



# **JINHUI SHIPPING AND TRANSPORTATION LIMITED**

**First Quarter Report  
For the quarter ended  
31 March 2022**

# HIGHLIGHTS

For the First Quarter of 2022

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➤ Revenue for the quarter: US\$33 million

➤ Net profit for the quarter: US\$19 million included net gain on disposal of owned vessels of US\$6 million

➤ Basic earnings per share: US\$0.174

➤ Gearing ratio as at 31 March 2022: 4%

The Board of **Jinhui Shipping and Transportation Limited** (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the quarter ended 31 March 2022.

## **FIRST QUARTER RESULTS**

Revenue for the first quarter of 2022 increased 102% to US\$32,636,000, comparing to US\$16,181,000 for the corresponding quarter in 2021. The Company recorded a consolidated net profit of US\$19,018,000 for current quarter as compared to a consolidated net profit of US\$5,253,000 for the corresponding quarter in 2021. Basic earnings per share was US\$0.174 for the first quarter of 2022 as compared to basic earnings per share was US\$0.048 for the corresponding quarter in 2021. The improved operating results for the quarter was primarily due to the upsurge of market freight rates in dry bulk shipping sector and the increase in number of owned vessels that led to a significant increase in the chartering freight and hire revenue, and a net gain of US\$6,146,000 was recognized on completion of the disposal of two Supramaxes in the first quarter of 2022.

## **INTERIM DIVIDEND**

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2022.

## **REVIEW OF OPERATIONS**

**First Quarter of 2022.** At the start of the year 2022, there had been some corrections in the freight market, affected by multiples issues from seasonal trading patterns such as Chinese New Year holidays, decrease in industrial activity during Beijing Olympics, volatility in commodity prices, to continued disruptions in global supply chain which in turn affected industries from commodities all the way through to the export of manufactured goods. The market freight rates soon began to regained strength thereafter driven by the robust demand for dry bulk commodities and limited supply of vessel in the first quarter of 2022, despite the simultaneous occurrence of multiple geo-political issues. Baltic Dry Index (“BDI”) opened at 2,217 points at the beginning of January and hit to the low at 1,296 points at end of January, then rose gradually to the peak of the quarter at 2,727 points and closed at 2,358 points by the end of March 2022. The average of BDI of the first quarter of 2022 was 2,041 points, which compares to 1,739 points in the same quarter in 2021.

Revenue for the first quarter of 2022 was US\$32,636,000 representing an increase of 102% as compared to US\$16,181,000 for the same quarter in 2021 due to the upsurge of market freight rates and the increase in number of owned vessels. The Group benefited from the strong rebound of market freight rates and the average daily time charter equivalent rates (“TCE”) earned by the Group’s owned vessels increased 70% to US\$17,510 for the first quarter of 2022 as compared to US\$10,279 for the corresponding quarter in 2021. The fleet utilization rate of the Group’s owned vessels slightly increased from 95% in the first quarter of 2021 to 96% in the first quarter of 2022.

<b>Average daily TCE of owned vessels</b>	<b>Q1 2022</b> <b>US\$</b>	Q1 2021 <i>US\$</i>	2021 <i>US\$</i>
Post-Panamax fleet	<b>22,288</b>	12,250	19,116
Supramax fleet	<b>16,997</b>	10,022	19,247
In average	<b>17,510</b>	10,279	19,233

During the quarter, 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 with a net gain of US\$6,146,000 which was recognized on completion of the disposal of these two vessels in the first quarter of 2022.

Other operating income increased from US\$2,598,000 for the first quarter of 2021 to US\$8,156,000 for the current quarter mainly due to a net gain of US\$4,550,000 on bunker arising from shipping operations was recognized for the first quarter of 2022 as compared to a net gain of US\$1,391,000 for the corresponding quarter in 2021. In addition, the Group recorded a net gain of US\$2,560,000 on financial assets at fair value through profit or loss for the current quarter as compared to a net gain of US\$187,000 for the corresponding quarter in 2021.

