



JINHUI SHIPPING AND TRANSPORTATION LIMITED

**First Quarter Report
For the quarter ended
31 March 2021**

HIGHLIGHTS

For the First Quarter of 2021

➤ Revenue for the quarter: US\$16 million

➤ Net profit for the quarter: US\$5 million

➤ Basic earnings per share: US\$0.048

➤ Gearing ratio as at 31 March 2021: 12%

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 2021.

FIRST QUARTER RESULTS

Revenue for the first quarter of 2021 increased 76% to US\$16,181,000, comparing to US\$9,214,000 for the corresponding quarter in 2020. The Company recorded a consolidated net profit of US\$5,253,000 for current quarter as compared to a consolidated net loss of US\$18,371,000 for the corresponding quarter in 2020. Basic earnings per share was US\$0.048 for the first quarter of 2021 as compared to basic loss per share was US\$0.168 for the corresponding quarter in 2020.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2021.

REVIEW OF OPERATIONS

First Quarter of 2021. In the first quarter of 2021, the dry bulk freight market showed encouraging sign of recovery with strong cargo flow outpacing vessel supply across different regions and vessel demand simultaneously outpacing vessel supply across the board. The surge of global seaborne trade of steel and iron ores, grain, soybean and other agricultural commodities, have driven market freight rates in an upward trend during the first quarter of 2021. Baltic Dry Index (“BDI”) opened at 1,366 points at the beginning of January and rose to the peak of the quarter at 2,319 points and closed at 2,046 points by the end of March 2021. The average of BDI of the first quarter of 2021 was 1,739 points, which compares to 592 points in the same quarter in 2020.

Revenue for the first quarter of 2021 was US\$16,181,000 representing an increase of 76% as compared to US\$9,214,000 for the same quarter in 2020. The Group benefited from the rebound of market dry bulk freight rates and the average daily time charter equivalent rates (“TCE”) earned by the Group’s owned vessels increased 92% to US\$10,279 for the first quarter of 2021 as compared to US\$5,349 for the corresponding quarter in 2020. Fleet utilization rate of the Group’s owned vessels slightly decreased from 96% in the first quarter of 2020 to 95% in the first quarter of 2021 due to the Coronavirus Disease 2019 (“COVID-19”) preventive measures and quarantine protocols implemented by different governments that led to a decrease in operating days of our vessels.

	Q1 2021	Q1 2020	2020
Average daily TCE of owned vessels	US\$	US\$	US\$
Post-Panamax fleet	12,250	8,223	9,929
Supramax fleet	10,022	5,007	6,986
In average	10,279	5,349	7,269

Other operating income increased from US\$1,064,000 for the first quarter of 2020 to US\$2,598,000 for the first quarter of 2021 due to the Group recognized a net gain of US\$1,391,000 on bunker arising from shipping operations. Other operating income also included net gain of US\$187,000 on financial assets at fair value through profit or loss were recognized in the current quarter. Other operating expenses decreased from US\$11,034,000 for the first quarter of 2020 to US\$1,020,000 for the first quarter of 2021 due to the Group recorded a net loss of US\$9,742,000 on financial assets at fair value through profit or loss when the global financial markets tumbled in the first quarter of 2020.

Shipping related expenses decreased from US\$11,363,000 for the first quarter of 2020 to US\$6,912,000 for the current quarter due to the Group recognized the bunker related expenses of US\$5 million for the corresponding quarter in 2020. Daily vessel running cost increased to US\$3,664 for the first quarter of 2021 as compared to US\$3,460 for the first quarter of 2020 mainly attributable to the increase in crew wages due to inflation. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Finance costs dropped from US\$1,093,000 for the first quarter of 2020 to US\$498,000 for the first quarter of 2021. The decrease was mainly attributable to the decrease in interest rate and the constant repayment of vessel mortgage loans as compared with that of the corresponding quarter in 2020.

