened.

SOCIAL *(Continued)*

Operating practices

B7 Anti-corruption

The Company has a sound and sufficient risk management and internal control measures in place. We understand the importance of anti-corruption and anti-money laundering and always uphold a high standard of corporate governance and maintain an ethical corporate culture.

The Group's whistle-blowing policies and internal ethical guidelines are stated in our staff handbooks. Staffs are encouraged to make any anonymous complaints through the whistle-blowing system. The Group is committed to protecting whistle-blower's privacy and personal data if any personal and contact details are left.

Our employees can access the management or members of the Audit Committee to report any malpractices or misconduct internally. During the years 2022 and 2021, there was no report on any corrupt practices brought against the Group or its employees.

KPIs
Corruption
Zero corruption reported

Community

B8 Community investment

We encourage management and employees to take part in environmental preservation with best efforts. During the years 2022 and 2021, the Group made charitable donations of HK$91,000 and HK$68,000 respectively. We support all kinds of environmentally friendly practices or energy saving ideas throughout our operations and dedicate to conserve water, energy, resources and materials by reduce, recycle and reuse in our office and to strengthen environment preservation consciousness as an integral part of our corporate culture.

CONCLUSION

This ESG report aims to provide key material information to our stakeholders to understand the Group's environmental policies and performance; and compliance with the relevant laws and regulations. The Group has already disclosed the management approach and performance in relation to this key material information in the report. Key material information represents areas that we identified and deemed to be of significant impact to the Group's business and our stakeholders. We believe comments of our stakeholders will help us to evaluate our performance on environmental, social and governance aspects objectively and comprehensively and stakeholders are welcome to contact us and provide any feedback on our ESG performance and their expectations for our future ESG reports. We thank our captains and seafarers, ship management experts, and onshore colleagues to operate our shipping business and continue to remain professional under an extremely challenging environment and we also thank our customers and stakeholders for their ongoing supports to the Group.

Hong Kong Stock Exchange ESG Reporting Guidelines

We have measured and tracked mandatory disclosure requirements ("MDRs") and key aspects of our sustainability performance which meet the Stock Exchange ESG Guide's latest disclosure requirements.

Stock Exchange Index Ref.	Description	Session
MDRs	Reporting Boundary	About this report-Report profile
MDRs	Reporting Principles	About this report-Reporting principles
MDRs	Board Statement	About this report-Statement of the Board
Environmental		
A1: Emissions		
A1.1	Types of emissions and data	A1 Emissions-CO_2 and GHG Emissions
A1.2	Total emissions and density of greenhouse gases	A1 Emissions-EEOI
A1.3	Total amount and density of hazardous wastes produced	A2 Use of resources-Hazardous and non-hazardous waste produced
A1.4	Total amount and density of harmless waste generated	A2 Use of resources-Hazardous and non-hazardous waste produced
A1.5	Description of emission targets set and steps taken to achieve these goals	A1 Emissions-Achieve decarbonization
A1.6	Description of disposal methods of hazardous and harmless wastes, and that of waste reduction objectives set and steps taken to achieve these objectives	A2 Use of resources-from Hazardous and non-hazardous waste produced to Water consumption
A2: Use of Resources		
A2.1	Total consumption and density of direct and / or indirect energy sources (such as electricity, gas or oil) by type	A1 Emissions-Achieve decarbonization A2 Use of resources-from Hazardous and non-hazardous waste produced to Water consumption
A2.2	Total water consumption	A2 Use of resources-Water consumption
A2.3	Description of energy efficiency goals set and steps taken to achieve these goals	A1 Emissions-Achieve decarbonization A2 Use of resources
A2.4	Description any problems in obtaining suitable water sources, the water efficiency targets set and steps taken to achieve these targets	A2 Use of resources-Water consumption
A2.5	Total packaging material used	Not applicable as the Group's operation do not incur any production of finished products and any usage of packaging materials
A3: The Environment and Natural Resources		
A3.1	Description of significant impact of business activities on the environment and natural resources, and the actions taken to manage the impact	A3 The environment and natural resources-Ballast water management

Hong Kong Stock Exchange ESG Reporting Guidelines *(Continued)*

Stock Exchange Index Ref.	Description	Session
A4: Climate Change		
A4.1	Description of major climate-related issues that have and may have an impact on the issuer, and the response actions	A4 Climate change
Social		
B1: Employment		
B1.1	Total workforce by employment type	B1 & B4 Employment and labour standards
B1.2	Employee turnover rate	B1 & B4 Employment and labour standards
B2: Health and Safety		
B2.1	Number and rate of work-related fatalities	B2 Health and safety-Number and rate of work-related injuries
B2.2	Lost days due to work injury	B2 Health and safety-Lost days due to work injuries
B2.3	Description of occupational health and safety measures adopted	B2 Health and safety
B3: Development and Training		
B3.1	Percentage of employees trained by category	B3 Development and training
B3.2	Average training hours per employee	B3 Development and training
B4: Labour Standards		
B4.1	Description of measures to review employment practices to avoid child and forced labour	B1 & B4 Employment and labour standards
B4.2	Description of steps taken to eliminate child and forced labour when discovered	B1 & B4 Employment and labour standards
B5: Supply Chain Management		Not applicable as the Group does not manufacture any products or provide any services. No supply chain management is involved
B6: Product Responsibility		Not applicable as the Group does not manufacture any products or provide any services that require product responsibility
B7: Anti-Corruption		
B7.1	Number of legal cases regarding corrupt practices	B7 Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures	B7 Anti-corruption
B7.3	Description of anti-corruption training provided	B7 Anti-corruption
B8: Community Investment		
B8.1	Focus areas of contribution	B8 Community investment
B8.2	Resources contributed	B8 Community investment

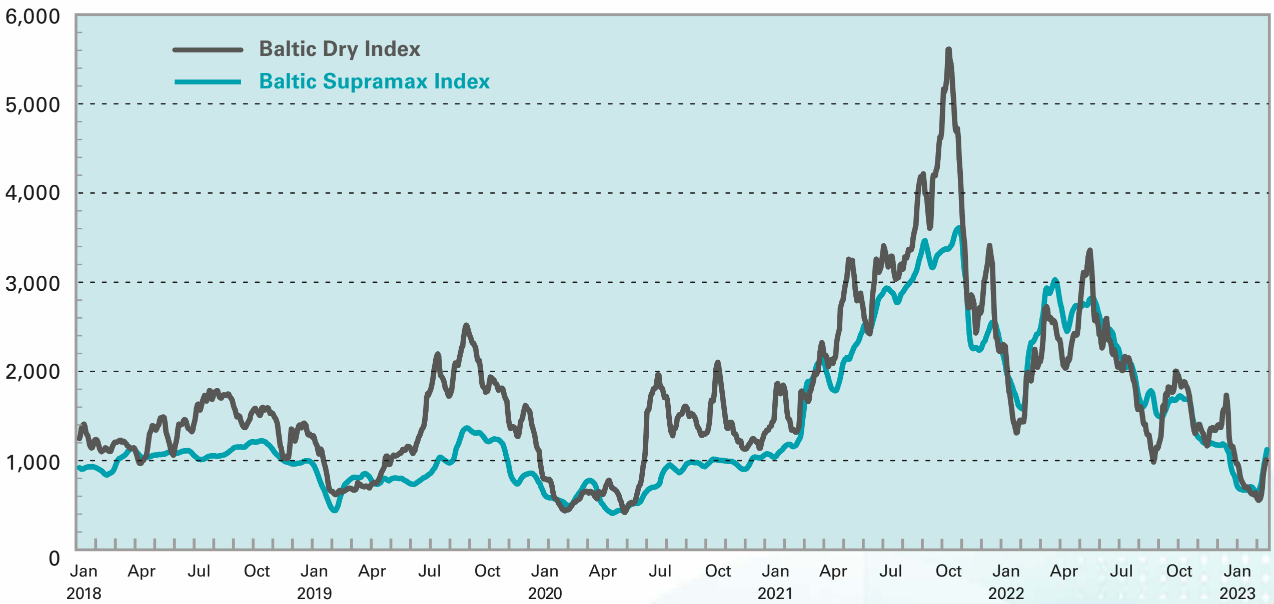
Management Discussion and Analysis

BUSINESS REVIEW

The Group operates its worldwide shipping activities through Jinhui Shipping and Transportation Limited, an approximately 55.69% owned subsidiary of the Company as at date of this annual report, whose shares are listed on the Oslo Stock Exchange (Oslo Børs), Norway.

Year 2022 was a challenging year for dry bulk shipping market. In the first half of 2022, dry bulk shipping market showed strong sign of rebound amid global economic recovery. With the recovery of the pandemic across different countries around the world and the gradual release from lock-downs, there was a strong rebound of market freight rates driven by robust demand for dry bulk commodities, limited supply of vessels and COVID-19 related congestion, despite the simultaneous occurrence of multiple geo-political issues. Dry bulk shipping market sentiment was changed during the second half of 2022. The freight rates had been softened gradually since the third quarter of 2022 due to the increase in interest rates imposed by various central banks, higher inflation, congestion related to COVID-19 ease globally, ongoing of multiple geo-political issues. Dry bulk shipping market endured a slump during the fourth quarter of 2022. The demand for dry bulk commodities was weak due to the slowdown of global economic growth as a result of high inflation and increase in interest rates, the COVID-19 related issues as well as multiple geo-political issues that dampened economic activities globally. A further downward correction in the market freight rates was continued in the fourth quarter of 2022. Baltic Dry Index opened at 2,217 points in January and rose to the peak at 3,369 points in May and closed at 1,515 points by the end of December 2022. The average of Baltic Dry Index for the year 2022 was 1,934 points, which compares to 2,943 points in 2021.

Baltic Dry Index & Baltic Supramax Index



Source: Bloomberg

BUSINESS REVIEW *(Continued)*

Average daily time charter equivalent rates	2022	2021
	US$	*US$*
Post-Panamax / Panamax fleet	**20,180**	19,116
Supramax fleet	**18,681**	19,247
In average	**18,813**	19,233

As at 31 December 2022, the Group had twenty four owned vessels and one chartered-in vessel. The Group's revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels. Hire income under time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract. Revenue from chartering freight and hire for the year 2022 increased 16% to HK$1,189,232,000, comparing to HK$1,022,335,000 for the year 2021 due to the remarkable rebound of market freight rates driven by robust demand for dry bulk commodities worldwide and the increase in number of owned and chartered-in vessels as compared to the year 2021. However, there was a downward correction in market freight rates during the second half of 2022. The average daily time charter equivalent rate earned by the Group's fleet decreased 2% to US$18,813 (approximately HK$147,000) for the year 2022 as compared to US$19,233 (approximately HK$150,000) for the year 2021. The Company recorded a consolidated net loss of HK$70,179,000 for the year 2022, which included a net impairment loss of HK$384,742,000 on owned vessels, as compared to the consolidated net profit of HK$1,498,072,000 which included a reversal of impairment loss of HK$1,042,129,000 on owned vessels for the year 2021. Basic loss per share for the year was HK$0.086 as compared to basic earnings per share of HK$1.559 for the year 2021.

Revenue of HK$455,827,000, HK$303,162,000 and HK$171,048,000 were derived from three charterers that contributed 38%, 25% and 14% respectively to the Group's revenue for the year 2022. Management has a credit policy in place for approving the credit limits to charterers and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. For trade receivables from customers, credit evaluations including assessing the customer's creditworthiness and financial standing are performed on customers requiring a credit over certain amount. The management consider that the credit risks inherent in the Group's outstanding trade receivables within one year past due was immaterial.

BUSINESS REVIEW *(Continued)*

Key Performance Indicators for Shipping Business	2022 *HK$'000*	2021 *HK$'000*
Average daily time charter equivalent rate	**147**	150
Daily vessel running cost	**44**	36
Daily vessel depreciation	**32**	20
Daily vessel finance cost	**1**	1
	77	57
Average utilization rate	**96%**	96%

Daily vessel running cost increased to US$5,656 (approximately HK$44,000) for the year 2022 as compared to US$4,624 (approximately HK$36,000) for the year 2021 due to the increased crew costs and other pandemic related manning expenses. Daily vessel depreciation increased from US$2,587 (approximately HK$20,000) for the year 2021 to US$4,074 (approximately HK$32,000) for the year 2022 mainly due to the combination effects on the increase in carrying amounts of the owned vessels after the recognition of the reversal of impairment loss on owned vessels in 2021, the delivery of acquired owned vessels and the increment in capitalized drydocking costs incurred under the regular drydocking schedule. Daily vessel finance cost decreased 4% from US$161 (approximately HK$1,000) for the year 2021 to US$155 (approximately HK$1,000) for the year 2022 due to the repayment of vessel mortgage loans as compared with that of the year 2021. Fleet utilization rate was 96% for both the years of 2022 and 2021. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

As at 31 December 2022, the Group had twenty four owned vessels and one chartered-in vessel as follows:

	Number of vessels		
	Owned	**Chartered-in**	**Total**
Panamax fleet	–	1	1
Supramax fleet	24	–	24
Total fleet	**24**	**1**	**25**

Management Discussion and Analysis

BUSINESS REVIEW *(Continued)*

In order to remain competitive in the market, the management considered to fine tune the quality of the Group's fleet. During the year, the Group entered into agreements to dispose, acquire and charter-in vessels with a view to maintain a high financial flexibility and operational competitiveness.

In December 2021, the Group entered into two agreements in respect of the acquisition of two Supramaxes, each at a consideration of US$17,250,000 (approximately HK$134,550,000) and the total consideration of the two vessels is US$34,500,000 (approximately HK$269,100,000). The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. Both vessels were delivered to the Group during the first quarter of 2022.

During the first quarter of 2022, the Group entered into two agreements to dispose of two Supramaxes of deadweight 53,806 and 50,259 metric tons respectively at total consideration of US$17,750,000 (approximately HK$138,450,000). Both vessels were delivered to the purchasers at end of March 2022.

On 28 March 2022, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,485 metric tons at a purchase price of US$25,500,000 (approximately HK$198,900,000), which was delivered to the Group at end of July 2022.

On 20 May 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in June 2022.

On 9 September 2022, the Group entered into two agreements in respect of the acquisition of two Supramaxes, each at a purchase price of US$25,375,000 (approximately HK$197,925,000) and the total purchase price of the two vessels is US$50,750,000 (approximately HK$395,850,000). The first vessel is deadweight 63,518 metric tons and the second vessel is deadweight 63,469 metric tons. Both vessels were delivered to the Group during the fourth quarter of 2022.

During the fourth quarter of 2022, the Group entered into three agreements to dispose of two Post-Panamaxes of deadweight 93,204 and 93,279 metric tons respectively and one Supramax of deadweight 52,050 metric tons at total consideration of US$47,800,000 (approximately HK$372,840,000). These vessels were delivered to the purchasers during the quarter.

We will continuously monitor the market as well as our operations going forward and look out for opportunities to maintain a reasonably modern and competitive fleet, not ruling out any future disposal, acquisition or charter-in of vessels and will make such decisions on an ad hoc basis to maintain a high financial flexibility and operational competitiveness.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and operating loss. Revenue from chartering freight and hire for the year 2022 increased 16% to HK$1,189,232,000, comparing to HK$1,022,335,000 for the year 2021 due to the remarkable rebound of market freight rates driven by robust demand for dry bulk commodities worldwide and the increase in number of owned and chartered-in vessels as compared to the year 2021. However, there was a downward correction in market freight rates during the second half of 2022. The average daily time charter equivalent rate earned by the Group's fleet decreased 2% to US$18,813 (approximately HK$147,000) for the year 2022 as compared to US$19,233 (approximately HK$150,000) for the year 2021.

The Company recorded a consolidated operating profit before depreciation and amortization of HK$274,065,000 for the year 2022, which included a net impairment loss of HK$384,742,000 on owned vessels, comparing to a consolidated operating profit before depreciation and amortization of HK$1,665,218,000 for the year 2021, which included a reversal of impairment loss of HK$1,042,129,000 on owned vessels. The net loss attributable to shareholders of the Company for the year 2022 was HK$45,595,000, whereas net profit of HK$826,895,000 was reported for the year 2021. Basic loss per share for the year was HK$0.086 as compared to basic earnings per share of HK$1.559 for the year 2021.

Net gain on disposal of owned vessels. During the year, the Group entered into five agreements to dispose of two Post-Panamaxes and three Supramaxes at total consideration of US$65,550,000 (approximately HK$511,290,000) with the total net gain of HK$43,961,000 was recognized on completion of the disposal of these vessels in the year.

Other operating income. Other operating income increased from HK$100,636,000 for the year 2021 to HK$127,905,000 for the current year mainly due to the write-back of other payables of HK$40,300,000 upon the termination of business relationship with a crew agent. The settled amount was agreed and finalized by both parties and hence, the Group derecognized the outstanding payable amount thereon during the year. Other operating income for the year 2022 also included dividend income of HK$26,465,000 on investment in listed equity securities and a net gain of HK$18,339,000 on bunker arising from shipping operations while the dividend income of HK$13,314,000 on investment in listed equity securities and a net gain of HK$33,492,000 on bunker arising from shipping operations were recorded in 2021.

Interest income. Interest income decreased from HK$23,510,000 for the year 2021 to HK$8,314,000 for the year 2022 mainly due to a drop in interest income from loan receivables as certain borrowers chose to early repay respective loans in 2021 and 2022.

Impairment loss on owned vessels, net. Due to subdued macroeconomic conditions in the second half of 2022, dry bulk shipping market suffered a slump particularly in the fourth quarter of 2022. The market freight rates continued to decline. This inevitably introduced volatility to the Group's business performance, as well as the carrying value of the Group's shipping assets. In view of the significant decrease in market value of dry bulk vessels in the market, the management considered that impairment indication of the Group's fleet existed at end of 2022.