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 US\$6,912,000 for the first quarter of 2021 to US\$14,938,000 for the current quarter mainly due to the inflation and the increase in number of owned vessels that led to an increase in shipping related expenses for the quarter. The Group's daily vessel running cost increased to US\$5,682 for the first quarter of 2022 as compared to US\$3,664 for the first quarter of 2021 mainly due to the increased crew costs. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Depreciation and amortization increased from US\$3,646,000 for the first quarter of 2021 to US\$8,558,000 for the first quarter of 2022 mainly due to the increase in carrying amounts of the owned vessels after the recognition of the reversal of impairment loss on owned vessels in 2021 and the increase in number of owned vessels.

Finance costs dropped from US\$498,000 for the first quarter of 2021 to US\$416,000 for the first quarter of 2022. The decrease was mainly attributable to the constant repayment of vessel mortgage loans as compared with that of the corresponding quarter in 2021.

## FINANCIAL REVIEW

During the quarter, capital expenditure on additions of motor vessels and capitalized drydocking costs was US\$42,020,000 (31/3/2021: US\$7,282,000) and on other property, plant and equipment was US\$19,000 (31/3/2021: US\$32,000).

On 20 April 2018, a wholly 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. 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 (31/12/2021: US\$372,000).

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, which will be delivered to the Group on or before 29 July 2022. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$25,500,000 (31/12/2021: nil).

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 and the total consideration of the two vessels is US\$34,500,000. The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. The first vessel was delivered to the Group in February 2022 and the second vessel was delivered to the Group in March 2022. As at 31 December 2021, the capital expenditure commitments contracted by the Group but not provided for was US\$34,500,000.

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US\$25,872,000 (31/12/2021: US\$34,872,000). 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.

During the quarter, 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 with a net gain of US\$6,146,000 which was recognized on completion of the disposal of these two vessels in the first quarter of 2022.

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 high financial flexibility and operational competitiveness.

The Group's total secured bank loans increased from US\$92,578,000 as of 31 December 2021 to US\$94,927,000 as at 31 March 2022, of which 60%, 24% and 16% are repayable respectively within one year, one to two years and two to five years. During the quarter, the Group had drawn new revolving loan and term loan of US\$15,385,000 (31/3/2021: US\$12,556,000) and repaid US\$13,036,000 (31/3/2021: US\$3,169,000). 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.

During the quarter, cash generated from operations before changes in working capital was US\$21,471,000 (31/3/2021: US\$7,714,000) and the net cash generated from operating activities after working capital changes was US\$26,400,000 (31/3/2021: net cash used in operating activities after working capital changes was US\$2,102,000). The changes in working capital are mainly attributable to the decrease in equity and debt securities. During the quarter, the Group's net gain on financial assets at fair value through profit or loss was US\$2,560,000 (31/3/2021: US\$187,000). The net gain of US\$2,560,000 on financial assets at fair value through profit or loss comprised of a realized gain of US\$1,800,000 upon disposal of certain equity and debt securities during the quarter, and an unrealized fair value gain of US\$760,000 on financial assets at fair value through profit or loss for the quarter. The aggregate interest income and dividend income from financial assets was US\$381,000 (31/3/2021: US\$1,569,000).

As at 31 March 2022, the Group maintained positive working capital position of US\$32,785,000 (31/12/2021: US\$37,887,000) and the total of the Group's equity and debt securities, bank balances and cash increased to US\$77,652,000 (31/12/2021: US\$76,407,000).

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, was 4% (31/12/2021: 4%) as at 31 March 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 March 2022, the Group is able to service its debt obligations, including principal and interest payments.

