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JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

2021 RESULTS ANNOUNCEMENT

HIGHLIGHTS

FOR THE YEAR 2021

- Revenue for the year: HK\$1,022 million
- Net profit for the year: HK\$1,498 million included reversal of impairment loss on owned vessels of HK\$1,042 million
- Net profit attributable to shareholders for the year: HK\$827 million
- Basic earnings per share: HK\$1.559
- Gearing ratio as at 31 December 2021: 6%
- Proposed final dividend per share: HK6 cents

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the results of **Jinhui Holdings Company Limited** (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2021.

2021 ANNUAL RESULTS

The Group’s revenue for the year 2021 increased 178% to HK\$1,022,335,000, comparing to HK\$367,523,000 for the year 2020. The net profit attributable to shareholders of the Company for the year 2021 was HK\$826,895,000 as compared to a net loss of HK\$85,840,000 was reported for the year 2020. The turnaround from loss to profit is primarily attributable to the combined effect of: (1) the remarkable rebound in dry bulk shipping market as seaborne trade activities gradually recovered since late 2020 and the increase in number of owned vessels that led to a significant increase in the Group’s chartering freight and hire revenue to HK\$1,022,335,000; and (2) the recognition of reversal of impairment loss on owned vessels of 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. Basic earnings per share for the year was HK\$1.559 as compared to basic loss per share of HK\$0.162 for the year 2020.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK6 cents per share for the year ended 31 December 2021. 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 2021 to HK6 cents 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 Wednesday, 1 June 2022 and the final dividend warrant is expected to be despatched to the shareholders of the Company on Tuesday, 28 June 2022.

BUSINESS REVIEW

Chartering freight and hire. The Group operates its worldwide shipping activities through Jinhui Shipping and Transportation Limited, an approximately 55.69% owned subsidiary of the Company, whose shares are listed on the Oslo Stock Exchange, Norway.

The freight market for most of 2021 has been favourable for the Group, with strong support in asset prices underpinned by healthy earnings, driven by strong dry bulk commodities demands and limited tonnage growth. Both Baltic Dry Index (“BDI”) and charter rates across all vessel classes had been showing encouraging improvements when comparing year 2020, where market sentiment had been subdued by the uncertain demand prospects due to the outbreak of COVID-19 global pandemic and various national lockdowns. The market freight rate continued to surge in 2021 to multi-years highs and reached to the peak in October 2021. BDI opened at 1,366 points in January and rose to the peak at 5,650 points in October and closed at 2,217 points by the end of December 2021. The average of BDI for the year 2021 was 2,943 points, which compares to 1,066 points in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Average daily time charter equivalent rates ("TCE")	2021	2020
	US\$	US\$
Post-Panamax fleet	19,116	9,929
Supramax fleet	19,247	6,986
In average	19,233	7,269

Revenue from chartering freight and hire for the year 2021 increased 178% to HK\$1,022,335,000, comparing to HK\$367,523,000 for the year 2020 due to the increase in number of owned vessels and the improved revenue earned from the average daily TCE earned by the Group's owned vessels, improving 165% to US\$19,233 (approximately HK\$150,000) for the year 2021 as compared to US\$7,269 (approximately HK\$57,000) for the year 2020. The Company recorded a consolidated net profit of HK\$1,498,072,000 for the year 2021, while a consolidated net loss of HK\$138,553,000 was reported in 2020. Basic earnings per share for the year was HK\$1.559 while basic loss per share was HK\$0.162 for the year 2020.

Key Performance Indicators for Shipping Business	2021	2020
	HK\$'000	HK\$'000
Average daily TCE	150	57
Daily vessel running cost	36	30
Daily vessel depreciation	20	17
Daily vessel finance cost	1	2
	57	49
Average utilization rate	96%	98%

Daily vessel running cost increased from US\$3,851 (approximately HK\$30,000) for the year 2020 to US\$4,624 (approximately HK\$36,000) for the year 2021 due to the increased crew costs. Daily vessel finance cost decreased 33% from US\$242 (approximately HK\$2,000) for the year 2020 to US\$161 (approximately HK\$1,000) for the year 2021 due to the decrease in interest rate and the reduction in secured bank loans as compared with that of the year 2020. Fleet utilization rate decreased from 98% for the year 2020 to 96% for the year 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 2021, the Group had twenty four owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	22
Total fleet	24

MANAGEMENT DISCUSSION AND ANALYSIS

Given the remarkable rebound in dry bulk shipping market, the management considered acquiring additional vessels could allow the Group to generate more operating income and increase the returns of the Company in the future. During the year, the Group entered into agreements to acquire eight vessels and took delivery of six vessels.