FINANCIAL REVIEW *(Continued)*

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the impairment review, certain of the Group's owned vessels' recoverable amounts which were determined based on the higher of the fair value less costs of disposal and value in use and were significantly less than their respective carrying amounts at end of 2022. Accordingly, a net impairment loss of HK$384,742,000 on owned vessels classified in property, plant and equipment was recognized at 31 December 2022 to reflect the Group's change in the expectation on the long term global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use and fair value less cost of disposal of the Group's owned vessels. The impairment loss on owned vessels is non-cash in nature and does not have impact on the operating cash flows of the Group. Whereas, due to dry bulk shipping market had strengthened remarkedly in 2021, the Group recognized a total reversal of impairment loss on owned vessels of HK$1,042,129,000.

Shipping related expenses. Shipping related expenses mainly comprised of crew expenses, insurance, consumable stores, spare parts, repairs and maintenance and other vessels' expenses. Shipping related expenses increased from HK$339,493,000 for the year 2021 to HK$520,989,000 for the current year mainly due to the inflation and the increase in number of owned vessels that led to an increase in shipping related expenses for the year. The Group's daily vessel running cost increased to US$5,656 (approximately HK$44,000) for the year 2022 as compared to US$4,624 (approximately HK$36,000) for the year 2021 due to the increased crew costs and other pandemic related manning expenses. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Other operating expenses. Other operating expenses increased to HK$80,391,000 for the year 2022, comparing to HK$76,782,000 for the year 2021 due to the Group recorded a net loss of HK$22,721,000 on financial assets at fair value through profit or loss and a fair value loss on investment properties of HK$11,890,000 for the current year, while a net loss of HK$16,115,000 on financial assets at fair value through profit or loss and a fair value loss on investment properties of HK$20,380,000 were recorded in 2021. Other operating expenses for the year 2022 also included professional fee of approximately HK$7.3 million, directors' fee of approximately HK$6.7 million, auditor's remuneration related to audit services of approximately HK$2.1 million and remaining are various office administrative expenses.

Depreciation and amortization. Depreciation and amortization increased from HK$149,592,000 for the year 2021 to HK$313,524,000 for the year 2022. The Group's daily vessel depreciation increased to US$4,074 (approximately HK$32,000) for the year 2022 as compared to US$2,587 (approximately HK$20,000) for the year 2021 mainly due to the combination effects on the increase in carrying amounts of the owned vessels after the recognition of the reversal of impairment loss on owned vessels in 2021, the delivery of acquired owned vessels and the increment in capitalized drydocking costs incurred under the regular drydocking schedule. Depreciation and amortization for the current year also included the recognition of depreciation on right-of-use assets of HK$21,395,000.

Finance costs. Finance costs increased from HK$16,070,000 for the year 2021 to HK$30,564,000 for the year 2022. The increase was mainly attributable to the rising interest rate and the drawdown of new secured bank loans as compared with that of the year 2021.

FINANCIAL REVIEW *(Continued)*

Financial assets at fair value through profit or loss. As at 31 December 2022, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK$244,979,000 (2021: HK$368,898,000), in which HK$226,144,000 (2021: HK$343,981,000) was investment in listed equity securities, HK$10,443,000 (2021: HK$22,516,000) was investment in listed and unlisted debt securities and HK$8,392,000 (2021: HK$2,401,000) was investment in investment funds.

During the year, the Group's net loss on financial assets at fair value through profit or loss was HK$22,721,000 (2021: HK$16,115,000), comprised of a realized gain of HK$13,143,000 (2021: HK$21,342,000) upon disposal of certain equity and debt securities during the year, and an unrealized fair value loss of HK$35,864,000 (2021: HK$37,457,000) on financial assets at fair value through profit or loss for the year. The aggregate interest income and dividend income from financial assets was HK$34,779,000 (2021: HK$36,824,000).

Investment properties. As at 31 December 2022, the Group's investment properties were stated at fair value of HK$373,330,000 (2021: HK$385,220,000) and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases and located in Hong Kong.

Right-of-use assets and lease liabilities. During the year, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in June 2022. In accordance with HKFRS 16 Leases, the Group recognized the value of the right-of-use assets which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities was also recognized in the consolidated statement of financial position. The Directors consider that the lease of a Panamax newbuilding represents an opportunity for the Group to increase the carrying capacity with a modern ship at a reasonable price via means other than outright acquisition of vessels, improving the fleet profile of the Group with minimal immediate capital expenditure, bring chartering freight and hire income to the Group and enhance the Group's income and cashflow from core shipping business.

As at 31 December 2022, the carrying amounts of the right-of-use assets and the lease liabilities were HK$226,180,000 (2021: nil) and HK$228,823,000 (2021: nil) respectively. During the year, the total cash outflow for the lease was HK$24,230,000 (2021: nil).

Loan receivables. As at 31 December 2022, the Group's loan receivables of HK$10,475,000 (2021: HK$4,434,000) which arise from co-investment, are unsecured and denominated in United States Dollars and has no fixed repayment terms. Whereas, the loan receivables that arise from asset-based financing which are denominated in United States Dollars and secured by collaterals provided by the borrowers, and are repayable with fixed terms agreed with the borrowers, were early repaid in full by the borrowers during the year and such repayments led to a decrease in loan receivables. At the reporting date, no loan receivables arise from asset-based financing (2021: HK$67,607,000) was recorded.

FINANCIAL REVIEW *(Continued)*

At the reporting date, the loan receivables have been reviewed by management to assess impairment allowances which are based on the evaluation of current creditworthiness, collection statistics and the net asset value of the co-investment, and are not considered as impaired. The carrying amount of the loan receivables is considered to be a reasonable approximation of its fair value.

Trade and other payables. As at 31 December 2022, the Group's trade and other payables was HK$117,672,000 (2021: HK$180,048,000), including trade payables of HK$1,333,000 (2021: HK$1,212,000), accrued charges of HK$13,649,000 (2021: HK$9,408,000) and other payables of HK$102,690,000 (2021: HK$169,428,000). Other payables mainly included payables related to vessel running cost and ship operating expenses of HK$78,607,000 (2021: HK$143,761,000) for owned vessels, hire receipt in advance of HK$6,813,000 (2021: HK$10,561,000) from charterers, loan interest payables of HK$1,612,000 (2021: HK$1,034,000) and accrued employee benefits payables of HK$13,340,000 (2021: HK$12,092,000). The decrease in payables related to vessel running cost and ship operating expenses was mainly due to the write-back of other payables of HK$40,300,000 upon the termination of business relationship with a crew agent. The settled amount was agreed and finalized by both parties and hence, the Group derecognized the outstanding payable amount thereon during the year.

Liquidity, financial resources and capital structure. As at 31 December 2022, the Group maintained positive working capital position of HK$210,311,000 (2021: HK$233,954,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to HK$515,672,000 (2021: HK$635,672,000). During the year, cash generated from operations before changes in working capital was HK$579,590,000 (2021: HK$590,618,000) and the net cash generated from operating activities after working capital changes was HK$691,851,000 (2021: HK$685,857,000). The changes in working capital are mainly attributable to the decrease in equity and debt securities, and decrease in loan receivables due to certain borrowers chose to early repay respective loans in full in the year.

The Group's total secured bank loans decreased from HK$860,436,000 as at 31 December 2021 to HK$769,730,000 as at 31 December 2022, of which 47%, 20% and 33% are repayable respectively within one year, one to two years and two to five years. During the year, the Group had drawn new revolving loans and term loan of HK$521,500,000 (2021: HK$97,939,000) and repaid HK$612,206,000 (2021: HK$223,677,000). The bank borrowings represented vessel mortgage loans that were denominated in United States Dollars, revolving loans, term loans and property mortgage loans that were denominated in Hong Kong Dollars and United States Dollars. All bank borrowings were committed on floating rate basis.

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, slightly increased to 8% (2021: 6%) as at 31 December 2022. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements. As at 31 December 2022, the Group is able to service its debt obligations, including principal and interest payments.

FINANCIAL REVIEW *(Continued)*

Pledge of assets. As at 31 December 2022, the Group's property, plant and equipment with an aggregate net book value of HK$1,716,958,000 (2021: HK$2,424,220,000), investment properties with an aggregate carrying amount of HK$333,190,000 (2021: HK$344,100,000), financial assets at fair value through profit or loss of HK$131,387,000 (2021: HK$172,929,000) and deposits of HK$3,465,000 (2021: HK$64,792,000) placed with banks were pledged together with the assignment of fourteen (2021: nineteen) subsidiaries' income to secure credit facilities utilized by the Group. An assignment of two subsidiaries' loan receivables of HK$36,407,000 was also pledged as at 31 December 2021. In addition, shares of eight (2021: ten) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the year, capital expenditure on additions of motor vessels and capitalized drydocking costs was HK$1,095,764,000 (2021: HK$633,604,000) and on other property, plant and equipment was HK$945,000 (2021: HK$506,000).

On 20 April 2018, an approximately 55.69% indirectly owned subsidiary of the Company (the "Co-Investor") entered into the co-investment documents to co-invest in a property project in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Tower A" or previously named as "T3 Property"), pursuant to which the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss Limited ("Dual Bliss") of US$10,000,000 (approximately HK$78,000,000). Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000, approximately HK$2,905,000 (2021: US$372,000, approximately HK$2,905,000).

In December 2021, the Group entered into two agreements in respect of the acquisition of two Supramaxes, each at a consideration of US$17,250,000 (approximately HK$134,550,000) and the total consideration of the two vessels is US$34,500,000 (approximately HK$269,100,000). Both vessels were delivered to the Group during the first quarter of 2022. As at 31 December 2021, the capital expenditure commitments contracted by the Group but not provided for was US$34,500,000 (approximately HK$269,100,000).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US$372,000, approximately HK$2,905,000 (2021: US$34,872,000, approximately HK$272,005,000).

Save as disclosed above, there was no other significant capital expenditure commitments contracted by the Group but not provided for as at the reporting date.

Management Discussion and Analysis

MATERIAL TRANSACTIONS AND SIGNIFICANT INVESTMENTS

Acquisition, disposal and lease of vessels

In order to remain competitive in the market, the management considered to fine tune the quality of the Group's fleet. During the year, the Group entered into agreements to dispose, acquire and charter-in vessels with a view to maintain a high financial flexibility and operational competitiveness.

Acquisition and disposal of vessels

On 8 March 2022, the Group entered into an agreement in respect of the disposal of a Supramax of deadweight 53,806 metric tons, built in year 2004, at a consideration of US$13,900,000 (approximately HK$108,420,000), which was delivered to the purchaser at end of March 2022.

On 28 March 2022, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,485 metric tons, built in year 2014, at a purchase price of US$25,500,000 (approximately HK$198,900,000), which was delivered to the Group at end of July 2022.

On 9 September 2022, the Group entered into two agreements in respect of the acquisition of two Supramaxes, each at a purchase price of US$25,375,000 (approximately HK$197,925,000) and the total purchase price of the two vessels is US$50,750,000 (approximately HK$395,850,000). The first vessel is deadweight 63,518 metric tons and the second vessel is deadweight 63,469 metric tons. Both vessels built in year 2014 and were delivered to the Group during the fourth quarter of 2022.

On 18 October 2022, the Group entered into two agreements in respect of the disposal of two Post-Panamaxes of deadweight 93,204 and 93,279 metric tons respectively, each at a consideration of US$17,250,000 (approximately HK$134,550,000) and the total consideration of the two vessels is US$34,500,000 (approximately HK$269,100,000). Both vessels built in year 2010 and were delivered to the purchasers in mid of November 2022.

On 24 October 2022, the Group entered into an agreement in respect of the disposal of a Supramax of deadweight 52,050 metric tons, built in year 2004, at a consideration of US$13,300,000 (approximately HK$103,740,000), which was delivered to the purchaser in early December 2022.

As at 31 December 2022, the Group owned twenty-four grabs fitted Supramaxes, and had one chartered-in Panamax. The total carrying capacity of the Group's owned vessels was 1,373,222 metric tons as at 31 December 2022.

MATERIAL TRANSACTIONS AND SIGNIFICANT INVESTMENTS *(Continued)*

Acquisition, disposal and lease of vessels *(Continued)*

Lease of vessel

On 20 May 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in June 2022. In accordance with HKFRS 16 Leases, the Group recognized the value of the right-of-use assets which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities was also recognized in the consolidated statement of financial position. The Directors consider that the lease of a Panamax newbuilding represents an opportunity for the Group to increase the carrying capacity with a modern ship at a reasonable price via means other than outright acquisition of vessels, improving the fleet profile of the Group with minimal immediate capital expenditure, bring chartering freight and hire income to the Group and enhance the Group's income and cashflow from core shipping business.

Save as disclosed above, the Group did not carry out any material acquisition, disposal or lease of vessels, nor did the Group carry out any material acquisition or disposal during the year.

Significant investments held

As at 31 December 2022, the Group had investments in equity and debt securities with fair value of HK$226,144,000 and HK$10,443,000 respectively. The principal activities of these companies include mainly banking groups that provide money lending and financial services; securities trading and investment; property development and investment; shipping and transportation, provision of value-added services and online advertising services to users in the PRC. As at 31 December 2022, the fair value of each of these equity securities and debt securities represented less than 5% of the total assets of the Group.

During the year, the Group recognized realized trading gain of HK$13,143,000 upon disposal of certain equity and debt securities, and unrealized loss from mark-to-market fair value adjustments of HK$35,864,000 from its investment in equity and debt securities. The Group's financial risk exposures of such portfolio of financial instruments and risk management policies are disclosed in the "Financial Risk Management and Policies" in note 39 to the consolidated financial statements.

As at 31 December 2022, the Group's investment properties were stated at fair value of HK$373 million and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases and located in Hong Kong. As at 31 December 2022, the fair value of each of these investment properties represented less than 5% of the total assets of the Group.

MATERIAL TRANSACTIONS AND SIGNIFICANT INVESTMENTS *(Continued)*

Significant investments held *(Continued)*

During the year, the Group recognized gross rental income from operating leases on all investment properties of HK$7,771,000 and recognized loss on fair value of investment properties amounting to HK$11,890,000 as at 31 December 2022. The Group's investment properties continue to generate steady and recurring stream of income for the Group and majority of these are office asset located in one of the most sought after central business district of Hong Kong. Particulars of the Group's investment properties as at 31 December 2022 are disclosed in the Appendix to the annual report.

Save as disclosed above, the Group did not hold any significant investment or investment properties that accounted for more than 5% of the Group's total assets as at 31 December 2022.

EMPLOYEES AND REMUNERATION POLICY

The employees are the Group's most important resource and are crucial to the Group's success in achieving its targets for long term value creation. The Group provides various resources for staff training and development.

The Group pursues a policy of gender equality. As at 31 December 2022, the Group had 65 (2021: 64) full-time employees, of whom 35 (2021: 34) employees were male and 30 (2021: 30) employees were female. The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. Bonuses are also offered to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

The Group maintains a good relationship with its employees and crew and has not experienced any disruption of its operation as a result of industrial disputes.

WORKING ENVIRONMENT

In order to attract and retain the best people for the sustainable growth of the Company, we place emphasis on a healthy and safe workplace on board in our vessels and ashore at our office and support all kinds of community activities that contribute to our community.

We put safety as our top priority in business operation. Accident preventions and efforts for improvement in working environment are given high priority in the business management, conventions and all parts of operations. We strive to comply with applicable safety and environmental laws and regulations to which seafarers of all ranks must be trained and certificated in order to be able to carry out their respective duties on board in our vessels. We ensure all seafarers on board are trained and certificated in accordance with STCW Convention.

We provide fringe benefits and welfare to our people including but not limited to medical and life insurance, pension schemes, paid leave for various purposes, travel or meals for business-related work, and other benefits to improve employees' well-being.

RISK MANAGEMENT

The Group is principally exposed to various risks and uses appropriate measures to manage risks related to its business and operations.

Business and operational risks. The Group is exposed to the business and operational risks to the extent that certain changes may have a negative effect on the Group's cash flows and operations. These changes include the fluctuations in charter rates of the shipping market; the changes in demand and supply in the dry bulk market; the drop in vessel values which results in impairment loss of the Group's assets; the changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs; and the maintenance expenses which include costs of spare parts. The dry bulk market is highly volatile and market freight rates may fluctuate significantly within a short period of time. We will continue to adopt a flexible chartering policy and manage different business risk exposures by diversification of counterparties, sourcing reliable charterers from a wider range of ship brokers, and maintaining a good balance of geographical positioning of our fleet.

In order to remain competitive in the market, the management considered to fine tune the quality of the Group's fleet. During the year, the Group entered into agreements to dispose, acquire and charter-in vessels with a view to maintain a high financial flexibility and operational competitiveness.

During the first quarter of 2022, the Group entered into two agreements to dispose of two Supramaxes at total consideration of US$17,750,000 (approximately HK$138,450,000) and the disposal of these vessels was completed in the first quarter of 2022.

On 28 March 2022, the Group entered into an agreement in respect of the acquisition of a Supramax at a purchase price of US$25,500,000 (approximately HK$198,900,000), which was delivered to the Group at end of July 2022.

On 20 May 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in June 2022.

On 9 September 2022, the Group entered into two agreements in respect of the acquisition of two Supramaxes, each at a purchase price of US$25,375,000 (approximately HK$197,925,000) and the total purchase price of the two vessels is US$50,750,000 (approximately HK$395,850,000). Both vessels were delivered to the Group during the fourth quarter of 2022.

During the fourth quarter of 2022, the Group entered into three agreements to dispose of two Post-Panamaxes and one Supramax at total consideration of US$47,800,000 (approximately HK$372,840,000), the disposal of these vessels was completed during the fourth quarter of 2022.

Total carrying capacity of the Group's owned vessels is 1,373,222 metric tons after the completion of the acquisition and disposal of the above vessels.

RISK MANAGEMENT *(Continued)*

Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position. We will continuously monitor the market as well as our operations going forward and look out for opportunities to maintain a reasonably modern and competitive fleet, not ruling out any future disposal, acquisition or charter-in of vessels and will make such decisions on an ad hoc basis to maintain a high financial flexibility and operational competitiveness.