FINANCIAL REVIEW

During the quarter, capital expenditure on additions of property, plant and equipment was US\$7,314,000 (31/3/2020: US\$533,000).

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 (31/12/2020: US\$372,000).

The Group entered into an agreement on 2 March 2021 in respect of the acquisition of a Supramax of deadweight 53,806 metric tons at a purchase price of US\$7,275,000, which was delivered to the Group in March 2021. Subsequent to the reporting date, the Group entered into two agreements on 27 April 2021 and 20 May 2021 in respect of the acquisition of two Supramaxes of deadweight 52,525 metric tons and of deadweight 52,686 metric tons at purchase prices of US\$9,300,000 and US\$10,813,000 respectively. The first vessel will be delivered to the Group on or before 10 June 2021 and the second vessel will be delivered to the Group on or before 15 August 2021. 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 a high financial flexibility and operational competitiveness.

The Group’s total secured bank loans increased from US\$108,345,000 as of 31 December 2020 to US\$117,732,000 as at 31 March 2021, of which 59%, 11% and 30% are repayable respectively within one year, one to two years and two to five years. During the quarter, the Group had drawn new revolving loans and term loan of US\$12,556,000 (31/3/2020: US\$15,908,000) and repaid US\$3,169,000 (31/3/2020: US\$20,101,000). 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\$7,714,000 (31/3/2020: cash used in operations before changes in working capital was US\$15,080,000) and the net cash used in operating activities after working capital changes was US\$2,102,000 (31/3/2020: net cash from operating activities after working capital changes was US\$2,016,000). The changes in working capital are mainly attributable to the increase 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\$187,000 (31/3/2020: net loss of US\$9,742,000 on financial assets at fair value through profit or loss). The net gain of US\$187,000 on financial assets at fair value through profit or loss comprised of a realized gain of US\$1,642,000 upon disposal of certain equity and debt securities during the quarter, and an unrealized fair value loss of US\$1,455,000 on financial assets at fair value through profit or loss. The aggregate interest income and dividend income from financial assets was US\$1,569,000 (31/3/2020: US\$1,476,000).

As at 31 March 2021, the Group maintained positive working capital position of US\$28,319,000 (31/12/2020: US\$28,503,000) and the total of the Group's equity and debt securities, bank balances and cash increased to US\$89,108,000 (31/12/2020: US\$73,220,000).

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, decreased to 12% (31/12/2020: 15%) as at 31 March 2021. 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 2021, the Group is able to service its debt obligations, including principal and interest payments.

FLEET

Owned Vessels

As at 31 March 2021 and 20 May 2021, the Group had nineteen owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	17
Total fleet	19

In December 2020, the Group entered into an agreement to dispose of a Supramax of deadweight 50,777 metric tons at a consideration of US\$5,500,000, which was delivered to the purchaser in January 2021.

The Group entered into an agreement on 2 March 2021 in respect of the acquisition of a Supramax of deadweight 53,806 metric tons at a purchase price of US\$7,275,000, which was delivered to the Group in March 2021.

Subsequent to the reporting date, the Group entered into two agreements on 27 April 2021 and 20 May 2021 in respect of the acquisition of two Supramaxes of deadweight 52,525 metric tons and 52,686 metric tons at purchase prices of US\$9,300,000 and US\$10,813,000 respectively. The first vessel will be delivered to the Group on or before 10 June 2021 and the second vessel will be delivered to the Group on or before 15 August 2021.

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

The freight market in 2021 has been encouraging, driven by a general increase in demand for commodities worldwide.

The global public health concern due to COVID-19 meant market participants of all industries had been careful and conservative. However, the pent-up demand has over shadowed this negative sentiment as COVID-19 vaccines were rolled out. We expect strong activity in the dry bulk freight market as business confidence continue to recover. We continue to see the likelihood of strategic reserves of various energy to agriculture dry commodities to be restocked at higher volumes by many nations given the logistics bottlenecks at ports worldwide.