Subsequent to the reporting date, the Group entered into a charterparty with a third party on 20 May 2022 in respect of leasing of a Panamax of deadweight approximately 84,000 metric tons for a term of seven years commencing on the date of delivery of the vessel to the Group, which is expected to be delivered between 11 June 2022 and 30 June 2022. In accordance with IFRS 16 and HKFRS 16 Leases, the Group will recognize the unaudited value of the right-of-use asset on its consolidated statement of financial position in connection with the leasing of the vessel under the charterparty. The unaudited value of the right-of-use asset is estimated to be approximately US\$24.6 million, which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty in accordance with IFRS 16 and HKFRS 16. 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 via means other than outright acquisition of vessels, improving the fleet profile of the Group with minimal immediate capital expenditure.

## FLEET

### Owned Vessels

As at 31 March 2022 and 30 May 2022, the Group had twenty four owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	22
<b>Total fleet</b>	<b>24</b>

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 and the total consideration of the two vessels is US\$34,500,000. The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. The first vessel was delivered to the Group in February 2022 and the second vessel was delivered to the Group in March 2022.

During the quarter, 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. 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, which will be delivered to the Group on or before 29 July 2022.

## 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

So far for 2022, the freight environment has been steady 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.

When we look at the industry fundamentals, the supply of new vessels remain low, the industry outlook continues to point towards a relatively healthy freight market for our business operations. Demand for commodities is expected to remain robust. In fact, transportation of certain commodities will undergo profound changes and one of the possible results will be a significant increase in tonne miles due to international sanctions against Russia. Logistics of the transportation of goods and commodities continue to experience bottlenecks and disruptions are likely to continue to be present in the foreseeable future depending on countries and regions.

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, this potentially highly favorable demand and supply dynamics is expected to continue, where our fleet is well positioned to benefit.

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. 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.

## PUBLICATION OF FINANCIAL INFORMATION

This report is available on the website of the Company at [www.jinhuiship.com](http://www.jinhuiship.com) and the NewsWeb of the Oslo Stock Exchange at [www.newsweb.no](http://www.newsweb.no).

By Order of the Board

A handwritten signature in black ink, appearing to be "Ng Siu Fai", written over a horizontal line.

**Ng Siu Fai**  
*Chairman*

31 May 2022

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<b>3 months ended 31/3/2022 (Unaudited) US\$'000</b>	3 months ended 31/3/2021 (Unaudited) US\$'000	Year ended 31/12/2021 (Audited) US\$'000
	<i>Note</i>			
<b>Revenue</b>	2	<b>32,636</b>	16,181	131,069
Net gain on disposal of owned vessels	3	<b>6,146</b>	-	-
Other operating income	4	<b>8,156</b>	2,598	12,616
Interest income	5	<b>245</b>	1,532	2,980
Reversal of impairment loss on owned vessels		-	-	133,606
Shipping related expenses		<b>(14,938)</b>	(6,912)	(43,524)
Staff costs		<b>(2,972)</b>	(2,982)	(13,397)
Other operating expenses		<b>(1,281)</b>	(1,020)	(8,366)
<b>Operating profit before depreciation and amortization</b>		<b>27,992</b>	9,397	214,984
Depreciation and amortization		<b>(8,558)</b>	(3,646)	(18,848)
<b>Operating profit</b>		<b>19,434</b>	5,751	196,136
Finance costs		<b>(416)</b>	(498)	(1,749)
<b>Profit before taxation</b>		<b>19,018</b>	5,253	194,387
Taxation	7	-	-	(190)
<b>Net profit for the period / year</b>		<b>19,018</b>	5,253	194,197
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Change in fair value of financial assets at fair value through OCI (non-recycling)		-	-	1,884
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Change in fair value of financial assets at fair value through OCI (recycling)		-	-	112
<b>Total comprehensive income for the period / year attributable to shareholders of the Company</b>		<b>19,018</b>	5,253	196,193
<b>Earnings per share</b>	8			
- Basic and diluted		<b>US\$0.174</b>	US\$0.048	US\$1.777