Market risk. Market risk is the risk of operational loss or financial loss due to adverse changes in the market exposure. It also includes the adverse change of value of a financial instrument or portfolio of financial instruments when there are changes in market factors such as underlying interest rates, exchange rates, equity securities prices, debt securities prices or in the volatility of these factors. The Group's major market risk exposures on financial instruments mainly arise from bank borrowings committed on floating rate basis, and investments in equity and debt securities. In the ordinary course of business, the Group identifies these risks and mitigates their financial impact through the use of appropriate financial instruments in accordance with the Group's risk management policies. Additional information regarding the Group's use of financial instruments is disclosed in the "Financial Risk Management and Policies" in note 39 to the consolidated financial statements.

Credit risk. Credit risk is the risk of financial loss to the Group if the counterparty fails to discharge its contractual obligations under the terms of the financial instrument. The Group's exposures to credit risk principally arising from the trade receivables from charterers, loan receivables to third parties and deposits or other financial assets placed with financial institutions. The potential loss is generally limited to the carrying amount of receivables and liquid assets as shown in the Group's consolidated statement of financial position. Credit risk also includes concentration risk of large exposures or concentrations to certain counterparties. The Group will, wherever possible, maintain a diversified customer portfolio or only enter into financial instruments with creditworthy counterparties. The Group regularly monitors the potential exposures to each significant counterparty and performs ongoing credit quality assessment and does not expect to incur material credit losses on managing the financial instruments.

Liquidity risk. Liquidity risk is the risk that the Group fails to meet its obligations associated with its financial liabilities. The Group takes conservative treasury policies to maintain sufficient cash reserves, readily realizable marketable equity and debt securities and obtain credit facilities from well-known financial institutions. The management actively involves in treasury management to ensure adequate cash flows to meet the expected liquidity requirements, working capital and capital expenditures needs. With the dry bulk market being extremely challenging, preserving optimal liquidity is of pinnacle importance. The Group will be working closely with lenders to devise ways to maximize liquidity position in case of the challenging freight environment will continue for longer than expected.

We will continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate and make adjustments to its capital structure in the light of changes in economic conditions, recent market values of the Group's assets as well as the risk characteristics of the underlying assets.

Management Discussion and Analysis

RISK FACTORS

This report may contain forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including the Company's management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or targets.

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, financial market conditions including fluctuations in marketable securities value, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, availability of financing and refinancing, inability to obtain restructuring or rescheduling of indebtedness from lenders in liquidity trough, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, piracy or political events, and other important factors described from time to time in the reports filed by the Company.

OUTLOOK

2022 was overall a good year for shipping, with the freight environment being steadily driven by a general robust demand for commodities worldwide. As discussed before, volatility is expected given any changes in monetary policies or material geo-political issues will affect business sentiment, or in some cases business practices or trade patterns will be affected. Shipping will not be shipping without a good dose of volatility. 2023 turns out to be very different so far.

There has been a general slowdown in economic activities since second half of 2022, primarily driven by the interest rate outlook which translates to increasing borrowing costs and correction of risk assets values, as well as a general expectation of a slower global economic growth going forward given geopolitical conflicts at multi frontiers. Freight rates of dry bulk shipping has been weakening as a result which has carried on since 2023 began.

When we look purely at the industry fundamentals, the supply of new vessels remain low. However, demand for commodities has become increasingly uncertain where worries over the economic growth in 2023 persistently linger over all industries. Transportation of certain commodities will undergo profound and complex changes given the variables that affect our business are a combination of industry specific, economical, as well as geopolitically driven.

With the expected global dry bulk fleet growth at historical lows, and with no consensus in the shipping with regards to the next generation engine design to reduce carbon emission, new vessel orders are expected to be few. Looking ahead, should signs of economic recovery gains momentum, our fleet will be well positioned to benefit.

Management Discussion and Analysis

OUTLOOK *(Continued)*

We remain alert to the increasingly frequent economic, geo-political, or other unforeseen surprises that can trigger volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. In light of the expected slowdown in global economic growth as well as a weakening freight market, we have decided to revalue downwards the value of our fleet. We currently have no capital expenditure commitment in relation to newbuilding contracts, and will continue to focus on taking sensible and decisive actions to maintain a strong financial position.

On behalf of the Board of Directors of the Company, I would like to first express our heartfelt appreciation to our seafarers who have continued to remain professional under an extremely challenging environment, as well as all customers and stakeholders for their ongoing support.

Board of Directors and Senior Management

BOARD OF DIRECTORS

Mr. Ng Siu Fai, *Chairman*

Aged 66. A Director of the Company since 1991 and the chairman of Jinhui Shipping since 1994. As one of the two founders of the Group in 1987, Mr. Ng is responsible for strategic planning for the Group as well as overseeing all aspects of the Group's operations. Mr. Ng has extensive knowledge and working experience in the shipping industry as well as business management and China trade. Mr. Ng Siu Fai is a brother of Messrs. Ng Kam Wah Thomas and Ng Ki Hung Frankie, both are directors of the Company.

Mr. Ng Kam Wah Thomas, *Managing Director*

Aged 60. A Director of the Company since 1991 and the managing director of Jinhui Shipping since 1994. Mr. Ng is the other founder of the Group in 1987 and responsible for the Group's shipping activities. Mr. Ng has extensive knowledge and working experience in the shipping industry and business management. Mr. Ng holds a Bachelor's Degree in Arts from the University of Guelph in Canada and a Diploma in Management Studies, specializing in shipping, from the Plymouth Polytechnic in the United Kingdom. Mr. Ng Kam Wah Thomas is a brother of Messrs. Ng Siu Fai and Ng Ki Hung Frankie, both are directors of the Company.

Mr. Ng Ki Hung Frankie, *Executive Director*

Aged 69. A Director of the Company since 1991 and a director of Jinhui Shipping since 1994. Mr. Ng is responsible for the Group's investments and business management. Mr. Ng has extensive working experience in the shipping industry as well as business management and China trade. Mr. Ng Ki Hung Frankie is a brother of Messrs. Ng Siu Fai and Ng Kam Wah Thomas, both are directors of the Company.

Ms. Ho Suk Lin, *Executive Director*

Aged 59. The Company Secretary of the Company since 1991, a Director of the Company since 1993 and a director and the company secretary of Jinhui Shipping since 1994. Ms. Ho is responsible for the Group's financial controls and secretarial matters. Ms. Ho has extensive working experience in finance and management. Prior to joining the Group in 1991, she worked in an international accounting firm. Ms. Ho is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Mr. Cui Jianhua, *Independent Non-executive Director*

Aged 68. An Independent Non-executive Director of the Company since 1993. Mr. Cui has extensive experience gained from his management positions in various China related entities. He is currently the managing director of Hessway International Ltd. Mr. Cui holds a Master of Arts Degree from McMaster University, Canada.

Board of Directors and Senior Management

BOARD OF DIRECTORS *(Continued)*

Mr. Tsui Che Yin Frank, *Independent Non-executive Director*

Aged 65. An Independent Non-executive Director of the Company since 1994 and a non-executive director of Jinhui Shipping since 2006. Mr. Tsui has extensive experience in investment and banking industries and held senior management positions at various international financial institutions. Mr. Tsui is an independent non-executive director of Melco International Development Limited listed in Hong Kong. Mr. Tsui graduated with a Bachelor's and a Master's Degree in Business Administration from the Chinese University of Hong Kong and with a Law Degree from the University of London. He holds a Doctoral Degree in Business Administration from The University of Newcastle, Australia.

Mr. William Yau, *Independent Non-executive Director*

Aged 55. An Independent Non-executive Director of the Company since 2004 and a non-executive director of Jinhui Shipping since 2006. Mr. Yau has extensive experience gained from his senior management positions in various industries. He is at present a director of American Phil Textiles Limited and Forum Restaurant (1977) Limited, and a supervisor of Fujian Shishi Rural Commercial Bank Co., Ltd. Mr. Yau graduated with a Bachelor Degree of Computer Systems Engineering from the Carleton University in Canada.

SENIOR MANAGEMENT

Mr. Ching Wei Man Raymond, *Vice President*

Aged 48. Joined the Group in 2004 as Vice President, and is responsible for overseeing various activities for the Group, with particular focus in shipping related investments, corporate finance matters, investor relations, and new business development. Mr. Ching has extensive experience in shipping investments and in finance. Prior to joining the Group, he worked for a number of years in the investment banking division for a major US bank. Mr. Ching holds a Master of Engineering and a Master of Science (Finance), both from the Imperial College of Science, Technology and Medicine in London.

Mr. Shum Yee Hong, *Head of Management and Operation Department*

Aged 70. Joined the Group in 1992 as Head of Management and Operation Department, responsible for the ship operation activities of the Group. Mr. Shum has over 30 years of working experience in the shipping industry. Before joining the Group, Mr. Shum was a marine superintendent for an international shipping company.

Directors' Report

The Directors present their report and the audited consolidated financial statements of Jinhui Holdings and its subsidiaries for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are ship chartering and ship owning and the particulars of the principal subsidiaries are set out in note 42 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year. Further discussion and analysis as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing by the Group and an indication of likely future developments in the Group's business and the key performance indicators, can be found in "Management Discussion and Analysis" on pages 51 to 66 and "Highlights" on pages 8 to 11 of this Annual Report. This discussion forms part of this Directors' Report.

REGISTERED OFFICE

The Company is incorporated in Hong Kong and its registered office is 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong.

DIVIDEND POLICY

The Company may declare and distribute dividends to the shareholders of the Company. Our policy aims to provide stable and consistent dividends with steady growth when supported by our earnings whilst ensuring that sufficient financial resources can be maintained to fund our business growth. In addition, the amount and timing of any dividend distributions in the future will depend, among other things, on our compliance with covenants in our credit facilities, earnings, financial condition, cash position, Companies Ordinance affecting the dividend distributions, restrictions in our financing agreements and other factors. In addition, the declaration and payment of dividend distributions is subject at all times to the discretion of our Board.

Directors' Report

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 and the financial position of the Group as at 31 December 2022 are set out in the consolidated financial statements on pages 84 to 161.

The Board has recommended the payment of a final dividend of HK$0.02 per share for the year ended 31 December 2022. As there is no interim dividend payable during the year, the proposed final dividend as mentioned above, if approved, will bring the total dividends for 2022 to HK$0.02 per share.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company scheduled on Tuesday, 30 May 2023 and the final dividend warrant is expected to be dispatched to the shareholders of the Company on Thursday, 29 June 2023.

SHARE CAPITAL

There were no movements in the Company's share capital during the year.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the "Consolidated Statement of Changes in Equity" on page 88 and note 41 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2022, calculated under Part 6 of the Companies Ordinance, amounted to HK$344,530,000 (2021: HK$348,292,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 10 and 11.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment, and investment properties of the Group during the year are set out in note 19 and note 21 to the consolidated financial statements respectively.

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2022 are set out in note 29 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue attributable to the top five largest customers in aggregate and the single largest customer of the Group accounted for approximately 92% and 38% respectively of the total revenue of the Group for the year.

Purchases attributable to the top five largest suppliers in aggregate and the single largest supplier of the Group are not disclosed as there was no purchase of the Group for the year.

At no time during the year have the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's number of issued shares) had any interest in the Group's five largest customers.

CHARITABLE DONATIONS

During the year, the Group made charitable donations of HK$91,000.

RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution provident fund scheme and a mandatory provident fund scheme for employees in Hong Kong. Particulars of these schemes are set out in note 4.20 to the consolidated financial statements.

Directors' Report

EVENTS AFTER THE REPORTING DATE

There was no significant event occurred after the reporting date and up to the date of this report.

DIRECTORS

The Directors who held office of the Company during the year and up to the date of this report were:

Executive Directors
Mr. Ng Siu Fai, *Chairman*
Mr. Ng Kam Wah Thomas, *Managing Director*
Mr. Ng Ki Hung Frankie
Ms. Ho Suk Lin

Independent Non-executive Directors
Mr. Cui Jianhua
Mr. Tsui Che Yin Frank
Mr. William Yau

In accordance with the Company's Articles of Association, Mr. Ng Ki Hung Frankie and Mr. William Yau will retire from office at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Board has obtained annual written confirmations from all independent non-executive directors of the Company concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board believes that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Brief biographical details of the Directors and senior management are set out in "Board of Directors and Senior Management" on pages 67 and 68.

A full list of the directors of the Company's subsidiaries is available on the Company's website at www.jinhuiship.com.

DIRECTORS' REMUNERATION

The directors' remuneration is subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities, salaries paid by comparable companies and performance and results of the Group. The Remuneration Committee makes recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, including salaries, bonuses, benefits in kind, pension rights and compensation payments, and the remuneration of the independent non-executive directors. In addition, the directors' remuneration is reviewed by the Remuneration Committee annually.

Details of the remuneration of the Directors are set out in note 13 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company, or any of the Company's holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2022, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long positions

(i) Directors' interests in shares of the Company

	Number of shares in the Company held and capacity				
Name	**Beneficial owner**	**Interest of spouse**	**Interest of controlled corporation**	**Total**	**Percentage of total issued shares of the Company**
Ng Siu Fai	24,725,000	15,140,000	205,325,568 *Note 1*	245,190,568	46.24%
Ng Kam Wah Thomas	5,909,000	–	136,883,712 *Note 2*	142,792,712	26.93%
Ng Ki Hung Frankie	3,000,000	–	–	3,000,000	0.57%
Ho Suk Lin	3,850,000	–	–	3,850,000	0.73%
Cui Jianhua	960,000	–	–	960,000	0.18%
Tsui Che Yin Frank	1,000,000	–	–	1,000,000	0.19%
William Yau	441,000	–	–	441,000	0.08%

Note 1: Mr. Ng Siu Fai is deemed to be interested in 205,325,568 shares of the Company held by his 51% owned company, Fairline Consultants Limited.

Note 2: Mr. Ng Kam Wah Thomas is deemed to be interested in 136,883,712 shares of the Company held by his wholly owned company, Timberfield Limited.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(Continued)*

(ii) Directors' interests in associated corporation

Name	Number of shares in Jinhui Shipping held and capacity: Beneficial owner	Interest of spouse	Interest of controlled corporation	Total	Percentage of total issued shares of Jinhui Shipping
Ng Siu Fai	4,141,830	1,079,196	61,249,098 *Note 1*	66,470,124	60.84%
Ng Kam Wah Thomas	864,900	–	260,000 *Note 2*	1,124,900	1.03%

Notes:

1. Mr. Ng Siu Fai is deemed to be interested in 61,249,098 shares of Jinhui Shipping through his interests in 51% of the issued capital of Fairline Consultants Limited as Fairline Consultants Limited was the beneficial owner of 407,858 shares of Jinhui Shipping and, through Fairline Consultants Limited's controlling interests in the Company, is also deemed to be interested in 60,841,240 shares of Jinhui Shipping held by the Company.

2. Mr. Ng Kam Wah Thomas is deemed to be interested in 260,000 shares of Jinhui Shipping through his wholly owned company, Timberfield Limited.

All the interests stated above represent long positions. No short positions were recorded in the register maintained by the Company under Section 352 of the SFO as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer.

EQUITY-LINKED AGREEMENTS

At no time during the year was the Company, or any of its specific undertakings a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

LOANS TO OFFICERS

No loans to the Company's officers were made or outstanding at any time during the year or at the end of the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2022, in accordance with the register kept under Section 336 of the SFO, the following persons (other than Directors or chief executives of the Company) had interests representing 5% or more of the issued share capital of the Company:

Long positions

	Number of shares in the Company held and capacity				
Name of shareholders	**Beneficial owner**	**Interest of spouse**	**Interest of controlled corporation**	**Total**	**Percentage of total issued shares of the Company**
Wong Yee Man Gloria	15,140,000	230,050,568 *Note 1*	–	245,190,568	46.24%
Ng Chi Lam Michael	–	–	205,325,568 *Note 2*	205,325,568	38.72%
Fairline Consultants Limited	205,325,568	–	–	205,325,568	38.72%
Timberfield Limited	136,883,712	–	–	136,883,712	25.81%
Bian Ximing	–	–	29,378,000 *Note 3*	29,378,000	5.54%
Zhongcai Merchants Investment Group Co., Ltd.	–	–	29,378,000 *Note 4*	29,378,000	5.54%
Zhongcai (Holdings) Limited	26,949,000	–	–	26,949,000	5.08%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Notes:

1. Ms. Wong Yee Man Gloria is deemed to be interested in 230,050,568 shares of the Company through the interests of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).

2. Mr. Ng Chi Lam Michael is deemed to be interested in 205,325,568 shares of the Company through his interests in 49% of the issued capital of Fairline Consultants Limited (as disclosed hereinabove).

3. Mr. Bian Ximing is deemed to be interested in 29,378,000 shares of the Company through his interests in 65.32% of the issued capital of Zhongcai Merchants Investment Group Co., Ltd. (as disclosed in Note 4 below).

4. Zhongcai Merchants Investment Group Co., Ltd. is deemed to be interested in 29,378,000 shares of the Company through its subsidiaries, Zhongcai (Holdings) Limited and Hong Kong Zhongcai Finance Investment Limited, which are the beneficial owners of 26,949,000 shares and 2,429,000 shares of the Company respectively.

Save as disclosed herein, as at 31 December 2022, the Company has not been notified of any person (other than Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares was held by the public throughout the year and up to the date of this report.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for directors' and senior management's liabilities in respect of legal actions against its directors and senior management arising from corporate activities. The permitted indemnity provision is in force for the benefit of any directors as required by the Hong Kong Companies Ordinance throughout the year and remained in force up to the date of this report.

Directors' Report

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance. During the year ended 31 December 2022, there was no material breach nor non-compliance with the applicable laws and regulations by the Group.