While the expected outlook is positive and we see economic activity to further stabilize in 2021, we believe the road to a full reversion to normality will not be all smooth. As COVID-19 variants emerges sporadically, lockdowns of cities or countries can be introduced at short notice, logistics of the transportation of goods and commodities could be further complicated, where volatility of markets, including dry bulk shipping will be amplified.

China continues to be the biggest importer of raw materials given its important role in the global manufacturing supply chain, which is evident in the outbound container throughputs statistics of Chinese ports. We remain cautiously optimistic that business and industrial activity will continue to pick up in China.

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. This potentially highly favorable demand and supply dynamics is expected to continue in the next few years, where our fleet is well positioned to benefit.

While we have full confidence in mankind's capacity to respond to events and shape their futures for the better, we have to be mindful that increasingly frequent economic, geo-political, or other unforeseen surprises can introduce 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 the 400 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 and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

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

Ng Siu Fai
Chairman

21 May 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		3 months ended 31/3/2021 (Unaudited) US\$'000	3 months ended 31/3/2020 (Unaudited) US\$'000	Year ended 31/12/2020 (Audited) US\$'000
	<i>Note</i>			
Revenue	2	16,181	9,214	47,118
Other operating income	3	2,598	1,064	6,753
Interest income	4	1,532	1,429	4,957
Shipping related expenses		(6,912)	(11,363)	(34,493)
Staff costs		(2,982)	(2,914)	(12,032)
Other operating expenses		(1,020)	(11,034)	(9,037)
Operating profit (loss) before depreciation and amortization		9,397	(13,604)	3,266
Depreciation and amortization		(3,646)	(3,674)	(15,168)
Operating profit (loss)		5,751	(17,278)	(11,902)
Finance costs		(498)	(1,093)	(3,117)
Profit (Loss) before taxation		5,253	(18,371)	(15,019)
Taxation	7	-	-	(233)
Net profit (loss) for the period / year		5,253	(18,371)	(15,252)
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Change in fair value of financial assets at fair value through OCI (non-recycling)		-	126	1,705
Items that may be reclassified subsequently to profit or loss:				
Change in fair value of financial assets at fair value through OCI (recycling)		-	-	5
Total comprehensive income (loss) for the period / year attributable to shareholders of the Company		5,253	(18,245)	(13,542)
Earnings (Loss) per share	8			
- Basic and diluted		US\$0.048	US\$(0.168)	US\$(0.140)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31/3/2021 (Unaudited) US\$'000	31/3/2020 (Unaudited) US\$'000	31/12/2020 (Audited) US\$'000
	Note			
ASSETS				
Non-current assets				
Property, plant and equipment		197,761	202,880	194,093
Investment properties	10	29,479	30,138	29,479
Financial assets at fair value through OCI	11	10,743	8,456	10,743
Loan receivables	12	26,771	38,774	28,131
		264,754	280,248	262,446
Current assets				
Inventories		1,259	2,370	780
Loan receivables	12	5,310	4,967	5,227
Trade and other receivables		12,148	10,488	12,919
Financial assets at fair value through profit or loss	13	50,897	45,480	40,033
Pledged deposits		7,963	4,489	5,941
Bank balances and cash		38,469	35,348	33,438
Assets held for sale		-	-	5,380
		116,046	103,142	103,718
Total assets		380,800	383,390	366,164
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		5,463	5,463	5,463
Reserves		238,950	228,994	233,697
Total equity		244,413	234,457	239,160
Non-current liabilities				
Secured bank loans	14	48,660	64,035	51,789
Current liabilities				
Trade and other payables		18,512	19,092	18,510
Amount due to holding company		143	119	149
Secured bank loans	14	69,072	65,687	56,556
		87,727	84,898	75,215
Total equity and liabilities		380,800	383,390	366,164