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>31/3/2022</b>	31/3/2021	31/12/2021
		<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		<b>411,670</b>	197,761	389,549
Investment properties	10	<b>28,145</b>	29,479	28,145
Financial assets at fair value through OCI	11	<b>12,739</b>	10,743	12,739
Loan receivables	12	<b>3,537</b>	26,771	3,698
		<b>456,091</b>	264,754	434,131
<b>Current assets</b>				
Inventories		<b>671</b>	1,259	3,413
Loan receivables	12	<b>5,550</b>	5,310	5,538
Trade and other receivables		<b>24,467</b>	12,148	19,621
Financial assets at fair value through profit or loss	13	<b>39,516</b>	50,897	43,387
Pledged deposits		<b>7,815</b>	7,963	8,307
Bank balances and cash		<b>38,457</b>	38,469	33,328
		<b>116,476</b>	116,046	113,594
<b>Total assets</b>		<b>572,567</b>	380,800	547,725
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Issued capital		<b>5,463</b>	5,463	5,463
Reserves		<b>445,630</b>	238,950	426,612
<b>Total equity</b>		<b>451,093</b>	244,413	432,075
<b>Non-current liabilities</b>				
Secured bank loans	14	<b>37,783</b>	48,660	39,943
<b>Current liabilities</b>				
Trade and other payables		<b>26,408</b>	18,512	22,923
Amount due to holding company		<b>139</b>	143	149
Secured bank loans	14	<b>57,144</b>	69,072	52,635
		<b>83,691</b>	87,727	75,707
<b>Total equity and liabilities</b>		<b>572,567</b>	380,800	547,725

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital (Unaudited) US\$'000	Share premium (Unaudited) US\$'000	Capital redemption reserve (Unaudited) US\$'000	Contributed surplus (Unaudited) US\$'000	Revaluation reserve (Unaudited) US\$'000	Reserve for financial assets at fair value through OCI (Unaudited) US\$'000	Retained profits (Unaudited) US\$'000	Total equity (Unaudited) US\$'000
At 1 January 2021	5,463	95,585	719	16,297	476	758	119,862	239,160
<b>Comprehensive income</b>								
Net profit for the period	-	-	-	-	-	-	5,253	5,253
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	5,253	5,253
At 31 March 2021	5,463	95,585	719	16,297	476	758	125,115	244,413
At 1 January 2022	5,463	95,585	719	16,297	476	2,754	310,781	432,075
<b>Comprehensive income</b>								
Net profit for the period	-	-	-	-	-	-	19,018	19,018
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	19,018	19,018
At 31 March 2022	5,463	95,585	719	16,297	476	2,754	329,799	451,093

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>3 months ended 31/3/2022 (Unaudited) US\$'000</b>	3 months ended 31/3/2021 (Unaudited) US\$'000	Year ended 31/12/2021 (Audited) US\$'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations before changes in working capital	21,471	7,714	76,136
Decrease (Increase) in working capital	5,406	(9,313)	17,489
Cash generated from (used in) operations	26,877	(1,599)	93,625
Interest paid	(423)	(503)	(1,785)
Hong Kong Profits Tax paid	(54)	-	(393)
<b>Net cash from (used in) operating activities</b>	<b>26,400</b>	<b>(2,102)</b>	<b>91,447</b>
<b>INVESTING ACTIVITIES</b>			
Interest received	291	1,665	3,382
Dividend income received	136	37	1,514
Purchase of property, plant and equipment	(42,039)	(7,314)	(81,297)
Proceeds from disposal of property, plant and equipment, net	17,500	-	875
Proceeds from disposal of assets held for sale, net	-	5,380	5,380
<b>Net cash used in investing activities</b>	<b>(24,112)</b>	<b>(232)</b>	<b>(70,146)</b>
<b>FINANCING ACTIVITIES</b>			
New secured bank loans	15,385	12,556	12,556
Repayment of secured bank loans	(13,036)	(3,169)	(28,323)
Decrease (Increase) in pledged deposits	492	(2,022)	(2,366)
Interim dividend paid to shareholders of the Company	-	-	(3,278)
<b>Net cash from (used in) financing activities</b>	<b>2,841</b>	<b>7,365</b>	<b>(21,411)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,129</b>	<b>5,031</b>	<b>(110)</b>
<b>Cash and cash equivalents at beginning of the period / year</b>	<b>33,328</b>	<b>33,438</b>	<b>33,438</b>
<b>Cash and cash equivalents at end of the period / year</b>	<b>38,457</b>	<b>38,469</b>	<b>33,328</b>