CORPORATE GOVERNANCE

Jinhui Holdings recognizes the importance of good corporate governance to the Company's value creation. The corporate governance report of 2022 was set out in "Corporate Governance Report" on pages 12 to 30, which covered the required report contents as set out in Appendix 14 of the Listing Rules with the description of our conformance throughout the year and provided explanation of the reasons for the deviations.

ESG REPORT

The Board has the overall responsibility and accountability for ESG strategy and reporting. We follow the guidelines in the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules. The ESG report for the year 2022 was set out in "Environmental, Social and Governance Report" on pages 31 to 50, which covered the required report contents as set out in Appendix 27 of the Listing Rules with deviations explained on provisions that are not applicable to the Group's business operations and corporate-wide operations throughout the year ended 31 December 2022, or not included or reported in the ESG report.

AUDITOR

The consolidated financial statements for the years ended 31 December 2020, 2021 and 2022 had been audited by Grant Thornton Hong Kong Limited. An ordinary resolution for the re-appointment of Grant Thornton Hong Kong Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting, subject to shareholders' approval.

For and on behalf of the Board

Ng Kam Wah Thomas
Managing Director

Hong Kong, 17 March 2023

Independent Auditor's Report

Grant Thornton
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Independent auditor's report
To the members of Jinhui Holdings Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Jinhui Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 84 to 161, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Carrying value of owned and leased vessels

The Key Audit Matters	How the matter was addressed in our audit
Refer to notes 4.13, 5, and 19 to the consolidated financial statements. The Group's carrying amount of motor vessels and capitalized drydocking costs included in property, plant and equipment and leased vessel included in right-of-use assets amounted to HK$2,927,614,000 and HK$226,180,000 respectively as at 31 December 2022 and a net impairment loss of HK$384,742,000 was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the year. The Group assesses at each reporting date (i) whether there are indicators of impairment and if there are such indicators, an estimate is made of the recoverable amount of owned and leased vessels concerned; and (ii) whether there are indications that an impairment loss recognised in prior periods for owned vessels may no longer exist or may have decreased. Management has exercised judgement in assessing whether there is any objective evidence of impairment and reversal of impairment loss of such owned and leased vessels. The recoverable amounts of owned and leased vessels were determined based on higher of fair value less costs of disposal reference to market transactions, or the value in use ("VIU") calculation which is estimated based on the estimated future cash flows projections from the continuous use of such vessels. Independent qualified appraisal firms were engaged by management to appraise the fair value and VIU calculation as the VIU calculation involves significant judgements and estimates about the future performance, key assumptions including discount rate, useful life, hire rates and utilisation rate of the owned and leased vessels and the fair value. We focused on this area considering the significance of judgements and estimates and the financial impacts of the impairment assessment in respect of the Group's owned and leased vessels.	Our audit procedures included: – evaluating the process of assessments of impairment indicators and indications of potential impairment or reversal of impairment on owned vessels and right-of-use assets; – evaluating VIU calculation prepared by the management's expert including the methodology and assumptions adopted; – testing, on a sample basis, the mathematical accuracy of the VIU calculation; – assessing the reasonableness of the key assumptions including discount rate, hire rates, useful life and utilization rate by comparing the current year actual performance and prior year projections and by reference to the market and industry information; – involving our valuation specialists in assessing the appropriateness of the discount rate and hire rates; – evaluating the fair values estimated by the management's expert including the methodology and assumptions adopted; – involving our valuation specialist in assessing the reasonableness of fair values estimated; and – testing, on a sample basis, the mathematical accuracy of the impairment assessment with reference to the estimated recoverable amounts based on VIU calculation or fair value less costs of disposal. We obtained supportive evidence for the significant judgements and estimates in respect of the VIU calculation and key assumptions applied in the estimated future cash flows projections and the estimation of fair value less costs of disposal.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2022 annual report of the Company, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the Audit Committee are responsible for overseeing the Group’s financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinances and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

17 March 2023

Chi-Kit Shaw
Practising Certificate No.: P04834

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Revenue	7	**1,189,232**	1,022,335
Net gain on disposal of owned vessels	8	**43,961**	–
Other operating income	9	**127,905**	100,636
Interest income	10	**8,314**	23,510
Reversal of impairment loss (Impairment loss) on owned vessels, net	11	**(384,742)**	1,042,129
Shipping related expenses		**(520,989)**	(339,493)
Staff costs	12	**(109,225)**	(107,117)
Other operating expenses	14	**(80,391)**	(76,782)
Operating profit before depreciation and amortization	15	**274,065**	1,665,218
Depreciation and amortization		**(313,524)**	(149,592)
Operating profit (loss)		**(39,459)**	1,515,626
Finance costs		**(30,564)**	(16,070)
Profit (Loss) before taxation		**(70,023)**	1,499,556
Taxation	16	**(156)**	(1,484)
Net profit (loss) for the year		**(70,179)**	1,498,072
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through OCI (non-recycling)		**(22,315)**	14,695
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through OCI (recycling)		**(292)**	2,372
Total comprehensive income (loss) for the year		**(92,786)**	1,515,139

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Net profit (loss) for the year attributable to:			
Shareholders of the Company		**(45,595)**	826,895
Non-controlling interests		**(24,584)**	671,177
		(70,179)	1,498,072
Total comprehensive income (loss) for the year attributable to:			
Shareholders of the Company		**(58,184)**	837,064
Non-controlling interests		**(34,602)**	678,075
		(92,786)	1,515,139
Earnings (Loss) per share	*18*		
Basic and diluted		**HK$(0.086)**	HK$1.559

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	19	**3,015,688**	3,056,304
Right-of-use assets	20(a)	**226,180**	–
Investment properties	21	**373,330**	385,220
Financial assets at fair value through OCI	22	**98,752**	121,359
Loan receivables	25	**–**	28,841
Intangible assets	23	**844**	888
		3,714,794	3,592,612
Current assets			
Inventories	24	**23,336**	26,623
Loan receivables	25	**10,475**	43,200
Trade and other receivables	26	**157,887**	156,911
Financial assets at fair value through profit or loss	27	**244,979**	368,898
Tax recoverable		**1,328**	–
Pledged deposits	37(c)	**3,465**	64,792
Bank balances and cash		**279,085**	269,175
		720,555	929,599
Current liabilities			
Trade and other payables	28	**117,672**	180,048
Taxation payable		**–**	234
Secured bank loans	29	**360,025**	515,363
Lease liabilities	20(b)	**32,547**	–
		510,244	695,645
Net current assets		**210,311**	233,954
Total assets less current liabilities		**3,925,105**	3,826,566
Non-current liabilities			
Secured bank loans	29	**409,705**	345,073
Lease liabilities	20(b)	**196,276**	–
		605,981	345,073
Net assets		**3,319,124**	3,481,493

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	**2022** **HK$'000**	2021 HK$'000
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*30*	**381,639**	381,639
Reserves	*31*	**1,503,149**	1,593,150
		1,884,788	1,974,789
Non-controlling interests		**1,434,336**	1,506,704
Total equity		**3,319,124**	3,481,493

Approved and authorized for issue by the Board of Directors on 17 March 2023

Ng Siu Fai
Chairman

Ng Kam Wah Thomas
Managing Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Attributable to shareholders of the Company						
	Issued capital HK$'000	Other asset revaluation reserve HK$'000	Reserve for financial assets at fair value through OCI HK$'000	Retained profits HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2021	381,639	3,806	16,380	735,900	1,137,725	839,959	1,977,684
Comprehensive income							
Net profit for the year	–	–	–	826,895	826,895	671,177	1,498,072
Other comprehensive income							
Change in fair value of financial assets at fair value through OCI	–	–	10,169	–	10,169	6,898	17,067
Total comprehensive income for the year	–	–	10,169	826,895	837,064	678,075	1,515,139
Dividend paid to non-controlling interests by subsidiaries	–	–	–	–	–	(11,330)	(11,330)
At 31 December 2021	381,639	3,806	26,549	1,562,795	1,974,789	1,506,704	3,481,493
At 1 January 2022	381,639	3,806	26,549	1,562,795	1,974,789	1,506,704	3,481,493
Comprehensive loss							
Net loss for the year	–	–	–	(45,595)	(45,595)	(24,584)	(70,179)
Other comprehensive loss							
Change in fair value of financial assets at fair value through OCI	–	–	(12,589)	–	(12,589)	(10,018)	(22,607)
Total comprehensive loss for the year	–	–	(12,589)	(45,595)	(58,184)	(34,602)	(92,786)
Final dividend paid	–	–	–	(31,817)	(31,817)	–	(31,817)
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	(37,766)	(37,766)
At 31 December 2022	**381,639**	**3,806**	**13,960**	**1,485,383**	**1,884,788**	**1,434,336**	**3,319,124**

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES			
Cash generated from operations	32	**718,077**	705,309
Interest paid		**(24,508)**	(16,386)
Hong Kong Profits Tax paid		**(1,718)**	(3,066)
Net cash from operating activities		**691,851**	685,857
INVESTING ACTIVITIES			
Interest received		**7,084**	26,650
Dividend income received		**26,465**	13,105
Purchase of property, plant and equipment		**(1,096,709)**	(634,110)
Proceeds from disposal of property, plant and equipment, net		**504,411**	6,823
Proceeds from disposal of assets held for sale, net		**–**	41,964
Net cash used in investing activities		**(558,749)**	(545,568)
FINANCING ACTIVITIES			
New secured bank loans		**521,500**	97,939
Repayment of secured bank loans		**(612,206)**	(223,677)
Decrease (Increase) in pledged deposits		**61,327**	(18,453)
Payment of lease liabilities		**(18,752)**	–
Interest paid on lease liabilities		**(5,478)**	–
Dividends paid to non-controlling interests by subsidiaries		**(37,766)**	(11,330)
Final dividend paid to shareholders of the Company		**(31,817)**	–
Net cash used in financing activities		**(123,192)**	(155,521)
Net increase (decrease) in cash and cash equivalents		**9,910**	(15,232)
Cash and cash equivalents at 1 January		**269,175**	284,407
Cash and cash equivalents at 31 December		**279,085**	269,175

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

1. GENERAL INFORMATION

Jinhui Holdings Company Limited is a limited liability company incorporated and domiciled in Hong Kong. The registered office of the Company is at 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong. The Company's shares are listed on the Hong Kong Stock Exchange.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the businesses of ship chartering and ship owning which are carried out internationally.

The consolidated financial statements for the year ended 31 December 2022 were approved for issue by the Board on 17 March 2023.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, the requirements of the Hong Kong Companies Ordinance and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In current year, the Group has applied for the first time, the following amendments and interpretations to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2022.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The adoption of the amended HKFRSs does not have material impact on the Group's financial performance and financial position for the current and prior periods have been prepared and presented.

3. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

At the date of authorization of these consolidated financial statements, certain other new or amended HKFRSs have been published but are not yet effective, and have not been early adopted by the Group. The management anticipated that all pronouncements will be adopted in the Group's accounting policy for the first accounting period beginning after the effective dates of the pronouncements. Information on these new pronouncements that are expected to be relevant to the Group's consolidated financial statements is provided below.

HKFRS 17	Insurance Contracts and related amendments [1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 [2]
Amendments to HKAS 1	Non-current Liabilities with Covenants [2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies [1]
Amendments to HKAS 8	Definition of Accounting Estimates [1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [1]

Notes:

1. Effective for annual periods beginning on or after 1 January 2023
2. Effective for annual periods beginning on or after 1 January 2024
3. Effective date not yet determined

The management is currently assessing the possible impact of the new or amended standards and interpretations on the Group's results and financial position in the first year of application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis modified by revaluation of a leasehold land and buildings and except for: investment properties, financial assets at fair value through profit or loss and financial assets at fair value through OCI that are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

4.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

In the Company's statement of financial position, investments in subsidiaries are carried at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.4 Non-controlling interests

Non-controlling interests represent the equity on consolidated subsidiaries not attributable directly or indirectly to the shareholders of the Company.

Non-controlling interests in consolidated subsidiaries are presented in the consolidated statement of financial position within equity, separately from the equity attributable to shareholders of the Company. Non-controlling interests in the results of the Group are presented separately in the consolidated statement of profit or loss and other comprehensive income as an allocation of the Group's net profit and total comprehensive income for the year between non-controlling interests and the shareholders of the Company.

All transactions with non-controlling interests that do not result in a loss of control in a subsidiary are accounted for as transaction between equity holders, whereby adjustments are made to the amounts of controlling interests within equity to reflect the change in relative interests.

4.5 Foreign currency translation

The consolidated financial statements are presented in Hong Kong Dollars which is the functional and presentation currency of the Company. The functional and presentation currencies of the Company's subsidiaries are either in United States Dollars or Hong Kong Dollars.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates ruling at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognized in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong Dollars. Assets and liabilities have been translated into Hong Kong Dollars at the closing rates at the reporting date. Income and expenses have been converted into Hong Kong Dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any significant differences arising from this translation procedure are recognized in other comprehensive income and accumulated separately in the translation reserve in equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.6 Revenue recognition

Revenue mainly arises from the operations of ship chartering or owning business comprises chartering freight and hire income.

To determine whether to recognize revenue, the Group follows a five-step process:

(a) Identify contracts with customers
(b) Identify the separate performance obligations in the contract
(c) Determine the transaction price of the contract
(d) Allocate the transaction price to each of the separate performance obligation in the contract
(e) Recognize the revenue as each performance obligation is satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers. Further details of the Group's revenue recognition policies are as follows:

(a) Hire income under time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract. Crewing service income classified as non-lease component is included in hire income and recognized over the period of each time charter contract.

(b) Freight income under voyage charter is accrued over the period from the date of loading of charterer's cargo to the date of discharging the cargo and is recognized on percentage of completion basis measured by time proportion of each voyage charter contract. The existing practice reflects the performance obligation to provide transportation services which is satisfied over time from when transport of the goods begins from loading port through delivery to discharging port and freight income is recognized over the period of performance.

4.7 Borrowing costs

Borrowing costs incurred for the acquisition or construction of any qualifying asset are capitalized during the period of time that is required to complete or prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed as incurred.

The capitalization of borrowing costs as part of the qualifying assets commences when borrowing costs are being incurred and the activities that are necessary to prepare the asset for its intended use are in progress. Capitalization of borrowing costs is suspended or ceased when substantially all activities necessary to prepare the qualifying assets for its intended use are interrupted or completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.8 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognized in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under "Other operating income" in the consolidated statement of profit or loss and other comprehensive income.

4.9 Income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and / or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. It is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset is realized, provided these tax rates have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and tax losses available to be carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

For investment properties measured using the fair value model in accordance with the accounting policy below, the measurement of the related deferred tax asset or liability reflects the tax consequences of recovering the carrying amount of the investment properties entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets or liabilities are not recognized if the temporary differences arise from goodwill or from initial recognition (other than in a business combination) of assets or liabilities in a transaction that affects neither taxable nor accounting profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.9 Income tax *(Continued)*

Changes in deferred tax assets or liabilities are recognized in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary difference will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and
– reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognized amounts; and
(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    (i) the same taxable entity; or
    (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.10 Property, plant and equipment

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Improvements are capitalized only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditures incurred in restoring assets to their normal working conditions and other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Motor vessels are stated at cost less accumulated depreciation and impairment loss.

Drydocking and special survey costs are capitalized and depreciated over the drydocking cycle of two to three years on a straight-line basis. Upon disposal of vessels, any relevant carrying amounts not yet written off are transferred to profit or loss. Vessel repairs and survey costs are expensed during the financial period in which they are incurred.

Leasehold land and buildings (where the fair values of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease) are stated at cost less accumulated depreciation and impairment loss, except for a leasehold land and building which is stated at valuation made in 1994 by a professional valuer on an open market existing use basis less accumulated depreciation and impairment loss.

Advantage has been taken of the transitional relief provided by paragraph 80AA of HKAS 16 "Property, Plant and Equipment" issued by the HKICPA from the requirement to make regular revaluation of a leasehold land and building which had been carried at revalued amounts prior to 30 September 1995, and accordingly no further revaluation of the entire class of leasehold land and buildings is carried out.

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

Depreciation is provided to write-off the cost of motor vessels over their estimated useful lives, after taking into account their estimated residual values, using the straight-line method of 25 years from the date of the initial delivery from the shipyards.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.10 Property, plant and equipment *(Continued)*

Depreciation is provided to write-off the cost or valuation of other property, plant and equipment as specified below over their estimated useful lives, after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold land and buildings	over the shorter of unexpired term of lease or 3% per annum
Leasehold improvement	20% – 30% per annum
Utility vessels, furniture and equipment	6% – 25% per annum

Accounting policy for depreciation of right-of-use assets is set out in note 4.21.

Estimated residual value is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the conditions expected at the end of its useful life. The Group estimates the residual values of motor vessels based on the light-weight tonnes of each vessel multiply by market demolition metal price per ton. Estimate of residual value and useful life are reviewed and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.11 Investment properties

Investment properties are land and / or buildings which are owned or held under a leasehold interest to earn rental income and / or for capital appreciation.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value which is determined by external professional valuers with sufficient experience with respect to both the location and category of the investment property and it reflects the prevailing market conditions at the reporting date.

Gain or loss arising from either change in the fair value or the sale of an investment property is recognized in profit or loss in the period in which they arise.

The change in fair value arisen from reclassification from leasehold land and buildings to investment properties will be credited to other asset revaluation reserve. Upon disposal of such properties, the amount previously recognized in other asset revaluation reserve will be transferred to retained profits.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.12 Intangible assets

Intangible assets acquired separately are recognized initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any impairment loss. Amortization for intangible assets is provided on a straight-line basis over the following estimated useful lives:

Club entrance fee	36 years

Amortization commences when the intangible assets are available for use. Those assets' amortization methods and useful lives are reviewed and adjusted if appropriate, at each reporting date.