On 2 March 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 53,806 metric tons at a purchase price of US\$7,275,000 (approximately HK\$56,745,000), which was delivered to the Group in March 2021.

On 27 April 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 52,525 metric tons at a purchase price of US\$9,300,000 (approximately HK\$72,540,000), which was delivered to the Group in June 2021.

On 20 May 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 52,686 metric tons at a purchase price of US\$10,813,000 (approximately HK\$84,341,000), which was delivered to the Group in August 2021.

On 9 July 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 55,866 metric tons at a purchase price of US\$15,180,000 (approximately HK\$118,404,000), which was delivered to the Group in October 2021.

On 20 August 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 58,729 metric tons at a purchase price of US\$17,000,000 (approximately HK\$132,600,000), which was delivered to the Group in November 2021.

On 5 October 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 53,350 metric tons at a purchase price of US\$15,750,000 (approximately HK\$122,850,000), which was delivered to the Group in November 2021.

On 22 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. The first vessel was delivered to the Group in February 2022 and the second vessel will be delivered to the Group on or before 30 March 2022.

Subsequent to the reporting date, the Group entered into an agreement on 8 March 2022 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). The vessel will be delivered to the purchaser on or before 8 April 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 or acquisition of vessels and will make such decisions on an ad hoc basis to maintain high financial flexibility and operational competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and operating profit. Revenue from chartering freight and hire for the year 2021 increased 178% to HK\$1,022,335,000, comparing to HK\$367,523,000 for the year 2020 due to the increase in number of owned vessels and the improved revenue earned from the average daily TCE earned by the Group's owned vessels, improving 165% to US\$19,233 (approximately HK\$150,000) for the year 2021 as compared to US\$7,269 (approximately HK\$57,000) for the year 2020.

The net profit attributable to shareholders of the Company for the year 2021 was HK\$826,895,000, whereas net loss of HK\$85,840,000 was reported for the year 2020. Basic earnings per share for the year was HK\$1.559 as compared to basic loss per share of HK\$0.162 for the year 2020.

Other operating income. Other operating income increased from HK\$54,040,000 for the year 2020 to HK\$100,636,000 for the year 2021 mainly due to the Group recognized a net gain of HK\$33,492,000 on bunker arising from shipping operations.

Reversal of impairment loss on owned vessels. Dry bulk shipping market had strengthened remarkably in 2021 reflected in the upsurge of market freight rates and significant increase in the market value of dry bulk vessels, the Group reviewed the dry bulk shipping market environment, the overall macro environment and the market value of dry bulk vessels at the reporting dates. The management considered that the reversal of impairment indication of the Group's fleet existed at both reporting dates and performed reversal of impairment loss review on both 30 June 2021 and 31 December 2021. Accordingly, a reversal of impairment loss of HK\$511,068,000 on owned vessels classified in property, plant and equipment was recognized at 30 June 2021 and a further reversal of impairment loss of HK\$531,061,000 on owned vessels was recognized at 31 December 2021 to reflect our 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 our 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.

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\$269,044,000 for the year 2020 to HK\$339,493,000 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\$4,624 (approximately HK\$36,000) for the year 2021 as compared to US\$3,851 (approximately HK\$30,000) for the year 2020 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Other operating expenses. Other operating expenses decreased from HK\$82,212,000 for the year 2020 to HK\$76,782,000 for the year 2021. The decrease was mainly attributable to the net loss of HK\$16,115,000 on financial assets at fair value through profit or loss was recognized in 2021 as compared to HK\$30,445,000 was recognized in 2020. Other operating expenses for the year 2021 also included 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.