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 2020	5,463	95,585	719	16,297	476	(952)	135,114	252,702
Comprehensive loss								
Net loss for the period	-	-	-	-	-	-	(18,371)	(18,371)
Other comprehensive income								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	126	-	126
Total comprehensive loss for the period	-	-	-	-	-	126	(18,371)	(18,245)
At 31 March 2020	5,463	95,585	719	16,297	476	(826)	116,743	234,457
At 1 January 2021	5,463	95,585	719	16,297	476	758	119,862	239,160
Comprehensive income								
Net profit for the period	-	-	-	-	-	-	5,253	5,253
Total comprehensive income for the period	-	-	-	-	-	-	5,253	5,253
At 31 March 2021	5,463	95,585	719	16,297	476	758	125,115	244,413

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31/3/2021 (Unaudited) US\$'000	3 months ended 31/3/2020 (Unaudited) US\$'000	Year ended 31/12/2020 (Audited) US\$'000
OPERATING ACTIVITIES			
Cash generated from (used in) operations before changes in working capital	7,714	(15,080)	(3,223)
Decrease (Increase) in working capital	(9,313)	18,248	33,812
Cash generated from (used in) operations	(1,599)	3,168	30,589
Interest paid	(503)	(1,152)	(3,299)
Net cash from (used in) operating activities	(2,102)	2,016	27,290
INVESTING ACTIVITIES			
Interest received	1,665	1,892	5,466
Dividend income received	37	47	1,178
Purchase of property, plant and equipment	(7,314)	(533)	(8,890)
Payment of unlisted equity investments	-	(1,420)	(2,123)
Proceeds from disposal of assets held for sale, net	5,380	-	-
Net cash used in investing activities	(232)	(14)	(4,369)
FINANCING ACTIVITIES			
New secured bank loans	12,556	15,908	19,113
Repayment of secured bank loans	(3,169)	(20,101)	(44,683)
Decrease (Increase) in pledged deposits	(2,022)	3,948	2,496
Net cash from (used in) financing activities	7,365	(245)	(23,074)
Net increase (decrease) in cash and cash equivalents	5,031	1,757	(153)
Cash and cash equivalents at beginning of the period / year	33,438	33,591	33,591
Cash and cash equivalents at end of the period / year	38,469	35,348	33,438

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 2020, except for the Group has adopted the newly issued and amended International Financial Reporting Standards (“IFRS”) and Hong Kong Financial Reporting Standards (“HKFRS”), which are effective for the annual period beginning on 1 January 2021. The adoption of the new and 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 and chartered-in vessels. Revenue recognized during the periods / year are as follows:

	3 months ended 31/3/2021 (Unaudited) US\$'000	3 months ended 31/3/2020 (Unaudited) US\$'000	Year ended 31/12/2020 (Audited) US\$'000
Chartering freight and hire income:			
Hire income under time charters ¹	16,181	8,510	45,030
Freight income under voyage charters ²	-	704	2,088
	16,181	9,214	47,118

Notes:

- 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.
- 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.

3. Other operating income

	3 months ended 31/3/2021 (Unaudited) US\$'000	3 months ended 31/3/2020 (Unaudited) US\$'000	Year ended 31/12/2020 (Audited) US\$'000
Net gain on bunker arising from shipping operations	1,391	-	-
Other shipping operating income	670	820	2,663
Gross rental income from operating leases on investment properties	137	139	556
Net gain on financial assets at fair value through profit or loss	187	-	-
Dividend income	37	47	1,249
Reversal of impairment loss on trade and other receivables, net	114	-	1,351
Settlement income in relation to repudiation claims	-	-	205
COVID-19 related government subsidies	-	-	454
Sundry income	62	58	275
	2,598	1,064	6,753

4. Interest income

	3 months ended 31/3/2021 (Unaudited) US\$'000	3 months ended 31/3/2020 (Unaudited) US\$'000	Year ended 31/12/2020 (Audited) US\$'000
Interest income in respect of:			
Financial assets at fair value through profit or loss	803	385	1,287
Deposits with banks and other financial institutions	8	90	173
Loan receivables	721	954	3,497
	1,532	1,429	4,957

5. Other operating expenses

Other operating expenses for the first quarter of 2021 mainly included directors' fee of US\$194,000 (31/3/2020: US\$194,000), professional fee of US\$104,000 (31/3/2020: US\$219,000) and remaining are various office administrative expenses. Other operating expenses for the first quarter of 2020 also included net loss of US\$9,742,000 on financial assets at fair value through profit or loss.