4.13 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, intangible assets and the Company's interests in subsidiaries are subject to impairment testing whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows that are largely independent of the cash flows from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment loss recognized for cash generating unit is allocated to reduce the carrying amounts of the assets in the cash generating unit on pro rata basis. In allocating the impairment loss, the carrying amount of an asset will not be reduced below its fair value less costs of disposal, value in use or zero.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.14 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, and is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

4.15 Financial assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial assets expire, or when the financial asset and substantially all of its risks and rewards of ownership are transferred.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss, plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets are classified into the following categories:

– amortized cost;
– fair value through profit or loss; or
– fair value through OCI.

The classification is determined by both:

– the entity's business model for managing the financial asset; and
– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within other operating income, interest income, other operating expenses and finance costs, except for ECL of trade receivables which is presented in other operating expenses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.15 Financial assets *(Continued)*

Subsequent measurement of financial assets

Debt investments

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's bank balances and cash, pledged deposits, loan receivables and trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through OCI – recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at fair value through profit or loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at fair value through profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.15 Financial assets *(Continued)*

Subsequent measurement of financial assets (Continued)

Equity investments

An investment in equity securities is classified as fair value through profit or loss unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at fair value through OCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income and accumulated in "Reserve for financial assets at fair value through OCI" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at fair value through OCI are not subject to impairment assessment. The cumulative gain or loss in "Reserve for financial assets at fair value through OCI" will not be reclassified to profit or loss upon disposal of the equity investments.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established. Dividend income are included in the "other operating income" in profit or loss.

Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognize ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortized cost, fair value through OCI and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

Stage 1: financial instruments that have not deteriorated significantly in credit quality since their initial recognition or that have low credit risk.

Stage 2: financial instruments that have deteriorated significantly in credit quality since their initial recognition and whose credit risk is not low.

Stage 3: financial instruments that have objective evidence of impairment at the reporting date.

For Stage 1 category, loss allowance is recognized at the present value of expected credit losses that will result if a default occurs in the 12 months after the reporting date ("12-month ECL"). For Stage 2 and Stage 3 category, loss allowance is recognized at the present value of expected credit shortfalls over their remaining life ("lifetime ECL").

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.15 Financial assets *(Continued)*

Impairment of financial assets (Continued)

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For trade receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For loan receivables, the Group measures the loss allowance for these financial assets equal to 12-month ECL (which is recognized at Stage 1), unless when there has been a significant increase in credit risk since initial recognition or classified as credit-impaired, the Group recognizes lifetime ECL (which is recognized at Stage 2). The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition or classified as credit-impaired. The loan receivables are reviewed at the reporting date to assess impairment allowance which are based on the evaluation of current creditworthiness, collection statistic and market values of the collaterals which were appraised by independent qualified appraisal firms or the net asset value of the co-investment.

For other financial assets measured at amortized cost and fair value through OCI, the Group measures the loss allowance for these financial assets equal to 12-month ECL (which is recognized at Stage 1), unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL (which is recognized at Stage 2). The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.15 Financial assets *(Continued)*

Impairment of financial assets (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk;

– existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

– an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers the default has occurred when: (1) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); (2) a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group writes off trade and other receivables in whole or in part, when it has exhausted all practical recovery efforts and concluded there is no reasonable expectation of recovery.

Detailed analysis of the ECL assessment of trade receivables, other financial assets measured at amortized cost and debt investments at fair value through OCI are set out in note 39(e).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.16 Financial liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

The Group classifies its financial liabilities into the following categories:

Trade and other payables

Trade and other payables are recognized initially at fair values and subsequently measured at amortized costs, using the effective interest method.

Borrowings

Borrowings are recognized initially at fair values, net of transaction costs incurred. Borrowings are subsequently stated at amortized costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

4.17 Fair value measurement

For financial reporting purposes, fair value measurement is categorized into Level 1, 2 and 3 of the three-level fair value hierarchy as defined under HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques in which all significant inputs other than quoted prices included within Level 1 are directly or indirectly based on observable market data.

Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data.

4.18 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. For the purpose of consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.19 Share capital

Ordinary shares are classified as equity. Share capital is recognized at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares to the extent they are incremental costs directly attributable to the equity transaction.

4.20 Employee benefits

Retirement benefits schemes

The Group operates a defined contribution provident fund scheme and a mandatory provident fund scheme. The assets of the schemes are held separately from those of the Group in their respective schemes managed by an independent trustee. The contributions to retirement benefits schemes charged to profit or loss represent contributions payable to the funds by the Group at the rates specific in the rules of the schemes.

The contributions to the defined contribution provident fund scheme vest in employees according to the vesting percentage set out in the scheme. When employees leave the defined contribution provident fund scheme prior to being vested fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. On the other hand, the contributions to the mandatory provident fund scheme vest immediately and fully in employees once the contributions are payable by the Group. There is no forfeited contribution when employees leave the mandatory provident fund scheme.

Short term employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognized until the time of leave.

4.21 Leases

A lease is defined as a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.21 Leases *(Continued)*

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(a) Group as a lessee

At the lease commencement date, the Group recognizes the right-of-use asset and the lease liability on the consolidated statement of financial position, except for short-term leases that have a lease term of 12 months or less ("short-term lease") and leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists, as for owned vessels in accordance with the Group's accounting policies.

Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to the commencement date, the Company measures the lease liability by: (i) increasing the carrying amount to reflect the accretion of interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.21 Leases *(Continued)*

(a) Group as a lessee (Continued)

For lease remeasurement that the lease payments change due to changes in market rental rates following a market rent review / expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

When the lease is remeasured, the corresponding adjustment is reflected in the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Group as a lessor (Assets leased out under operating leases)

As a lessor, the Group classifies its leases as operating leases. Where the Group as a lessor leases out assets under operating leases, such assets are measured and presented according to the nature of the asset.

Rental income receivable from operating leases is recognized in profit or loss on a straight-line basis over the lease terms.

Hire income applicable to operating leases in respect of time charters are recognized as revenue on time basis over the period of each lease.

Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net income receivable from the lease.

4.22 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are not recognized but are disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow of economic benefits occurs, and an outflow is probable, it will then be recognized as a provision.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.23 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint venture of the same third entity.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.24 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

The Group has regarded the business of ship chartering and ship owning as the only dominant reportable operating segment to be reported to the chief operating decision maker. Thus, no analysis of segment revenue, segment results, segment assets and segment liabilities are presented in the consolidated financial statements for the years 2022 and 2021.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The significant estimates and judgements made in the process of applying the Group's accounting policies are discussed below.

Impairment loss on owned vessels

In the first half of 2022, dry bulk shipping market showed strong sign of rebound amid global economic recovery. However, dry bulk shipping market endured a slump during the fourth quarter of 2022. The demand for dry bulk commodities was weak due to the slowdown of global economic growth as a result of high inflation and increase in interest rates, the COVID-19 related issues as well as multiple geo-political issues that dampened economic activities globally. A further downward correction in the market freight rates was continued in the fourth quarter of 2022. This inevitably introduced volatility to the Group's business performance, as well as the carrying value of the Group's shipping assets. In view of the significant decrease in market value of dry bulk vessels in the market, the management considered that impairment indication of the Group's fleet existed at end of 2022.

Key assumptions applied in calculation in impairment assessment of owned vessels

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the impairment review, certain of the Group's owned vessels' recoverable amounts which were determined based on the higher of the fair value less costs of disposal and value in use and were significantly less than their respective carrying amounts at end of 2022. Those vessels with carrying amount of HK$1,549,003,000 is estimated based on the value in use under discounted cash flow method, using estimated future cash flows projections from the continuous use of such vessels. Key assumptions applied in value in use calculation mainly included discount rate and hire rates earned by each vessel as the value in use is most sensitive to the changes in these two factors. Other assumptions applied in the estimated future cash flows projections included the first five-year period from the continuous use of such vessels and cash flows beyond the five-year period are extrapolated using the zero growth rate.

The hire rates applied in the impairment test on owned vessels were based on management's best estimation, taking into consideration of historical performances, market research data and market expectation. The hire rates would have an average of 1% (2021: 1%) growth for the first five-year period and cash flows beyond the five-year period are extrapolated using the zero growth rate. The discount rate applied to the value in use calculation on owned vessels was 10.5% (2021: 8.5%), which was a pre-tax rate that reflected current market assessments of time value of money and the risks specific to the assets. It is based on weighted average cost of capital in which the cost of equity, cost of debt and capital structure are the key parameters. Other assumptions included utilization rate which is assumed to be 95% (2021: 95%) in all subsequent years; and vessels are expected to have useful life of 25 (2021: 25) years from the date of the initial delivery from the shipyards. The net cash flow also reflected the estimated drydocking and special surveys costs and vessels operating expense.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Impairment loss on owned vessels *(Continued)*

Key assumptions applied in calculation in impairment assessment of owned vessels (Continued)

Remaining certain owned vessels with carrying amount of HK$1,378,611,000 are determined based on fair value less cost of disposal. The fair value less cost of disposal is based on valuation performed by independent valuer and the valuation is under market comparison approach and such measurement of these owned vessels was categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 13 (note 19). Key assumptions applied in fair value less cost of disposal mainly included quoted recent transactions of similar vessels. Other assumptions included estimated cost of disposal of these vessels which are based on the Group's historical acquisition and disposal transactions of its fleets.

Accordingly, a net impairment loss of HK$384,742,000 (2021: reversal of impairment loss of HK$1,042,129,000) on owned vessels classified in property, plant and equipment was recognized at 31 December 2022 to reflect the Group's change in the expectation on the long term global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use and fair value less cost of disposal of the Group's owned vessels.

Sensitivity in calculation of impairment assessment of owned vessels

Value in use

With all other variables remaining constant, it was estimated that a decrease of 5% in hire rates applied in the impairment test at the reporting date, the impairment loss on owned vessels recognized and net loss for the year would increase by approximately HK$121,465,000 and the carrying amount of the Group's owned vessels would decrease by 4.15%.

With all other variables remaining constant, it was estimated that an increase of 75 basis points in discount rate applied in the impairment test at the reporting date, the impairment loss on owned vessels recognized and net loss for the year would increase by approximately HK$49,014,000 and the carrying amount of the Group's owned vessels would decrease by 1.67%.

Fair value less cost of disposal

With all other variables remaining constant, it was estimated that a decrease of 5% in selling price quoted from the transactions of similar vessels applied in the impairment test at the reporting date, the impairment loss on owned vessels recognized and net loss for the year would increase by approximately HK$55,414,000 and the carrying amount of the Group's owned vessels would decrease by 1.89%.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Valuation of investment properties

As at 31 December 2022, the Group's investment properties were stated at fair value of HK$373,330,000 (2021: HK$385,220,000). Change in fair value loss of investment properties of HK$11,890,000 (2021: HK$20,380,000) was recognized in profit or loss during the year. The fair values of the Group's investment properties were determined by an independent qualified professional valuer. The valuations are dependent on certain significant unobservable inputs, including market unit sale rate per square feet / carpark which are determined based on comparable transactions after applying adjusting factors such as the age, location, size, view, floor level and quality of buildings and carparks to reflect the conditions and locations of the subject properties. Details of the valuation methodologies and significant unobservable inputs used in the valuations are disclosed in note 21.

Fair values of financial assets at fair value through OCI

Fair values of financial assets at fair value through OCI that are not traded in an active market is determined by using valuation techniques. The Group determines the fair values primarily based on the recent transaction prices, net asset value (representing the fair value of the equity instruments reported by investment manager of the investees) and take into account of its financial results and other factors. The fair values of financial assets at fair value through OCI that are not traded in active market are determined by using valuation techniques as disclosed in note 22.

Impairment of trade receivables and other financial assets

As at 31 December 2022, the carrying amount of the trade receivables (note 26) was HK$10,564,000 (2021: HK$17,123,000). For trade receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For other financial assets measured at amortized cost or fair value through OCI (note 39(a)), the Group measures the loss allowance for these financial assets equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition. In assessing whether the credit risk for other financial assets has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Impairment of trade receivables and other financial assets *(Continued)*

For loan receivables (note 25) which arise from co-investment, the Group measures the loss allowance for these financial assets equal to 12-month ECL with taking the net asset value of the co-investment into accounts unless when there has been a significant increase in credit risk since initial recognition or classified as credit impaired, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition or classified as credit-impaired. The loan receivables are reviewed by the management at the reporting date to assess impairment allowance which are based on the evaluation of current creditworthiness, collection statistic and the net asset value of the co-investment.

6. SEGMENT INFORMATION

The Group is principally engaged in the business of ship chartering and ship owning and the management has regarded this business as the only dominant reportable operating segment to be reported to the chief operating decision maker. Thus, no analysis of segment revenue, segment results, segment assets and segment liabilities are presented in the consolidated financial statements for the years 2022 and 2021.

While the Group's revenue was mainly attributable to its chartering operations which are carried out internationally and cannot be attributable to any particular geographical location, analysis of revenue from chartering freight and hire business by geographical split of revenue by charterer's location is presented in note 7.

The Group's non-current assets mainly consist of property, plant and equipment, right-of-use assets and investment properties. Property, plant and equipment and right-of-use assets mainly comprised of the Group's owned vessels and chartered-in vessel respectively. As the Group's motor vessels are operated across different geographical regions, it is meaningless to identify the specific geographical locations of the motor vessels at the reporting date. The Group's investment properties comprised of premises and car parks and all are located in Hong Kong. While majority of the Group's non-current assets other than financial instruments cannot be attributable to any particular geographical location, no analysis of non-current assets other than financial instruments by geographical area is presented in the consolidated financial statements.

7. REVENUE

Revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels. Revenue recognized during the year is as follows:

	2022	2021
	HK$'000	*HK$'000*
Chartering freight and hire income:		
Hire income under time charters [1]	**1,189,232**	1,022,335

Note:

1. Hire income under time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract. Hire income included a non-lease component in relation to crewing service of HK$295,725,000 (2021: HK$181,815,000).

Information about major charterers

Revenue of HK$455,827,000, HK$303,162,000 and HK$171,048,000 (2021: HK$413,629,000, HK$315,218,000 and HK$159,580,000) were derived from three charterers that contributed 38%, 25% and 14% (2021: 40%, 31% and 16%) respectively to the Group's revenue for the year 2022.

Information about geographical distribution

Revenue from external customers (charterers) is as follows:

	2022	2021
	HK$'000	*HK$'000*
Geographical split of revenue by charterers' location:		
Singapore	**935,648**	905,569
China	**242,352**	80,222
United Kingdom	**11,232**	–
Ireland	–	20,826
South Korea	–	15,718
	1,189,232	1,022,335

8. NET GAIN ON DISPOSAL OF OWNED VESSELS

During the year, the Group entered into five agreements to dispose of two Post-Panamaxes and three Supramaxes at total consideration of US$65,550,000 (approximately HK$511,290,000) with the total net gain of HK$43,961,000 was recognized on completion of the disposal of these vessels in the year.

9. OTHER OPERATING INCOME

	2022	2021
	HK$'000	*HK$'000*
Net gain on bunker arising from shipping operations	**18,339**	33,492
Write-back of other payables [1]	**40,300**	–
Other shipping operating income	**20,655**	27,665
Gross rental income from operating leases on investment properties	**7,771**	6,591
Dividend income	**26,465**	13,314
Net gain on disposal of property, plant and equipment, other than motor vessels	**–**	2,164
Reversal of impairment loss on trade and other receivables, net	**12,639**	13,933
Compensation income in relation to loan receivables	**–**	3,418
COVID-19 related government subsidies	**1,608**	–
Sundry income	**128**	59
	127,905	100,636

Note:

1. Write-back of other payables of HK$40,300,000 upon the termination of business relationship with a crew agent. The settled amount was agreed and finalized by both parties and hence, the Group derecognized the outstanding payable amount thereon during the year.

10. INTEREST INCOME

	2022	2021
	HK$'000	*HK$'000*
Interest income in respect of:		
Financial assets at fair value through profit or loss	**1,007**	8,765
Deposits with banks and other financial institutions	**947**	185
Loan receivables	**6,360**	14,560
	8,314	23,510

11. REVERSAL OF IMPAIRMENT LOSS (IMPAIRMENT LOSS) ON OWNED VESSELS, NET

In the first half of 2022, dry bulk shipping market showed strong sign of rebound amid global economic recovery. However, dry bulk shipping market endured a slump during the fourth quarter of 2022. The demand for dry bulk commodities was weak due to the slowdown of global economic growth as a result of high inflation and increase in interest rates, the COVID-19 related issues as well as multiple geo-political issues that dampened economic activities globally. A further downward correction in the market freight rates was continued in the fourth quarter of 2022. This inevitably introduced volatility to the Group's business performance, as well as the carrying value of the Group's shipping assets. In view of the significant decrease in market value of dry bulk vessels in the market, the management considered that impairment indication of the Group's fleet existed at end of 2022.

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the impairment review, certain of the Group's owned vessels' recoverable amounts which were determined based on the higher of the fair value less costs of disposal and value in use and were significantly less than their respective carrying amounts at end of 2022. Those vessels with carrying amount of HK$1,549,003,000 is estimated based on the value in use using estimated future cash flows projections from the continuous use of such vessels. Key assumptions applied in value in use calculation mainly included discount rate and hire rates earned by each vessel as the value in use is most sensitive to the changes in these two factors. Other assumptions applied in the estimated future cash flows projections included the first five-year period from the continuous use of such vessels and cash flows beyond the five-year period are extrapolated using the zero growth rate.

The hire rates applied in the impairment test on owned vessels were based on management's best estimation, taking into consideration of historical performances, market research data and market expectation. The hire rates would have an average of 1% (2021: 1%) growth for the first five-year period and cash flows beyond the five-year period are extrapolated using the zero growth rate. The discount rate applied to the value in use calculation on owned vessels was 10.5% (2021: 8.5%), which was a pre-tax rate that reflected current market assessments of time value of money and the risks specific to the assets. Other assumptions included utilization rate which is assumed to be 95% (2021: 95%) in all subsequent years; and vessels are expected to have useful life of 25 (2021: 25) years from the date of the initial delivery from the shipyards. The net cash flow also reflected the estimated drydocking and special surveys costs and vessels operating expense.