Finance costs. Finance costs dropped to HK\$16,070,000 for the year 2021, as compared to HK\$28,045,000 for the year 2020 mainly due to the decrease in interest rate and the constant repayment of vessel mortgage loans as compared with that of the year 2020.

Financial assets at fair value through profit or loss. As at 31 December 2021, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK\$368,898,000 (2020: HK\$321,088,000), in which HK\$343,981,000 (2020: HK\$274,354,000) was investment in listed equity securities, HK\$22,516,000 (2020: HK\$44,780,000) was investment in listed debt securities and HK\$2,401,000 (2020: HK\$1,954,000) 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\$16,115,000 (2020: HK\$30,445,000) and the aggregate interest income and dividend income from financial assets was HK\$36,824,000 (2020: HK\$48,918,000). The net loss of HK\$16,115,000 on financial assets at fair value through profit or loss comprised of a realized gain of HK\$21,342,000 upon disposal of certain equity and debt securities during the year, and an unrealized fair value loss of HK\$37,457,000 on financial assets at fair value through profit or loss for the year 2021.

Loan receivables. As at 31 December 2021, the Group's loan receivables was HK\$72,041,000 (2020: HK\$260,192,000) in which HK\$67,607,000 (2020: HK\$260,192,000) arise from asset-based financing, are denominated in United States Dollars and are secured by collaterals provided by the borrowers, bear interest and are repayable with fixed terms agreed with the borrowers. 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. During the year, certain borrowers chose to early repay respective loans and such repayments led to a decrease in loan receivables as at 31 December 2021. The carrying amount of these loan receivables are considered to be a reasonable approximation of their fair values.

Trade and other payables. As at 31 December 2021, the Group's trade and other payables was HK\$180,048,000 (2020: HK\$143,852,000), including trade payables of HK\$1,212,000 (2020: HK\$1,810,000), accrued charges of HK\$9,408,000 (2020: HK\$7,778,000) and other payables of HK\$169,428,000 (2020: HK\$134,264,000). Other payables mainly included payables related to vessel running cost and ship operating expenses of HK\$143,761,000 (2020: HK\$123,908,000) for owned vessels, hire receipt in advance of HK\$10,561,000 (2020: HK\$5,293,000) from charterers, loan interest payables of HK\$1,034,000 (2020: HK\$1,350,000) and accrued employee benefits payables of HK\$12,092,000 (2020: HK\$1,851,000). The increase in hire receipt in advance was mainly attributable to the increase in amount of prepaid hire from charterers resulting from the upsurge of market hire rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, financial resources and capital structure. As at 31 December 2021, the Group maintained positive working capital position of HK\$233,954,000 (2020: HK\$153,662,000) and the total of the Group's equity and debt securities, bank balances and cash increased to HK\$635,672,000 (2020: HK\$603,541,000). During the year, cash generated from operations before changes in working capital was HK\$590,618,000 (2020: cash used in operations before changes in working capital was HK\$31,109,000) and the net cash generated from operating activities after working capital changes was HK\$685,857,000 (2020: HK\$202,861,000). The changes in working capital are mainly attributable to the decrease in loan receivables due to certain borrowers chose to early repay respective loans, partially offset by the increase in equity and debt securities.

The Group's total secured bank loans decreased from HK\$986,174,000 as at 31 December 2020 to HK\$860,436,000 as at 31 December 2021, of which 60%, 19% and 21% 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\$97,939,000 (2020: HK\$149,079,000) and repaid HK\$223,677,000 (2020: HK\$351,098,000). 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, dropped to 6% (2020: 19%) as at 31 December 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 December 2021, the Group is able to service its debt obligations, including principal and interest payments.

Pledge of assets. As at 31 December 2021, the Group's property, plant and equipment with an aggregate net book value of HK\$2,424,220,000 (2020: HK\$1,495,051,000), investment properties with an aggregate carrying amount of HK\$344,100,000 (2020: HK\$361,860,000), assets held for sale with a carrying amount of HK\$nil (2020: HK\$41,964,000), financial assets at fair value through profit or loss of HK\$172,929,000 (2020: HK\$202,336,000) and deposits of HK\$64,792,000 (2020: HK\$46,339,000) placed with banks were pledged together with the assignment of nineteen (2020: twenty) subsidiaries' income and assignment of two (2020: two) subsidiaries' loan receivables of HK\$36,407,000 (2020: HK\$228,992,000) to secure credit facilities utilized by the Group. In addition, shares of ten (2020: 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\$633,604,000 (2020: HK\$69,287,000) and on other property, plant and equipment was HK\$506,000 (2020: HK\$98,000).