## NOTES:

### 1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and have not been reviewed by our auditor, Grant Thornton Hong Kong Limited. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2021, except for the Group has adopted the amended International Financial Reporting Standards (“IFRS”) and Hong Kong Financial Reporting Standards (“HKFRS”), which are effective for the annual period beginning on 1 January 2022. The adoption of the amended IFRSs and 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.

### 2. Revenue

The Group is principally engaged in the businesses of ship chartering and ship owning which are carried out internationally. Revenue represents chartering freight and hire income arising from the Group’s owned vessels. Revenue recognized during the periods / year are as follows:

	<b>3 months ended 31/3/2022 (Unaudited) US\$’000</b>	3 months ended 31/3/2021 (Unaudited) US\$’000	Year ended 31/12/2021 (Audited) US\$’000
Chartering freight and hire income:			
Hire income under time charters <sup>1</sup>	<b>32,636</b>	16,181	131,069

Note:

- 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.

### 3. Net gain on disposal of owned vessels

During the quarter, 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 with a net gain of US\$6,146,000 which was recognized on completion of the disposal of these two vessels in the first quarter of 2022.

#### 4. Other operating income

	<b>3 months ended 31/3/2022</b>	3 months ended 31/3/2021	Year ended 31/12/2021
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
Net gain on financial assets at fair value through profit or loss	<b>2,560</b>	187	-
Net gain on bunker arising from shipping operations	<b>4,550</b>	1,391	4,294
Other shipping operating income	<b>663</b>	670	3,547
Gross rental income from operating leases on investment properties	<b>137</b>	137	473
Dividend income	<b>136</b>	37	1,541
Net gain on disposal of property, plant and equipment, other than motor vessels	-	-	278
Reversal of impairment loss on trade and other receivables, net	-	114	1,786
Sundry income	<b>110</b>	62	697
	<b>8,156</b>	2,598	12,616

#### 5. Interest income

	<b>3 months ended 31/3/2022</b>	3 months ended 31/3/2021	Year ended 31/12/2021
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
Interest income in respect of:			
Financial assets at fair value through profit or loss	<b>38</b>	803	1,089
Deposits with banks and other financial institutions	<b>2</b>	8	24
Loan receivables	<b>205</b>	721	1,867
	<b>245</b>	1,532	2,980

## 6. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	<b>3 months ended 31/3/2022 (Unaudited) US\$'000</b>	3 months ended 31/3/2021 (Unaudited) US\$'000	Year ended 31/12/2021 (Audited) US\$'000
Realized gain on financial assets at fair value through profit or loss	<b>(1,800)</b>	(1,642)	(2,755)
Unrealized loss (gain) on financial assets at fair value through profit or loss	<b>(760)</b>	1,455	5,325
Net loss (gain) on financial assets at fair value through profit or loss	<b>(2,560)</b>	(187)	2,570
Net gain on disposal of owned vessels	<b>(6,146)</b>	-	-
Net gain on disposal of property, plant and equipment, other than motor vessels	-	-	(278)
Change in fair value of investment properties	-	-	1,334
Reversal of impairment loss on owned vessels	-	-	(133,606)
Reversal of impairment loss on trade and other receivables, net	-	(114)	(1,786)

## 7. Taxation

Taxation has been provided on the estimated assessable profits arising in Hong Kong from a wholly 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 (approximately US\$256,000) of assessable profits of the qualifying corporation are taxed at 8.25%, and the assessable profits above HK\$2,000,000 (approximately US\$256,000) are taxed at 16.5%. Apart from the estimated assessable profits arising in Hong Kong from that subsidiary, in the opinion of the Directors, the Group is not subject to taxation in any other jurisdictions in which the Group operates.