Remaining certain owned vessels with carrying amount of HK$1,378,611,000 are determined based on fair value less cost of disposal under market comparison approach and such measurement of these owned vessels was categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 13. Key assumptions applied in fair value less cost of disposal mainly included quoted transactions of similar vessels which is most sensitive. Other assumptions included estimated cost of disposal of these vessels which are based on the Group's historical acquisition and disposal transactions of its fleets.

11. REVERSAL OF IMPAIRMENT LOSS (IMPAIRMENT LOSS) ON OWNED VESSELS, NET *(Continued)*

Accordingly, a net impairment loss of HK$384,742,000 on owned vessels classified in property, plant and equipment was recognized at 31 December 2022 to reflect the Group's change in the expectation on the long term global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use and fair value less cost of disposal of the Group's owned vessels. The impairment loss on owned vessels is non-cash in nature and does not have impact on the operating cash flows of the Group.

In 2021, the Group recognized a reversal of impairment loss of HK$511,068,000 on owned vessels classified in property, plant and equipment at 30 June 2021 and a further reversal of impairment loss of HK$531,061,000 on owned vessels at 31 December 2021 to reflect the Group's change in the expectation on the long term global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use of the Group's owned vessels. The total reversal of impairment loss on owned vessels recognized in 2021 was HK$1,042,129,000. The reversal of impairment loss on owned vessels is non-cash in nature and does not have impact on the operating cash flows of the Group.

12. STAFF COSTS

	2022	2021
	HK$'000	*HK$'000*
Salaries and other benefits	**104,291**	102,205
Contributions to retirement benefits schemes	**4,934**	4,912
	109,225	107,117

13. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Emoluments of the Directors, including the chief executives [1] of the Company for the years 2022 and 2021 are set out below:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
2022					
Executive Directors					
Ng Siu Fai [2]	**1,933**	**32,016**	**5,000**	**1,829**	**40,778**
Ng Kam Wah Thomas [2]	**1,933**	**25,776**	**4,000**	**1,469**	**33,178**
Ng Ki Hung Frankie [2]	**1,326**	**2,603**	**–**	**72**	**4,001**
Ho Suk Lin [2]	**468**	**1,734**	**100**	**98**	**2,400**
Independent Non-executive Directors					
Cui Jianhua	**212**	**–**	**–**	**–**	**212**
Tsui Che Yin Frank [2]	**441**	**–**	**–**	**–**	**441**
William Yau [2]	**372**	**–**	**–**	**–**	**372**
	6,685	**62,129**	**9,100**	**3,468**	**81,382**
2021					
Executive Directors					
Ng Siu Fai [2]	1,933	32,011	5,000	1,829	40,773
Ng Kam Wah Thomas [2]	1,933	25,776	4,000	1,469	33,178
Ng Ki Hung Frankie [2]	1,326	2,597	–	72	3,995
Ho Suk Lin [2]	468	1,734	–	98	2,300
Independent Non-executive Directors					
Cui Jianhua	212	–	–	–	212
Tsui Che Yin Frank [2]	441	–	–	–	441
William Yau [2]	372	–	–	–	372
	6,685	62,118	9,000	3,468	81,271

13. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

1. Chief executives of the Company are Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas, who are responsible under the immediate authority of the Board for the conduct of the Company.

2. Emoluments of the Directors were borne by the Company and its subsidiaries for their service as directors of the Company and its subsidiaries.

(b) Details of remuneration to senior management

Emoluments of senior management (non-director) of the Company are within the following bands:

	Number of individuals	
	2022	2021
HK$1,000,001 to HK$1,500,000	**1**	1
HK$3,000,001 to HK$3,500,000	**1**	1
	2	2

(c) The five highest paid individuals

The five highest paid individuals included four (2021: four) Directors whose details of emoluments are presented on page 118. Emoluments of the remaining one (2021: one) highest paid individual fall within the band from HK$3,000,001 to HK$3,500,000 (2021: from HK$3,000,001 to HK$3,500,000) and his aggregate emoluments were as follow:

	2022	2021
	HK$'000	*HK$'000*
Salaries and other benefits	**3,317**	3,369
Contributions to retirement benefits schemes	**18**	18
	3,335	3,387

14. OTHER OPERATING EXPENSES

Other operating expenses for the year 2022 mainly included net loss on financial assets at fair value through profit or loss of approximately HK$22.7 million, change in fair value of investment properties of approximately HK$11.9 million, professional fee of approximately HK$7.3 million, directors' fee of approximately HK$6.7 million, auditor's remuneration related to audit services of approximately HK$2.1 million and remaining are various office administrative expenses.

Other operating expenses for the year 2021 mainly included net loss on financial assets at fair value through profit or loss of approximately HK$16.1 million, change in fair value of investment properties of approximately HK$20.4 million, directors' fee of approximately HK$6.7 million, professional fee of approximately HK$5.7 million, auditor's remuneration related to audit services of approximately HK$2 million and remaining are various office administrative expenses.

15. OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION

This is stated after charging / (crediting):

	2022	2021
	HK$'000	*HK$'000*
Auditor's remuneration:		
Audit services	**2,100**	2,000
Other services	**566**	466
Rent and rates payments in respect of premises	**1,326**	1,329
Net loss on financial assets at fair value through profit or loss		
Realized gain on financial assets at fair value through profit or loss	**(13,143)**	(21,342)
Unrealized loss on financial assets at fair value through profit or loss	**35,864**	37,457
Interest income in respect of:		
Financial assets at fair value through profit or loss	**(1,007)**	(8,765)
Deposits with banks and other financial institutions	**(947)**	(185)
Loan receivables	**(6,360)**	(14,560)
Dividend income	**(26,465)**	(13,314)
Net gain on disposal of owned vessels	**(43,961)**	–
Net gain on disposal of property, plant and equipment, other than motor vessels	**–**	(2,164)
Loss on write-off of property, plant and equipment	**48**	15
Change in fair value of investment properties	**11,890**	20,380
Impairment loss (Reversal of impairment loss) on owned vessels, net	**384,742**	(1,042,129)
Reversal of impairment loss on trade and other receivables, net	**(12,639)**	(13,933)
Net exchange loss	**3,506**	960
Gross rental income from operating leases on investment properties	**(7,771)**	(6,591)
Outgoings in respect of investment properties	**291**	580
Bad debts written off in respect of trade and other receivables	**224**	55

16. TAXATION

Taxation has been provided on the estimated assessable profits arising in Hong Kong from an approximately 55.69% indirectly owned subsidiary of the Company which is a qualifying corporation in accordance with the two-tiered profits tax rates regime in Hong Kong. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of the qualifying corporation are taxed at 8.25%, and the assessable profits above HK$2,000,000 are taxed at 16.5%. Apart from the estimated assessable profits arising in Hong Kong from that subsidiary, in the opinion of the Directors, a substantial portion of the Group's income neither arose in nor was derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax and the Group is not subject to taxation in any other jurisdictions in which the Group operates.

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2022	2021
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current year	**166**	1,494
Over provision in prior year	**(10)**	(10)
	156	1,484

Reconciliation between taxation charge and accounting profit (loss) at the applicable tax rates:

	2022	2021
	HK$'000	*HK$'000*
Profit (Loss) before taxation	**(70,023)**	1,499,556
Income tax at the applicable tax rates in the tax jurisdictions concerned	**(23,495)**	(21,288)
Non-deductible expenses	**4,548**	6,311
Tax exempted revenue	**(5,924)**	(5,212)
Unrecognized tax losses	**25,463**	22,191
Unrecognized temporary differences	**(377)**	(372)
Utilization of previously unrecognized tax losses	**(49)**	(136)
Over provision in prior year	**(10)**	(10)
Taxation charge for the year	**156**	1,484

The applicable tax rates are the weighted average of current rates of taxation ruling in the relevant jurisdictions.

17. DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
2021 final dividend of HK$0.06 per share	**–**	31,817
2022 final dividend, proposed of HK$0.02 per share	**10,606**	–
	10,606	31,817

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company scheduled on Tuesday, 30 May 2023. The amount of the final dividend proposed, which was calculated based on the number of ordinary shares in issue at the date of approval of the consolidated financial statements, has not been recognized as a liability in the consolidated financial statements.

18. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share were calculated on the net loss attributable to shareholders of the Company of HK$45,595,000 for the year 2022 (2021: net profit of HK$826,895,000) and the weighted average number of 530,289,480 (2021: 530,289,480) ordinary shares in issue during the year.

Diluted earnings (loss) per share for the years 2022 and 2021 were the same as basic earnings (loss) per share as there was no potentially dilutive ordinary shares in existence for the years 2022 and 2021.

19. PROPERTY, PLANT AND EQUIPMENT

	Motor vessels [1] and capitalized drydocking costs HK$'000	Leasehold land and buildings HK$'000	Leasehold improvement, utility vessels, furniture and equipment HK$'000	Total HK$'000
Cost or valuation				
At 1 January 2021	5,407,447	278,342	63,325	5,749,114
Additions	633,604	–	506	634,110
Disposals / Write-off	(7,016)	(6,562)	(432)	(14,010)
At 31 December 2021	6,034,035	271,780	63,399	6,369,214
Additions	1,095,764	–	945	1,096,709
Disposals / Write-off	(1,371,097)	–	(327)	(1,371,424)
At 31 December 2022	**5,758,702**	**271,780**	**64,017**	**6,094,499**
Accumulated depreciation and impairment loss				
At 1 January 2021	3,984,515	175,950	54,363	4,214,828
Reversal of impairment loss [2]	(1,042,129)	–	–	(1,042,129)
Charge for the year	139,548	8,448	1,551	149,547
Eliminated on disposals / write-off	(7,016)	(1,903)	(417)	(9,336)
At 31 December 2021	3,074,918	182,495	55,497	3,312,910
Impairment loss, net [3]	384,742	–	–	384,742
Charge for the year	282,075	8,398	1,612	292,085
Eliminated on disposals / write-off	(910,647)	–	(279)	(910,926)
At 31 December 2022	**2,831,088**	**190,893**	**56,830**	**3,078,811**
Net book value				
At 31 December 2022	**2,927,614**	**80,887**	**7,187**	**3,015,688**
At 31 December 2021	2,959,117	89,285	7,902	3,056,304

19. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The analysis of the cost or valuation of property, plant and equipment by category is as follows:

	Motor vessels and capitalized drydocking costs HK$'000	Leasehold land and buildings HK$'000	Leasehold improvement, utility vessels, furniture and equipment HK$'000	Total HK$'000
2022				
At cost	**5,758,702**	**218,780**	**64,017**	**6,041,499**
At professional valuation in 1994	**–**	**53,000**	**–**	**53,000**
	5,758,702	**271,780**	**64,017**	**6,094,499**
2021				
At cost	6,034,035	218,780	63,399	6,316,214
At professional valuation in 1994	–	53,000	–	53,000
	6,034,035	271,780	63,399	6,369,214

Had the Group's leasehold land and buildings been carried at cost less accumulated depreciation and impairment loss, the carrying amount would have been HK$78,071,000 (2021: HK$84,910,000) at the reporting date.

Notes:

1. All motor vessels are held for use under operating leases.

2. Reversal of impairment loss:
   In 2021, the Group recognized a reversal of impairment loss of HK$511,068,000 on owned vessels classified in property, plant and equipment at 30 June 2021 and a further reversal of impairment loss of HK$531,061,000 on owned vessels at 31 December 2021. The total reversal of impairment loss on owned vessels recognized in 2021 was HK$1,042,129,000.

3. Impairment loss, net:
   A net impairment loss of HK$384,742,000 on owned vessels classified in property, plant and equipment was recognized at 31 December 2022 to reflect the Group's change in the expectation on the long term global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use and fair value less cost of disposal of the Group's owned vessels. The impairment loss on owned vessels is non-cash in nature and does not have impact on the operating cash flows of the Group.

19. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes:

3. Impairment loss, net: *(Continued)*

Details of the events that led to the recognition of impairment loss, the impairment indicators, key assumptions applied in the value in use calculation and fair value less cost of disposal, recoverable amounts of impaired assets and the sensitivity analysis are provided in note 5 and note 11.

Details of the Group's certain owned vessels and information about the determination of the fair values less cost of disposal of these vessels, in particular the valuation techniques, significant unobservable inputs and category of the fair value hierarchy are disclosed as below:

Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs 2022	Range of unobservable inputs 2021	Relationship of significant unobservable inputs to fair value less cost of disposal
Level 2	Direct comparison method	Selling price quoted from the transactions of similar vessels, after taking into account the individual factors such as year of built, shipyards and size of vessels	**US$14.7 million – US$24 million (approximately HK$115 million – HK$187 million) per vessel**	–	An increase in percentage of selling price quoted from the transactions of similar vessels would result in an increase in fair value measurement of the vessels, and vice versa

20. LEASES

(a) Right-of-use assets

	2022	2021
	HK$'000	*HK$'000*
At 1 January	**–**	–
Additions	**340,064**	–
Lease remeasurement	**(92,489)**	–
Depreciation	**(21,395)**	–
At 31 December	**226,180**	–

20. LEASES *(Continued)*

(b) Lease liabilities

	2022 HK$'000	2021 HK$'000
At 1 January	–	–
Additions	340,064	–
Lease remeasurement	(92,489)	–
Interest expense (included in finance costs)	5,478	–
Repayments of lease liabilities	(24,230)	–
At 31 December	228,823	–

The lease liabilities were repayable as follows:

	2022 HK$'000	2021 HK$'000
Within one year	32,547	–
After one year but within two years	34,091	–
After two years but within five years	111,350	–
After five years	50,835	–
	196,276	–
	228,823	–

On 20 May 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in June 2022. Hire payment is on index-linked basis, being the Baltic Panamax Time Charter Routes published by the Baltic Exchange, with other adjusting factors.

20. LEASES *(Continued)*

In accordance with HKFRS 16 Leases, the Group recognized the value of the right-of-use assets which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities was also recognized.

During the year, the total cash outflow for the lease was HK$24,230,000 (2021: nil).

At the reporting date, an impairment assessment of right-of-use assets was performed and no impairment loss was recognized.

21. INVESTMENT PROPERTIES

	2022	2021
	HK$'000	*HK$'000*
At 1 January	**385,220**	405,600
Change in fair value	**(11,890)**	(20,380)
At 31 December	**373,330**	385,220

The Group's investment properties were stated at fair value and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases and located in Hong Kong. The Group had a number of investment properties and, in the opinion of directors, no individual investment property would be material as value of each individual investment property did not exceed 5% of the Group's total assets as at 31 December 2022.

At the reporting date, the fair values of the Group's investment properties were determined by Centaline Surveyors Limited, an independent qualified professional valuer, on direct comparison approach on annually basis with reference to comparable transactions available in the relevant locality. In estimating the fair value of investment properties, the highest and best use of the properties is their current use. The fair value measurement of these investment properties was categorized as Level 3 of the three-level fair value hierarchy as defined under HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

21. INVESTMENT PROPERTIES *(Continued)*

Particulars of the Group's investment properties as at 31 December 2022 are disclosed in the Appendix to the annual report and information about the determination of the fair values of these investment properties, in particular the valuation techniques, significant unobservable inputs and category of the fair value hierarchy are disclosed as below:

Properties	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs 2022	2021	Relationship of significant unobservable inputs to fair value
Premises	Level 3	Direct comparison method	Market unit sale rate per square feet, after taking into account the age, location and individual factors such as size, view, floor level and quality of building	**HK$14,000 – HK$28,000 per square feet**	HK$17,000 – HK$27,000 per square feet	An increase in percentage of market unit sale rate per square feet would result in an increase in fair value measurement of the premises by the same percentage increase, and vice versa
Car parks	Level 3	Direct comparison method	Market unit sale rate per car park	**HK$2,700,000 – HK$4,000,000 per car park**	HK$3,900,000 – HK$4,000,000 per car park	An increase in percentage of market unit sale rate per car park would result in an increase in fair value measurement of the car park by the same percentage increase, and vice versa

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

	2022	2021
	HK$'000	*HK$'000*
Unlisted equity investments		
Co-investment in a property project		
At 1 January	**95,604**	80,909
Change in fair value [1]	**(22,315)**	14,695
	73,289	95,604
Unlisted club debentures		
At 1 January	**22,000**	20,500
Change in fair value [2]	**–**	1,500
	22,000	22,000
Unlisted club membership		
At 1 January	**3,755**	2,883
Change in fair value [2]	**(292)**	872
	3,463	3,755
	98,752	121,359

Notes:

1. Items that will not be reclassified to profit or loss.

2. Items that may be reclassified subsequently to profit or loss.

3. In March 2021, an approximately 55.69% indirectly owned subsidiary of the Company (the "Co-Investor") together with other co-investors signed an unsecured subordinated shareholder loan agreement with Triple Smart Limited, a special purpose vehicle invested by Dual Bliss Limited ("Dual Bliss"), for the purposes of funding the operating expenditure of Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Tower A" or previously named as "T3 Property") and the Co-Investor agreed to provide a maximum amount of advance up to US$1,577,000 (approximately HK$12,300,000). At the reporting date, advance of US$1,342,000, approximately HK$10,475,000 (2021: US$568,000, approximately HK$4,434,000) was drawdown and the amount was included in note 25.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI *(Continued)*

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss of US$10,000,000 (approximately HK$78,000,000). Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000, approximately HK$2,905,000 (2021: US$372,000, approximately HK$2,905,000).