MANAGEMENT DISCUSSION AND ANALYSIS

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 (2020: US\$372,000, approximately HK\$2,905,000).

On 22 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. The first vessel was delivered to the Group in February 2022 and the second vessel will be delivered to the Group on or before 30 March 2022. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$34,500,000, approximately HK\$269,100,000 (2020: nil).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US\$34,872,000, approximately HK\$272,005,000 (2020: US\$372,000, approximately HK\$2,905,000).

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.

SIGNIFICANT INVESTMENT

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) have now been extended to also require companies to disclose the details of each significant securities investment that represents 5% or more of their total assets.

As at 31 December 2021, the Group owns twenty four dry bulk vessels which include two Post-Panamaxes and twenty two grabs fitted Supramaxes. Given the remarkable rebound in dry bulk shipping market, the management has constantly reviewed the Group’s fleet and considered acquiring additional vessels could generate steady stream of income for the Group.

On 2 March 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 53,806 metric tons at a purchase price of US\$7,275,000 (approximately HK\$56,745,000), which was delivered to the Group in March 2021.

On 27 April 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 52,525 metric tons at a purchase price of US\$9,300,000 (approximately HK\$72,540,000), which was delivered to the Group in June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

On 20 May 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 52,686 metric tons at a purchase price of US\$10,813,000 (approximately HK\$84,341,000), which was delivered to the Group in August 2021.

On 9 July 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 55,866 metric tons at a purchase price of US\$15,180,000 (approximately HK\$118,404,000), which was delivered to the Group in October 2021.

On 20 August 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 58,729 metric tons at a purchase price of US\$17,000,000 (approximately HK\$132,600,000), which was delivered to the Group in November 2021.

On 5 October 2021, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 53,350 metric tons at a purchase price of US\$15,750,000 (approximately HK\$122,850,000), which was delivered to the Group in November 2021.

On 22 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. The first vessel was delivered to the Group in February 2022 and the second vessel will be delivered to the Group on or before 30 March 2022. Total carrying capacity of the Group's fleet will be increased to 1,525,348 metric tons after the completion of the acquisition of the above vessels.

As at 31 December 2021, the Group had investments in equity and debt securities with fair value of HK\$343,981,000 and HK\$22,516,000 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 2021, the fair value of each of these equity securities and debt securities represented less than 5% of the total assets of the Group.

As at 31 December 2021, the Group's investment properties were stated at fair value of HK\$385 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 2021, the fair value of each of these investment properties represented less than 5% of the total assets of the Group.

As at 31 December 2021, 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 2021, nor did the Group carry out any material acquisition and disposal during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the Group entered into an agreement with a third party on 8 March 2022 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). The vessel will be delivered to the purchaser on or before 8 April 2022.

Save as disclosed above, there was no other significant events occurred after the reporting date.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had 64 (2020: 67) full-time employees. 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.

RISK FACTORS

This announcement 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 announcement 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.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

2021 has been a good year for dry bulk shipping, with robust freight rates driven by a general increase in demand for commodities worldwide, increase in logistics complexity due to procedures to battle the pandemic, as well as limited new supply in vessels.

As we entered 2022, there has been some corrections in the freight market in recent weeks, 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. In addition, the sentiment has turned nervous with regards to the expected global economic outlook due to potential changes in monetary policies, and geo-political issues at multiple geographical locations of our planet. These issues will continue to linger around, and we expected 2022 to be another volatile year.

When we look at the industry fundamentals, the supply of new vessels remains low, the industry outlook continues to point towards a relatively strong freight market for our business operations. The latest Omicron COVID variant have spread across a number of geographical locations. Measures to combat against the spread of virus differ from country to country, and can be relaxed or reinforced with very little notice. Logistics of the transportation of goods and commodities will continue to be affected and disruptions are likely to continue in the foreseeable future.