Other operating expenses for the year 2020 mainly included net loss of US\$3,900,000 on financial assets at fair value through profit or loss, directors' fee of US\$777,000, professional fee of US\$730,000, change in fair value of investment properties of US\$659,000, impairment loss on assets held for sale (disposed vessel) of US\$270,000 recognized upon reclassification to assets held for sale in December 2020, auditor's remuneration related to audit services of US\$151,000, bad debts written off in respect of trade receivables of US\$139,000 and remaining are various office administrative expenses.

6. Operating profit (loss) before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 31/3/2021 (Unaudited) US\$'000	3 months ended 31/3/2020 (Unaudited) US\$'000	Year ended 31/12/2020 (Audited) US\$'000
Realized gain on financial assets at fair value through profit or loss	(1,642)	(309)	(1,159)
Unrealized loss on financial assets at fair value through profit or loss	1,455	10,051	5,059
Net loss (gain) on financial assets at fair value through profit or loss	(187)	9,742	3,900
Change in fair value of investment properties	-	-	659
Reversal of impairment loss on trade and other receivables, net	(114)	-	(1,351)
Impairment loss on assets held for sale	-	-	270

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:

	3 months ended 31/3/2021 (Unaudited) US\$'000	3 months ended 31/3/2020 (Unaudited) US\$'000	Year ended 31/12/2020 (Audited) US\$'000
Hong Kong Profits Tax	-	-	233

8. Earnings (Loss) per share

	3 months ended 31/3/2021 (Unaudited)	3 months ended 31/3/2020 (Unaudited)	Year ended 31/12/2020 (Audited)
Weighted average number of ordinary shares in issue	109,258,943	109,258,943	109,258,943
Net profit (loss) attributable to shareholders of the Company (US\$'000)	5,253	(18,371)	(15,252)
Basic and diluted earnings (loss) per share	US\$0.048	US\$(0.168)	US\$(0.140)

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

9. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2021 (31/3/2020: nil).

10. Investment properties

	31/3/2021	31/3/2020	31/12/2020
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
At 1 January	29,479	30,138	30,138
Change in fair value	-	-	(659)
	29,479	30,138	29,479

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 2021 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 2020. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

11. Financial assets at fair value through OCI

	31/3/2021	31/3/2020	31/12/2020
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
Unlisted equity investments			
Co-investment in a property project			
At 1 January	10,373	6,545	6,545
Additions	-	1,420	2,123
Addition of investment under Special Capital Call ³	-	4,277	4,277
Disposal of investment under share repurchase scheme ⁴	-	(4,277)	(4,277)
Change in fair value ¹	-	126	1,705
	10,373	8,091	10,373
Unlisted club membership			
At 1 January	370	365	365
Change in fair value ²	-	-	5
	370	365	370
	10,743	8,456	10,743

Notes:

- Items that will not be reclassified to profit or loss.
- Items that may be reclassified subsequently to profit or loss.
- In early February 2020, a wholly owned subsidiary of the Company (the "Co-Investor") provided additional US\$4,276,915 as co-investment supplemental capital call pursuant to a supplemental memorandum (the "Memorandum") signed on 31 January 2020 for acquiring 4,276,915 issued non-voting participating class A shares of Dual Bliss Limited (the "Co-Investment Supplemental Capital Call"). This Co-Investment Supplemental Capital Call was required for all shareholders of Dual Bliss Limited ("Dual Bliss") and all other investors of the co-investment 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") on a pro rata basis for the purpose of temporarily funding the unwinding of intercompany loan receivable/payable of the wholly-owned foreign-owned subsidiaries and onshore subsidiaries within the existing structure of the co-investment vehicle by the special funding (the "Special Fund") from this Co-Investment Supplemental Capital Call in order to obtain banking facilities under PRC regulations for the co-investment. The unwinding exercise was a condition precedent for the bank loan drawdown.