There is no quoted market price in active market for unlisted equity investments. Transactions in such investments do not occur on a regular basis. The Group uses its net asset value (representing the fair value of the equity instruments reported by Phoenix Property Investors Limited, the Investment Manager) to determine its fair value as the Group determined that this is the fair price at which shareholders subscribe and redeem the investments or determined its fair value with generally accepted pricing models. The fair value measurement of unlisted equity investments was categorized as Level 3 of the three-level fair value hierarchy as defined under HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

Unlisted club debentures and unlisted club membership stated at fair value represented investments in club debentures and club membership which their fair values can be determined directly by reference to published price quotations in active markets and were categorized as Level 1 of the three-level fair value hierarchy as defined under HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the year.

23. INTANGIBLE ASSETS

	2022	2021
	HK$'000	*HK$'000*
Club entrance fee		
Cost		
At 1 January and 31 December	**1,599**	1,599
Accumulated amortization		
At 1 January	**711**	666
Charge for the year	**44**	45
At 31 December	**755**	711
Net book value		
At 31 December	**844**	888

24. INVENTORIES

Inventories consisted of bunker stock and ship stores on the Group's vessels. At the reporting date, these inventories were carried at cost.

25. LOAN RECEIVABLES

	2022	2021
	HK$'000	HK$'000
At 1 January	72,041	260,192
Gross new loan originated	6,041	4,434
Repayment	(67,607)	(192,585)
Provision of individual impairment	–	–
Loan receivables, net of provision	10,475	72,041
Less: Amount receivable within one year	(10,475)	(43,200)
Amount receivable after one year	–	28,841

The maturity of loan receivables (net of impairment loss) is as follows:

	2022	2021
	HK$'000	HK$'000
Within one year	10,475	43,200
In the second year	–	5,191
In the third to fifth year	–	23,650
	10,475	72,041

25. LOAN RECEIVABLES *(Continued)*

At the reporting date, the Group's loan receivables of HK$10,475,000 (2021: HK$4,434,000) which arise from co-investment (as mentioned in note 22), are unsecured and denominated in United States Dollars and has no fixed repayment terms. Whereas, the loan receivables that arise from asset-based financing which are denominated in United States Dollars and secured by collaterals provided by the borrowers, and are repayable with fixed terms agreed with the borrowers, were early repaid in full by the borrowers during the year and such repayments led to a decrease in loan receivables. At the reporting date, no loan receivables arise from asset-based financing (2021: HK$67,607,000) was recorded.

At the reporting date, the loan receivables have been reviewed by management to assess impairment allowances which are based on the evaluation of current creditworthiness, collection statistics and the net asset value of the co-investment, and are not considered as impaired. The carrying amount of the loan receivables is considered to be a reasonable approximation of its fair value.

26. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**10,564**	17,123
Prepayments	**19,236**	33,303
Rental and other deposits	**768**	697
Other receivables	**127,319**	105,788
	147,323	139,788
	157,887	156,911

Management has a credit policy in place for approving the credit limits to charterers and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. Credit evaluations including assessing the customer's creditworthiness and financial standing are performed on customers requiring a credit over certain amount.

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment.

The carrying amounts of trade and other receivables are considered to be a reasonable approximation of their fair values due to their short term maturities.

26. TRADE AND OTHER RECEIVABLES *(Continued)*

The aging analysis of trade receivables (net of impairment loss) based on payment due dates is as follows:

	2022 HK$'000	2021 HK$'000
Within three months	**6,961**	17,123
Over three months but within six months	**1,099**	–
Over six months but within twelve months	**2,504**	–
	10,564	17,123

The movement for impairment loss on trade and other receivables is as follows:

	2022 HK$'000	2021 HK$'000
At 1 January	**57,630**	72,219
Impairment loss recognized	**458**	55
Reversal of impairment loss	**(13,097)**	(13,988)
Written off as uncollectible	**(363)**	(656)
At 31 December	**44,628**	57,630

For trade receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at each reporting date. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, the Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition.

At the reporting date, the Group had determined trade receivables of HK$44,628,000 (2021: HK$57,630,000) as impaired. No impairment loss on other receivables was provided as at 31 December 2022 and 2021.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	HK$'000	*HK$'000*
Held for trading		
Equity securities		
Listed in Hong Kong	**155,031**	254,697
Listed outside Hong Kong	**71,113**	89,284
	226,144	343,981
Debt securities		
Listed in Hong Kong	**4,471**	15,206
Listed outside Hong Kong	**3,728**	7,310
Unlisted	**2,244**	–
	10,443	22,516
Designated as such upon initial recognition		
Investment funds	**8,392**	2,401
	244,979	368,898

At the reporting date, the fair value measurements of listed equity securities and listed debt securities were determined by reference to their quoted bid prices in active markets and were categorized as Level 1 and the fair value measurements of unlisted debt securities and investment funds represented the quoted market prices on the underlying investments provided by financial institution and were categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the year.

28. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**1,333**	1,212
Accrued charges	**13,649**	9,408
Other payables		
Payables related to vessel running cost and ship operating expenses	**78,607**	143,761
Hire receipt in advance	**6,813**	10,561
Loan interest payables	**1,612**	1,034
Accrued employee benefits	**13,340**	12,092
Others	**2,318**	1,980
	102,690	169,428
	117,672	180,048

The carrying amounts of trade and other payables are considered to be a reasonable approximation of their fair values.

The aging analysis of trade payables based on payment due dates is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within three months	**527**	289
Over twelve months	**806**	923
	1,333	1,212

29. SECURED BANK LOANS

	2022	2021
	HK$'000	*HK$'000*
Vessel mortgage loans	**206,456**	358,112
Other bank loans	**563,274**	502,324
	769,730	860,436

The maturity of secured bank loans is as follows:

Within one year	**360,025**	515,363
In the second year	**151,101**	167,973
In the third to fifth year	**258,604**	177,100
Total secured bank loans	**769,730**	860,436
Less: Amount repayable within one year	**(360,025)**	(515,363)
Amount repayable after one year	**409,705**	345,073

During the year, the Group had drawn new secured bank loans of HK$521,500,000 (2021: HK$97,939,000) and repaid HK$612,206,000 (2021: HK$223,677,000).

Vessel mortgage loans were denominated in United States Dollars. Other bank loans which included revolving loans, term loans and property mortgage loans were denominated in Hong Kong Dollars and United States Dollars. At the reporting date, all secured bank loans were committed on floating rate basis ranging from 4% to 6.49% (2021: 0.84% to 2.20%) per annum. These loans are secured by certain of the Group's assets as disclosed in note 37.

The carrying amount of the secured bank loans is considered to be a reasonable approximation of its fair value.

30. SHARE CAPITAL

The Company's share capital is as follows:

	2022 Number of ordinary shares	**2022** Amount *HK$'000*	2021 Number of ordinary shares	2021 Amount *HK$'000*
Issued and fully paid:				
At 1 January and 31 December	**530,289,480**	**381,639**	530,289,480	381,639

31. RESERVES

Details of movements in reserves of the Group are set out in the "Consolidated Statement of Changes in Equity" on page 88.

Other asset revaluation reserve

Other asset revaluation reserve represents the revaluation surplus between the carrying amounts of the leasehold land and buildings which are owner-occupied and the fair values of those properties at the date of reclassification to investment properties.

Reserve for financial assets at fair value through OCI

Reserve for financial assets at fair value through OCI represents the changes in fair value of financial assets at fair value through OCI. As at 31 December 2022, the reserve for financial assets at fair value through OCI consists of recycling and non-recycling portion amounting to income of HK$15,049,000 (2021: HK$15,211,000) and loss of HK$1,089,000 (2021: income of HK$11,338,000) respectively.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2022	2021
	HK$'000	*HK$'000*
Profit (Loss) before taxation	**(70,023)**	1,499,556
Adjustments for:		
Depreciation and amortization	**313,524**	149,592
Interest income	**(8,314)**	(23,510)
Interest expenses	**30,564**	16,070
Dividend income	**(26,465)**	(13,314)
Net gain on disposal of owned vessels	**(43,961)**	–
Net gain on disposal of property, plant and equipment, other than motor vessels	**–**	(2,164)
Loss on write-off of property, plant and equipment	**48**	15
Change in fair value of investment properties	**11,890**	20,380
Impairment loss (Reversal of impairment loss) on owned vessels, net	**384,742**	(1,042,129)
Reversal of impairment loss on trade and other receivables, net	**(12,639)**	(13,933)
Bad debts written off in respect of trade and other receivables	**224**	55
Cash generated from operations before changes in working capital	**579,590**	590,618
Changes in working capital:		
Inventories	**3,287**	(20,541)
Loan receivables	**61,566**	188,151
Trade and other receivables	**12,669**	(41,830)
Financial assets at fair value through profit or loss	**123,919**	(47,601)
Trade and other payables	**(62,954)**	36,512
Changes in working capital	**138,487**	114,691
Cash generated from operations	**718,077**	705,309

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities are classified as follows:

	Vessel mortgage loans	Other secured bank loans	Lease liabilities	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2021	423,969	562,205	–	986,174
Cash flows:				
Drawdown of loans	–	97,939	–	97,939
Repayment of loans	(65,857)	(157,820)	–	(223,677)
At 31 December 2021	358,112	502,324	–	860,436
At 1 January 2022	358,112	502,324	–	860,436
Cash flows:				
Drawdown of loans	–	521,500	–	521,500
Repayment of loans	(151,656)	(460,550)	–	(612,206)
Repayment of lease liabilities	–	–	(24,230)	(24,230)
Non-cash:				
New lease	–	–	340,064	340,064
Lease remeasurement	–	–	(92,489)	(92,489)
Interest expense on lease liabilities	–	–	5,478	5,478
At 31 December 2022	**206,456**	**563,274**	**228,823**	**998,553**

34. DEFERRED TAXATION

At the reporting date, deferred tax assets have not been recognized in respect of the followings:

	2022	2021
	HK$'000	*HK$'000*
Deductible temporary differences	**2,135**	2,489
Tax losses	**2,853,103**	2,699,081
	2,855,238	2,701,570

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Both deductible temporary differences and tax losses do not expire under current tax legislation.

35. FUTURE OPERATING LEASE ARRANGEMENTS

At the reporting date, the Group had future minimum lease income receivables under non-cancellable operating leases as follows:

	2022	2021
	HK$'000	*HK$'000*
Within one year:		
Premises	**387**	380
Owned vessels	**971**	–
	1,358	380
In the second to fifth year:		
Premises	**18**	–
	1,376	380

36. CAPITAL EXPENDITURE COMMITMENTS

During the year, capital expenditure on additions of motor vessels and capitalized drydocking costs was HK$1,095,764,000 (2021: HK$633,604,000) and on other property, plant and equipment was HK$945,000 (2021: HK$506,000).

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss of US$10,000,000, approximately HK$78,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000, approximately HK$2,905,000 (2021: US$372,000, approximately HK$2,905,000).

In December 2021, the Group entered into two agreements in respect of the acquisition of two Supramaxes, each at a consideration of US$17,250,000, approximately HK$134,550,000 and the total consideration of the two vessels is US$34,500,000, approximately HK$269,100,000. The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. Both vessels were delivered to the Group during the first quarter of 2022. As at 31 December 2021, the capital expenditure commitments contracted by the Group but not provided for was US$34,500,000, approximately HK$269,100,000.

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US$372,000, approximately HK$2,905,000 (2021: US$34,872,000, approximately HK$272,005,000).

Save as disclosed above, there was no other significant capital expenditure commitments contracted by the Group but not provided for as at the reporting date.

37. PLEDGE OF ASSETS

At the reporting date, the Group had certain credit facilities which were secured by the followings:

(a) Legal charges on the Group's property, plant and equipment (note 19) with an aggregate net book value of HK$1,716,958,000 (2021: HK$2,424,220,000) and investment properties (note 21) with an aggregate carrying amount of HK$333,190,000 (2021: HK$344,100,000);

(b) Financial assets at fair value through profit or loss of HK$131,387,000 (2021: HK$172,929,000);

(c) Deposits totaling HK$3,465,000 (2021: HK$64,792,000) of the Group placed with banks;

(d) Assignment of fourteen (2021: nineteen) subsidiaries' income in favour of banks; and

(e) No assignment of subsidiaries' loan receivables as at 31 December 2022 while assignment of two subsidiaries' loan receivables of HK$36,407,000 in favour of bank as at 31 December 2021.

In addition, shares of eight (2021: ten) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

38. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following related party transactions:

Compensation of key management personnel as follows:

	2022	2021
	HK$'000	*HK$'000*
Salaries and other benefits	**75,843**	75,626
Contributions to retirement benefits schemes	**3,546**	3,543
	79,389	79,169

Other payables included accrued employee benefits payables to directors and senior management of HK$9,471,000 (2021: HK$9,381,000). There is no other balance or transaction related to connected party or any director and senior management and substantial shareholder of the Group that had not been disclosed under the requirement of Chapter 14 and 14A of the Listing Rules and HKAS 24 (Revised) "Related Party Disclosures".

39. FINANCIAL RISK MANAGEMENT AND POLICIES

The Group is exposed to financial risks through its use of financial instruments which arise from its business activities. The financial risks include market risk (mainly comprise of interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The management manages and monitors the financial risk exposures to ensure appropriate measures are implemented on a timely and effective manner. These policies have been in place for years and are considered to be effective.

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(a) Categories of financial instruments

At the reporting date, the carrying amounts of financial instruments presented in the consolidated statement of financial position related to the following categories of financial assets and financial liabilities:

	2022	2021
	HK$'000	*HK$'000*
Financial assets		
Financial assets at fair value through OCI		
Unlisted equity investments	**73,289**	95,604
Unlisted club debentures	**22,000**	22,000
Unlisted club membership	**3,463**	3,755
	98,752	121,359
Financial assets at fair value through profit or loss		
Equity securities	**226,144**	343,981
Debt securities	**10,443**	22,516
Investment funds	**8,392**	2,401
	244,979	368,898
Financial assets at amortized cost		
Trade and other receivables	**138,651**	123,588
Loan receivables	**10,475**	72,041
Pledged deposits	**3,465**	64,792
Bank balances and cash	**279,085**	269,175
	431,676	529,596
	775,407	1,019,853
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	**110,727**	168,959
Secured bank loans	**769,730**	860,436
Lease liabilities	**228,823**	–
	1,109,280	1,029,395

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(b) Interest rate risk

Exposures to interest rate risk and the Group's risk management policies

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk arises primarily from bank borrowings that were committed on floating rate basis.

The Group manages interest rate risk by monitoring its interest rate profile as set out in note 29.

Interest rate benchmark reform

The Group had certain of bank borrowings subject to the interest rate benchmark reform and have not yet transitioned to new benchmark rates.

As at 31 December 2022, the Group had interest bearing bank borrowings denominated in United States Dollars of US$26,469,000, approximately HK$206,456,000 (2021: US$46,735,000, approximately HK$364,534,000), carrying variable interests with reference to the London Interbank Offered Rate (LIBOR) which will cease to be published after 30 June 2023. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant Interbank Offered Rates regulators. The management of the Group considers the impact of the interest rate benchmark reform to the Group's financial position and financial performance will not be significant.

Sensitivity analysis*

Based on the exposures to bank borrowings of HK$769,730,000 (2021: HK$860,436,000) at the reporting date, it was estimated that an increase of 75 (2021: 75) basis points in interest rate, with all other variables remaining constant, the Group's net loss would increase by approximately HK$5,773,000 (2021: net profit would decrease by approximately HK$6,453,000).

The sensitivity analysis above has been determined as if the change in interest rate had occurred at the reporting date. The basis of 75 (2021: 75) points increase is considered to be reasonably possible change based on observation of current market conditions and represents the management's assessment of a reasonably possible change in interest rate over the period until the next reporting date.

* *The sensitivity analysis disclosed above represents the risks inherent to the Group's financial instruments as of each reporting date. The result of the sensitivity analysis may differ from time to time according to the then prevailing market conditions.*

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(c) Foreign currency risk

Exposures to foreign currency risk and the Group's risk management policies

Foreign currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's transactions, assets and liabilities are mainly denominated in Hong Kong Dollars and United States Dollars which is linked to Hong Kong Dollars at exchange rate of around US$1.00 to HK$7.80. The Group believes that there will be no significant fluctuation in the exchange rates between Hong Kong Dollars and United States Dollars.

At the reporting date, the Group was exposed to foreign currency risk primarily through holding certain bank deposits and other receivables, and investment in equity securities mainly denominated in Singapore Dollars amounting to SGD706,000 and SGD11,557,000, approximately HK$4,114,000 and HK$67,381,000 respectively (2021: certain bank deposits and investment in equity securities mainly denominated in Singapore Dollars amounting to SGD13,994,000 and SGD15,084,000, approximately HK$80,712,000 and HK$87,005,000 respectively).

Sensitivity analysis*

At the reporting date, based on the total exposures to the bank deposits and other receivables, and equity securities mainly denominated in Singapore Dollars of SGD12,263,000, approximately HK$71,495,000 (2021: bank deposits and equity securities mainly denominated in Singapore Dollars of SGD29,078,000, approximately HK$167,717,000), it was estimated that a depreciation of 5% (2021: 5%) in exchange rate of Singapore Dollars against Hong Kong Dollars would result in an increase to the Group's net loss by approximately HK$3,575,000 (2021: a decrease to the Group's net profit by approximately HK$8,386,000) with all other variables remain constant. The sensitivity analysis had been determined based on the assumed exchange rate movement of Singapore Dollars (2021: Singapore Dollars) against Hong Kong Dollars taking place at the beginning of the year and held constant throughout the year.

* *The sensitivity analysis disclosed above represents the risks inherent to the Group's financial instruments as of each reporting date. The result of the sensitivity analysis may differ from time to time according to the then prevailing market conditions.*

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(d) Price risk

Exposures to price risk and the Group's risk management policies

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will decline because of adverse market price movements of the financial instrument. The Group is exposed to price risk primarily through its investments in equity securities, debt securities and investment funds classified as financial assets at fair value through profit or loss.

The Group's portfolio of financial instruments that exposed to price risk at the reporting date is set out in note 27.