With the expected global dry bulk fleet growth at historical lows, and with no consensus in the industry 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the current extremely challenging operating environment, as well as all customers and stakeholders for their ongoing support.

By Order of the Board

Ng Siu Fai

Chairman

Hong Kong, 15 March 2022

CORPORATE GOVERNANCE

COMPLIANCE OF THE CODE PROVISIONS

The Company has complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2021, with deviations as explained in following sections.

CG Code provision A.2.1

Under code provision A.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 A.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 of the Company (the “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.

CORPORATE GOVERNANCE

CG Code provision A.4.2

Under code provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. 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 A.4.2 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.

CG Code provision C.2.5

Under code provision C.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.

MODEL CODE FOR 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 2021.

CORPORATE GOVERNANCE

SCOPE OF WORK OF THE AUDITOR

The figures in the results announcement of the Group for the year ended 31 December 2021 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the results announcement.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors. 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 Group's annual consolidated financial statements for the year ended 31 December 2021 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.

SUPPLEMENTARY INFORMATION

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.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Wednesday, 1 June 2022 (the "2022 AGM"). Notice of the 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 despatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2022 AGM, and entitlement to the proposed final dividend, the Company's Register of Members will be closed as set out below:

(i) For determining eligibility to attend and vote at the 2022 AGM:

- | | |
|---|---|
| - Latest time to lodge transfer documents for registration with the Company's share registrar | At 4:30 p.m. on 26 May 2022 |
| - Closure of Register of Members | 27 May 2022 to 1 June 2022
(both days inclusive) |
| - Record date | 1 June 2022 |

(ii) For determining entitlement to the final dividend:

- | | |
|---|--|
| - Ex-dividend date | 6 June 2022 |
| - Latest time to lodge transfer documents for registration with the Company's share registrar | At 4:30 p.m. on 7 June 2022 |
| - Closure of Register of Members | 8 June 2022 to 10 June 2022
(both days inclusive) |
| - Record date | 10 June 2022 |

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2022 AGM, and to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than the aforementioned latest time. Subject to the approval by the shareholders at the 2022 AGM, the final dividend warrant is expected to be despatched to the shareholders of the Company on Tuesday, 28 June 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	2	1,022,335	367,523
Other operating income	3	100,636	54,040
Interest income	4	23,510	38,807
Reversal of impairment loss on owned vessels	5	1,042,129	-
Shipping related expenses		(339,493)	(269,044)
Staff costs		(107,117)	(96,456)
Other operating expenses	6	(76,782)	(82,212)
Operating profit before depreciation and amortization	7	1,665,218	12,658
Depreciation and amortization		(149,592)	(121,350)
Operating profit (loss)		1,515,626	(108,692)
Finance costs		(16,070)	(28,045)
Profit (Loss) before taxation		1,499,556	(136,737)
Taxation	8	(1,484)	(1,816)
Net profit (loss) for the year		1,498,072	(138,553)
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)		14,695	13,294
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through OCI (recycling)		2,372	539
Total comprehensive income (loss) for the year		1,515,139	(124,720)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
Net profit (loss) for the year attributable to:			
Shareholders of the Company		826,895	(85,840)
Non-controlling interests		671,177	(52,713)
		1,498,072	(138,553)
Total comprehensive income (loss) for the year attributable to:			
Shareholders of the Company		837,064	(77,915)
Non-controlling interests		678,075	(46,805)
		1,515,139	(124,720)
Earnings (Loss) per share			
Basic and diluted	9	HK\$1.559	HK\$(0.162)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,056,304	1,534,286
Investment properties	11	385,220	405,600
Financial assets at fair value through OCI	12	121,359	104,292
Loan receivables	13	28,841	219,418
Intangible assets		888	933
		3,592,612	2,264,529
Current assets			
Inventories		26,623	6,082
Loan receivables	13	43,200	40,774
Trade and other receivables	14	156,911	104,343
Financial assets at fair value through profit or loss	15	368,898	321,088
Pledged deposits		64,792	46,339
Bank balances and cash		269,175	284,407
Assets held for sale		-	41,964
		929,599	844,997
Current liabilities			
Trade and other payables	16	180,048	143,852
Taxation payable		234	1,816
Secured bank loans	17	515,363	545,667
		695,645	691,335
Net current assets		233,954	153,662
Total assets less current liabilities		3,826,566	2,418,191
Non-current liabilities			
Secured bank loans	17	345,073	440,507
Net assets		3,481,493	1,977,684