There was no Bermuda income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company for the periods / year.

The Company has received from the Minister of Finance of Bermuda under The Exempted Undertakings Tax Protection Act 1966, as amended, an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital asset gain or appreciation or any tax in the nature of estate duty or inheritance tax, the imposition of such tax shall not until 31 March 2035 be applicable to the Company or to any of its operations, or to the shares, debentures or other obligations of the Company.

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

	<b>3 months ended 31/3/2022 (Unaudited) US\$'000</b>	3 months ended 31/3/2021 (Unaudited) US\$'000	Year ended 31/12/2021 (Audited) US\$'000
Hong Kong Profits Tax	-	-	190

## 8. Earnings per share

	<b>3 months ended 31/3/2022 (Unaudited)</b>	3 months ended 31/3/2021 (Unaudited)	Year ended 31/12/2021 (Audited)
Weighted average number of ordinary shares in issue	<b>109,258,943</b>	109,258,943	109,258,943
Net profit attributable to shareholders of the Company (US\$'000)	<b>19,018</b>	5,253	194,197
Basic and diluted earnings per share	<b>US\$0.174</b>	US\$0.048	US\$1.777

Diluted earnings per share were the same as basic earnings per share as there was no potentially dilutive ordinary shares in existence for the relevant periods / year presented.

## 9. Dividends

	<b>3 months ended 31/3/2022</b>	3 months ended 31/3/2021	Year ended 31/12/2021
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
2021 interim dividend, declared of US\$0.03 per share	-	-	3,278
2021 final dividend, declared of US\$0.07 per share	-	-	7,648
	-	-	10,926

The final dividend for the year 2021 was approved by the Company's shareholders on the annual general meeting held on 20 May 2022. Such dividend will be payable to the shareholders of the Company on or about 14 June 2022. The final dividend for the year 2021 has not been recognized as a liability at the end of the reporting period.

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2022.

## 10. Investment properties

	<b>31/3/2022</b>	31/3/2021	31/12/2021
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
At 1 January	<b>28,145</b>	29,479	29,479
Change in fair value	-	-	(1,334)
	<b>28,145</b>	29,479	28,145

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.

The investment properties of the Group were not revalued at 31 March 2022 by independent valuers. The management was aware of the possible change in the conditions of the property market and considered that the carrying amount of the Group's investment properties did not differ significantly from that which had been determined using fair values at 31 December 2021. Consequently, no change in fair value of investment properties has been recognized in the current period.

## 11. Financial assets at fair value through OCI

	<b>31/3/2022</b>	31/3/2021	31/12/2021
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
Unlisted equity investments			
Co-investment in a property project			
At 1 January	<b>12,257</b>	10,373	10,373
Change in fair value <sup>1</sup>	-	-	1,884
	<b>12,257</b>	10,373	12,257
Unlisted club membership			
At 1 January	<b>482</b>	370	370
Change in fair value <sup>2</sup>	-	-	112
	<b>482</b>	370	482
	<b>12,739</b>	10,743	12,739

### 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, a wholly 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 and the Co-Investor agreed to provide a maximum amount of advance up to US\$1,577,000. At the reporting date, advance of US\$930,000 (31/12/2021: US\$568,000) was drawdown and the amount was included in loan receivables.

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. 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 (31/12/2021: US\$372,000).

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 IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the periods / year.

Unlisted club membership stated at fair value represented investment in 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 IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the periods / year.

## 12. Loan receivables

	<b>31/3/2022</b>	31/3/2021	31/12/2021
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
At 1 January	<b>9,236</b>	33,358	33,358
Gross new loan originated	<b>362</b>	-	568
Repayment	<b>(511)</b>	(1,277)	(24,690)
Provision of individual impairment	-	-	-
Loan receivables, net of provision	<b>9,087</b>	32,081	9,236
Less: Amount receivable within one year	<b>(5,550)</b>	(5,310)	(5,538)
Amount receivable after one year	<b>3,537</b>	26,771	3,698

At the reporting date, the Group's loan receivables of US\$8,157,000 (31/12/2021: US\$8,668,000) which arise from asset-based financing, are denominated in United States Dollars and are secured by collaterals provided by the borrowers, and are repayable with fixed terms agreed with the borrowers; and loan receivables of US\$930,000 (31/12/2021: US\$568,000) which arise from co-investment (as mentioned in note 12), are unsecured and denominated in United States Dollars and has no fixed repayment terms.