Subject to all applicable PRC governmental and regulatory approvals, the wholly-owned foreign-owned subsidiaries and onshore subsidiaries within the existing structure of the co-investment vehicle used the Special Fund to unwind the intercompany loan receivable/payable and upon the fulfilment of the condition precedent for successful drawdown of the bank loan facilities, the Special Fund had remitted back to respective shareholders in proportion to the shareholdings under the share repurchase scheme mechanism under the Memorandum.

4. In March 2020, the Co-Investor received a total of US\$4,276,915 under the share repurchase scheme and those 4,276,915 issued non-voting participating class A shares of Dual Bliss under the Co-Investment Supplemental Capital Call had been repurchased and cancelled.

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 (31/12/2020: 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 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 quotation in active market 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

	31/3/2021	31/3/2020	31/12/2020
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
At 1 January	33,358	44,935	44,935
Repayment	(1,277)	(1,194)	(11,577)
Provision of individual impairment	-	-	-
Loan receivables, net of provision	32,081	43,741	33,358
Less: Amount receivable within one year	(5,310)	(4,967)	(5,227)
Amount receivable after one year	26,771	38,774	28,131

The Group's loan receivables, 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. The Group generally grants loans with a loan-to-value ratio of no more than 70% of the value in the valuation report of the vessels held as collateral. The directors consider that the credit risk arising from loan receivables is significantly mitigated by the vessels held as collateral, with reference to the market values of the vessels which were appraised by independent qualified appraisal firms.

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

	31/3/2021	31/3/2020	31/12/2020
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
<i>Held for trading</i>			
Listed equity securities	44,965	32,842	34,041
Listed debt securities	4,731	8,762	5,741
Unlisted debt securities	943	-	-
	50,639	41,604	39,782
<i>Designated as such upon initial recognition</i>			
Equity linked notes	-	3,626	-
Investment funds	258	250	251
	50,897	45,480	40,033

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, equity linked notes 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:

	31/3/2021	31/3/2020	31/12/2020
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
Within one year	69,072	65,687	56,556
In the second year	13,302	15,302	14,320
In the third to fifth year	35,358	46,580	37,469
Wholly repayable within five years	117,732	127,569	108,345
After the fifth year	-	2,153	-
Total secured bank loans	117,732	129,722	108,345
Less: Amount repayable within one year	(69,072)	(65,687)	(56,556)
Amount repayable after one year	48,660	64,035	51,789

During the quarter, the Group had drawn new revolving loans and term loan of US\$12,556,000 (31/3/2020: US\$15,908,000) and repaid US\$3,169,000 (31/3/2020: US\$20,101,000).

15. Capital expenditures and commitments

During the quarter, capital expenditure on additions of property, plant and equipment was US\$7,314,000 (31/3/2020: US\$533,000). 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 (31/12/2020: US\$372,000).

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:

	3 months	3 months	Year
	ended	ended	ended
	31/3/2021	31/3/2020	31/12/2020
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
Salaries and other benefits	1,953	1,942	7,781
Contributions to retirement benefits schemes	111	111	443
	2,064	2,053	8,224

17. Events after the reporting date

Subsequent to the reporting date, the Group entered into two agreements on 27 April 2021 and 20 May 2021 in respect of the acquisition of two Supramaxes at purchase prices of US\$9,300,000 and US\$10,813,000 respectively. The first vessel will be delivered to the Group on or before 10 June 2021 and the second vessel will be delivered to the Group on or before 15 August 2021.



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