Sensitivity analysis*

Based on the portfolio of equity securities held by the Group at the reporting date, if the quoted prices of the equity securities had been decreased by 10% (2021: 10%), the Group's net loss would increase by approximately HK$22,614,000 (2021: net profit would decrease by approximately HK$34,398,000).

Based on the portfolio of debt securities held by the Group at the reporting date, if the quoted prices of the debt securities had been decreased by 10% (2021: 10%), the Group's net loss would increase by approximately HK$1,044,000 (2021: net profit would decrease by approximately HK$2,252,000).

Based on the portfolio of investment funds held by the Group at the reporting date, if the quoted prices of the investment funds had been decreased by 10% (2021: 10%), the Group's net loss would increase by approximately HK$839,000 (2021: net profit would decrease by approximately HK$240,000).

* *The sensitivity analysis disclosed above represents the risks inherent to the Group's financial instruments as of each reporting date. The result of the sensitivity analysis may differ from time to time according to the then prevailing market conditions.*

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(e) Credit risk

Exposures to credit risk and the Group's risk management policies

Credit risk relates to the risk that the counterparty to a financial instrument would fail to discharge its contractual obligations under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposures to credit risk mainly arises from granting credit to charterers in the ordinary course of its operations, loan receivables to third parties and deposits or other financial assets placed with financial institutions.

Management has a credit policy in place for approving the credit limits to charterers and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. Credit evaluations including assessing the customer's creditworthiness and financial standing are performed on customers requiring a credit over certain amount. During the year, impairment loss of HK$458,000 (2021: HK$55,000) was provided on the Group's outstanding trade receivables over one year past due and reversal of impairment loss on trade receivables of HK$13,097,000 (2021: HK$13,988,000) was recognized upon recovery of outstanding trade receivables in prior years, and HK$363,000 (2021: HK$656,000) was written off as uncollectible.

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment.

For trade receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(e) Credit risk *(Continued)*

Exposures to credit risk and the Group's risk management policies *(Continued)*

On the above basis, the ECL for trade receivables as at 31 December 2022 and 2021 was determined as follows:

	Current HK$'000	Within 3 months past due HK$'000	Over 3 months but within 6 months past due HK$'000	Over 6 months but within 12 months past due HK$'000	Over 12 months past due HK$'000	Total HK$'000
2022						
Trade receivables						
– gross carrying amount	**1,077**	**5,884**	**1,099**	**2,504**	**44,628**	**55,192**
Lifetime ECL	**–**	**–**	**–**	**–**	**44,628**	**44,628**
ECL rate	**0%**	**0%**	**0%**	**0%**	**100%**	
2021						
Trade receivables						
– gross carrying amount	2,015	15,108	–	–	57,630	74,753
Lifetime ECL	–	–	–	–	57,630	57,630
ECL rate	0%	0%	0%	0%	100%	

For other receivables and loan receivables arised from co-investment, the Group measures the loss allowance for those receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition and the Group also considered the net asset value of the co-investment for estimating the ECL for loan receivables. For the result of the assessment, no impairment loss on other receivables and loan receivables arised from co-investment was provided as at 31 December 2022 and 2021. The outstanding balance of those receivables of HK$138,562,000 (2021: HK$110,899,000) are considered as not deteriorated significantly in credit quality or with low credit risk. Management believes that there was no significant increase in credit risk inherent in the Group's outstanding balance of those receivables.

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(e) Credit risk *(Continued)*

Exposures to credit risk and the Group's risk management policies *(Continued)*

For the financial assets at fair value through OCI, the management believes that the credit risk inherent in the Group is low and counterparties have the capacity to meet their contractual cash flow obligation in the near term and the ECL recognized is based on the 12-month ECL.

The Group has no significant concentration of credit risk in respect of trade receivables, with exposure spread over a number of charterers. At the reporting date, the Group did not hold any collateral from charterers.

Bank deposits are only placed with creditworthy financial institutions. The management does not expect any financial institutions fail to meet their obligations.

(f) Liquidity risk

Exposures to liquidity risk and the Group's risk management policies

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, its financing obligations and lease liabilities, and also in respect of its cash flow management.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other borrowings. The management regularly monitors the Group's current and expected liquidity requirements and its compliance with lending covenants, to ensure it maintains sufficient reserves of cash and bank balances, readily realizable marketable equity and debt securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirement.

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(f) Liquidity risk *(Continued)*

Exposures to liquidity risk and the Group's risk management policies *(Continued)*

The analysis below set out the remaining contractual maturity based on undiscounted cash flow of the Group's financial liabilities at the reporting date.

	Within one year *HK$'000*	In the second year *HK$'000*	In the third to fifth year *HK$'000*	After the fifth year *HK$'000*	Total undiscounted amount *HK$'000*	Carrying amount *HK$'000*
2022						
Trade and other payables	**110,727**	**–**	**–**	**–**	**110,727**	**110,727**
Secured bank loans	**403,667**	**173,036**	**270,710**	**–**	**847,413**	**769,730**
Lease liabilities	**41,770**	**41,884**	**125,309**	**52,183**	**261,146**	**228,823**
	556,164	**214,920**	**396,019**	**52,183**	**1,219,286**	**1,109,280**
2021						
Trade and other payables	168,959	–	–	–	168,959	168,959
Secured bank loans	529,524	174,445	179,906	–	883,875	860,436
	698,483	174,445	179,906	–	1,052,834	1,029,395

40. CAPITAL MANAGEMENT

The Group's capital management objectives are:

(a) to ensure the Group's ability to continue as a going concern;

(b) to provide adequate returns for shareholders;

(c) to maintain an optimal capital structure to reduce the cost of capital; and

(d) to support the Group's stability and sustainable growth.

The Group's capital management strategies are to rely on internal resources and interest-bearing borrowings to finance the capital expenditures. The management may make adjustments to its capital structure in the light of changes in economic conditions, recent market values of the Group's assets as well as the risk characteristics of the underlying assets through adjusting the amount of dividends paid to shareholders, issuing new shares or selling assets to reduce debts.

The Group monitors capital structure on the basis of the gearing ratio. This ratio is calculated as net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity. The gearing ratio of the Group at the reporting date is calculated as follows:

	2022	2021
	HK$'000	*HK$'000*
Secured bank loans repayable within one year	**360,025**	515,363
Secured bank loans repayable after one year	**409,705**	345,073
Total secured bank loans	**769,730**	860,436
Less: Equity and debt securities	**(236,587)**	(366,497)
Less: Bank balances and cash	**(279,085)**	(269,175)
Net debts	**254,058**	224,764
Total equity	**3,319,124**	3,481,493
Gearing ratio	**8%**	6%

41. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

(a) Statement of financial position of the Company

	2022	2021
	HK$'000	*HK$'000*
ASSETS AND LIABILITIES		
Non-current assets		
Financial assets at fair value through OCI	**13,500**	13,500
Investments in subsidiaries	**586,670**	586,670
	600,170	600,170
Current assets		
Other receivables	**454**	3,665
Financial assets at fair value through profit or loss	**17,011**	30,477
Amount due from subsidiaries	**131,843**	128,337
Bank balances and cash	**17,952**	8,496
	167,260	170,975
Current liabilities		
Other payables	**541**	494
Net current assets	**166,719**	170,481
Net assets	**766,889**	770,651
EQUITY		
Capital and reserves		
Issued capital	**381,639**	381,639
Reserves *(Note)*	**385,250**	389,012
Total equity	**766,889**	770,651

Note: At the reporting date, reserves of the Company available for distribution to shareholders amounted to HK$344,530,000 (2021: HK$348,292,000).

Approved and authorized for issue by the Board of Directors on 17 March 2023

Ng Siu Fai
Chairman

Ng Kam Wah Thomas
Managing Director

41. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY *(Continued)*

(b) Statement of changes in equity of the Company

	Issued capital *HK$'000*	Reserve for financial assets at fair value through OCI *HK$'000*	Retained profits *HK$'000*	Total equity *HK$'000*
At 1 January 2021	381,639	8,000	374,273	763,912
Comprehensive income				
Net profit for the year	–	–	6,239	6,239
Other comprehensive income				
Change in fair value of financial assets at fair value through OCI	–	500	–	500
Total comprehensive income for the year	–	500	6,239	6,739
At 31 December 2021	381,639	8,500	380,512	770,651
At 1 January 2022	381,639	8,500	380,512	770,651
Profit and total comprehensive income for the year	–	–	28,055	28,055
Final dividend paid	–	–	(31,817)	(31,817)
At 31 December 2022	**381,639**	**8,500**	**376,750**	**766,889**

42. PRINCIPAL SUBSIDIARIES

The following table lists out the information relating to Jinhui Shipping and its subsidiaries (collectively, referred to as "Jinhui Shipping Group"), the subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarized financial information presented below represents the amounts before any inter-company transactions and balances elimination:

	Jinhui Shipping Group	
	2022	2021
	HK$'000	*HK$'000*
NCI percentage	**44.31%**	44.31%
Non-current assets	**3,515,522**	3,386,222
Current assets	**683,311**	886,033
Non-current liabilities	**(575,047)**	(311,555)
Current liabilities	**(416,918)**	(590,515)
Net assets	**3,206,868**	3,370,185
Carrying amount of NCI	**1,434,336**	1,506,704
Revenue	**1,189,232**	1,022,335
Net profit (loss) for the year	**(55,481)**	1,514,737
Total comprehensive income (loss) for the year	**(78,094)**	1,530,305
Net profit (loss) for the year attributable to NCI	**(24,584)**	671,177
Total comprehensive income (loss) for the year attributable to NCI	**(34,602)**	678,075
Dividends paid to NCI	**(37,766)**	(11,330)
Net cash from operating activities	**689,044**	713,287
Net cash used in investing activities	**(564,759)**	(547,139)
Net cash used in financing activities	**(124,090)**	(167,006)

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021 are as follows:

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2022	Attributable equity interest at 31/12/2021	Principal activities	Place of operation
Incorporated in Bermuda					
Jinhui MetCoke Limited	12,000 ordinary shares of US$1 each	55.69%	55.69%	Investment holding	Worldwide
# Jinhui Shipping and Transportation Limited	109,258,943 ordinary shares of US$0.05 each	55.69%	55.69%	Investment holding	Worldwide
Incorporated in the British Virgin Islands					
Advance Rich Limited	1 share of US$1 each	55.69%	55.69%	Investment	Worldwide
Hazen Valley Limited	1 share of US$1 each	100%	100%	Property investment	Hong Kong
Jin Hui Shipping Inc.	50,000 shares of US$1 each	55.69%	55.69%	Investment holding	Worldwide
Jinhui Investments Limited	1 share of US$1 each	55.69%	55.69%	Investment holding	Worldwide
Oriental Dynamic International Limited	1 share of US$1 each	100%	100%	Property investment	Hong Kong
# Pantow Profits Limited	60,000 shares of US$1 each	100%	100%	Investment holding	Worldwide

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2022	Attributable equity interest at 31/12/2021	Principal activities	Place of operation
Incorporated in Hong Kong					
Best Flame International Limited	HK$2 divided into 2 ordinary shares	55.69%	55.69%	Property investment	Hong Kong
Carpa Limited	HK$2 divided into 2 ordinary shares	100%	100%	Property investment	Hong Kong
Exalten Limited	HK$2 divided into 2 ordinary shares	100%	100%	Property investment	Hong Kong
Fair Fait International Limited	HK$2 divided into 2 ordinary shares	55.69%	55.69%	Property investment	Hong Kong
First Lion International Limited	HK$2 divided into 2 ordinary shares	100%	100%	Property investment	Hong Kong
Goldbeam International Limited	HK$5,000,000 divided into 5,000,000 ordinary shares	55.69%	55.69%	Ship management services, shipping agent and investment	Hong Kong
Good Sunshine Limited	HK$1 divided into 1 ordinary share	55.69%	55.69%	Property investment	Hong Kong
Jinhui Finance (Hong Kong) Limited	HK$10,000 divided into 10,000 ordinary shares	55.69%	55.69%	Money Lending	Hong Kong

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2022	Attributable equity interest at 31/12/2021	Principal activities	Place of operation
Incorporated in Hong Kong *(Continued)*					
# Jinhui Investments (China) Limited	HK$2 divided into 2 ordinary shares	100%	100%	Investment holding	Hong Kong
Keenfair Investment Limited	HK$2 divided into 2 ordinary shares	100%	100%	Investment	Hong Kong
Leadford Industries Limited	HK$2 divided into 2 ordinary shares	55.69%	55.69%	Property investment	Hong Kong
Linkford International Limited	HK$2 divided into 2 ordinary shares	100%	100%	Property investment	Hong Kong
Monocosmic Limited	HK$10,000 divided into 10,000 ordinary shares	55.69%	55.69%	Property investment	Hong Kong
Noble Talent Development Limited	HK$1 divided into 1 ordinary share	55.69%	55.69%	Property investment	Hong Kong
Ringo Star Company Limited	HK$2 divided into 2 ordinary shares	55.69%	55.69%	Property investment	Hong Kong
Union Gold Limited	HK$1 divided into 1 ordinary share	55.69%	55.69%	Property investment	Hong Kong
Incorporated in the Republic of Liberia					
Galsworthy Limited	1 registered share of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Goldbeam Shipping Inc.	100 registered shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2022	Attributable equity interest at 31/12/2021	Principal activities	Place of operation
Incorporated in the Republic of Liberia *(Continued)*					
Paxton Enterprises Limited	500 registered shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Sompol Trading Limited	10 registered shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Wonder Enterprises Ltd.	500 registered shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Incorporated in the Republic of Panama					
Jinan Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinao Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinbi Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinchao Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinfeng Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jingang Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinheng Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2022	Attributable equity interest at 31/12/2021	Principal activities	Place of operation
Incorporated in the Republic of Panama *(Continued)*					
Jinhong Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinji Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinjun Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinmao Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinping Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinquan Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinrong Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinsheng Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinshun Shipping Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2022	Attributable equity interest at 31/12/2021	Principal activities	Place of operation
Incorporated in the Republic of Panama *(Continued)*					
Jinsui Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jintong Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinwan Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinxiang Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinxing Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinyi Shipping Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinyuan Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinyue Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide

\# *These are direct subsidiaries of the Company. All other companies are indirect subsidiaries.*

Glossary

This glossary contains the abbreviations and main terms used in the 2022 annual report.

Abbreviations / Main terms	Meanings in the annual report
Board	Board of Directors;
Chairman	Chairman of the Board;
China / PRC	The People's Republic of China;
CG Code	Corporate Governance Code as set out in Appendix 14 of the Listing Rules;
Company / Jinhui Holdings	Jinhui Holdings Company Limited, a company incorporated in Hong Kong, whose shares are listed on the Hong Kong Stock Exchange (stock code: 137);
Company Code	A set of code adopted by the Company, which sets out the corporate standards and practices used by the Group;
Director(s)	Director(s) of the Company;
DWT	Deadweight tonnage;
ECL	Expected credit loss;
ESG	Environmental, social and governance;
Group	Company and its subsidiaries;
HKAS	Hong Kong Accounting Standards;
HKFRS	Hong Kong Financial Reporting Standards;
HKICPA	Hong Kong Institute of Certified Public Accountants;
Hong Kong	The Hong Kong Special Administrative Region of the PRC;
IMO	The International Maritime Organization;
ISM Code	The International Safety Management Code;

Glossary

Abbreviations / Main terms	Meanings in the annual report
ISPS Code	The International Ship and Port Facility Security Code;
Jinhui Shipping	Jinhui Shipping and Transportation Limited, a limited liability company incorporated in Bermuda and an approximately 55.69% owned subsidiary of the Company as at 31 December 2022, whose shares are listed on the Oslo Stock Exchange (Oslo Børs) (stock code: JIN);
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
MARPOL	The International Convention for the Prevention of Pollution from Ships;
Panamax	Vessel of deadweight approximately between 70,000 metric tons to 90,000 metric tons;
Post-Panamax(es)	Vessel(s) of deadweight approximately between 90,000 metric tons to 100,000 metric tons;
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
Shareholder(s)	Shareholder(s) of the Company;
STCW Convention	The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers;
Stock Exchange	The Stock Exchange of Hong Kong Limited;
Supramax(es)	Dry cargo vessel(s) of deadweight approximately 50,000 metric tons;
HK$	Hong Kong Dollars, the lawful currency of Hong Kong;
SGD	Singapore Dollars, the lawful currency of Singapore; and
US$	United States Dollars, the lawful currency of the United States of America.

Appendix

LIST OF INVESTMENT PROPERTIES

Particulars of the Group's investment properties [1] as at 31 December 2022 are as follows:

Address	Saleable area	Use	Category of lease	Percentage held by the Group
Whole of 20th Floor Lippo Leighton Tower No. 103 Leighton Road Hong Kong	2,848 sq. feet	Commercial	Long lease	100%
Unit B on 12th Floor Lippo Leighton Tower No. 103 Leighton Road Hong Kong	1,293 sq. feet	Commercial	Long lease	100%
Unit A on 16th Floor Lippo Leighton Tower No. 103 Leighton Road Hong Kong	1,288 sq. feet	Commercial	Long lease	100%
Portion A on 15th Floor (consisting of a portion of Office A & Offices E & F) Yardley Commercial Building No. 3 Connaught Road West Hong Kong	2,522 sq. feet	Commercial	Long lease	100%
Office Units B, C and D on 16th Floor Yardley Commercial Building No. 3 Connaught Road West Hong Kong	2,450 sq. feet	Commercial	Long lease	100%
Office Unit B on 7th Floor Yardley Commercial Building No. 3 Connaught Road West Hong Kong	2,521 sq. feet	Commercial	Long lease	100%
Unit 06 on 12th Floor of Block A Hongway Garden No. 8 New Market Street Sheung Wan Hong Kong	402 sq. feet	Residential	Long lease	100%

Note:

1. The list of investment properties does not include the 25 car parks held by the Group which are located at Yardley Commercial Building, No. 3 Connaught Road West, Hong Kong.