At the reporting date, these receivables have been reviewed by management to assess impairment allowances which are based on the evaluation of current creditworthiness and the collection statistics, and are not considered as impaired. The carrying amount of these loan receivables are considered to be a reasonable approximation of their fair values.

### 13. Financial assets at fair value through profit or loss

	<b>31/3/2022</b>	31/3/2021	31/12/2021
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
<i>Held for trading</i>			
Listed equity securities	<b>36,741</b>	44,965	40,193
Listed debt securities	<b>2,454</b>	4,731	2,886
Unlisted debt securities	-	943	-
	<b>39,195</b>	50,639	43,079
<i>Designated as such upon initial recognition</i>			
Investment funds	<b>321</b>	258	308
	<b>39,516</b>	50,897	43,387

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 institutions and were categorized as Level 2 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the periods / year.

### 14. Secured bank loans

The maturity of secured bank loans at the reporting date is as follows:

	<b>31/3/2022</b>	31/3/2021	31/12/2021
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
Within one year	<b>57,144</b>	69,072	52,635
In the second year	<b>22,263</b>	13,302	21,167
In the third to fifth year	<b>15,520</b>	35,358	18,776
Total secured bank loans	<b>94,927</b>	117,732	92,578
Less: Amount repayable within one year	<b>(57,144)</b>	(69,072)	(52,635)
Amount repayable after one year	<b>37,783</b>	48,660	39,943

During the quarter, the Group had drawn new secured bank loan of US\$15,385,000 (31/3/2021: US\$12,556,000) and repaid US\$13,036,000 (31/3/2021: US\$3,169,000).

## 15. Capital expenditures and commitments

During the quarter, capital expenditure on additions of motor vessels and capitalized drydocking costs was US\$42,020,000 (31/3/2021: US\$7,282,000) and on other property, plant and equipment was US\$19,000 (31/3/2021: US\$32,000).

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. 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 (31/12/2021: US\$372,000).

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, which will be delivered to the Group on or before 29 July 2022. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$25,500,000 (31/12/2021: nil).

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 and the total consideration of the two vessels is US\$34,500,000. The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. The first vessel was delivered to the Group in February 2022 and the second vessel was delivered to the Group in March 2022. As at 31 December 2021, the capital expenditure commitments contracted by the Group but not provided for was US\$34,500,000.

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US\$25,872,000 (31/12/2021: US\$34,872,000).

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.

## 16. Related party transactions

During the periods / year, the Group had related party transactions in relation to compensation of key management personnel as follows:

	<b>3 months ended 31/3/2022 (Unaudited) US\$'000</b>	3 months ended 31/3/2021 (Unaudited) US\$'000	Year ended 31/12/2021 (Audited) US\$'000
Salaries and other benefits	1,954	1,953	8,968
Contributions to retirement benefits schemes	111	111	443
	<b>2,065</b>	2,064	9,411

## **17. Events after the reporting date**

Subsequent to the reporting date, the Group entered into a charterparty with a third party on 20 May 2022 in respect of leasing of a Panamax of deadweight approximately 84,000 metric tons for a term of seven years commencing on the date of delivery of the vessel to the Group, which is expected to be delivered between 11 June 2022 and 30 June 2022. In accordance with IFRS 16 and HKFRS 16 Leases, the Group will recognize the unaudited value of the right-of-use asset on its consolidated statement of financial position in connection with the leasing of the vessel under the charterparty. The unaudited value of the right-of-use asset is estimated to be approximately US\$24.6 million, which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty in accordance with IFRS 16 and HKFRS 16.



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