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	2021 HK\$'000	2020 HK\$'000
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	381,639	381,639
Reserves	1,593,150	756,086
	1,974,789	1,137,725
Non-controlling interests	1,506,704	839,959
Total equity	3,481,493	1,977,684

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	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 2020	381,639	3,806	8,455	821,740	1,215,640	886,764	2,102,404
Comprehensive loss							
Net loss for the year	-	-	-	(85,840)	(85,840)	(52,713)	(138,553)
Other comprehensive income							
Change in fair value of financial assets at fair value through OCI	-	-	7,925	-	7,925	5,908	13,833
Total comprehensive loss for the year	-	-	7,925	(85,840)	(77,915)	(46,805)	(124,720)
At 31 December 2020	381,639	3,806	16,380	735,900	1,137,725	839,959	1,977,684
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
Interim 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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 HK\$'000	2020 HK\$'000
OPERATING ACTIVITIES		
Cash generated from (used in) operations before changes in working capital	590,618	(31,109)
Decrease in working capital	114,691	263,440
Cash generated from operations	705,309	232,331
Interest paid	(16,386)	(29,470)
Hong Kong Profits Tax paid	(3,066)	-
Net cash from operating activities	685,857	202,861
INVESTING ACTIVITIES		
Interest received	26,650	42,778
Dividend income received	13,105	9,557
Purchase of property, plant and equipment	(634,110)	(69,385)
Proceeds from disposal of property, plant and equipment, net	6,823	-
Payment of unlisted equity investments	-	(16,559)
Proceeds from disposal of assets held for sale, net	41,964	-
Net cash used in investing activities	(545,568)	(33,609)
FINANCING ACTIVITIES		
New secured bank loans	97,939	149,079
Repayment of secured bank loans	(223,677)	(351,098)
(Increase) Decrease in pledged deposits	(18,453)	19,471
Dividends paid to non-controlling interests by subsidiaries	(11,330)	-
Net cash used in financing activities	(155,521)	(182,548)
Net decrease in cash and cash equivalents	(15,232)	(13,296)
Cash and cash equivalents at 1 January	284,407	297,703
Cash and cash equivalents at 31 December	269,175	284,407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The financial information relating to the years ended 31 December 2021 and 2020 included in this announcement of 2021 annual results do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 December 2021 in due course.
- The Company's auditor has reported on the financial statements of the Group for both years. The independent auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

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

The accounting policies and basis of preparation adopted in these consolidated financial statements are consistent with those adopted in the annual consolidated financial statements for the year ended 31 December 2020, except for the Group has adopted the amended Hong Kong Financial Reporting Standards ("HKFRS"), which are effective for the annual period beginning on 1 January 2021.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Revenue

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

	2021 HK\$'000	2020 HK\$'000
Chartering freight and hire income:		
Hire income under time charters ¹	1,022,335	351,235
Freight income under voyage charters ²	-	16,288
	1,022,335	367,523

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

	2021 HK\$'000	2020 HK\$'000
Net gain on bunker arising from shipping operations	33,492	-
Other shipping operating income	27,665	20,772
Gross rental income from operating leases on investment properties	6,591	7,062
Dividend income	13,314	10,111
Net gain on disposal of property, plant and equipment	2,164	-
Reversal of impairment loss on trade and other receivables, net	13,933	10,535
Compensation income in relation to loan receivables	3,418	-
Settlement income in relation to repudiation claims	-	1,596
COVID-19 related government subsidies	-	3,761
Sundry income	59	203
	100,636	54,040

4. Interest income

	2021 HK\$'000	2020 HK\$'000
Interest income in respect of:		
Financial assets at fair value through profit or loss	8,765	10,180
Deposits with banks and other financial institutions	185	1,349
Loan receivables	14,560	27,278
	23,510	38,807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Reversal of impairment loss on owned vessels

Dry bulk shipping market had strengthened remarkably in 2021 reflected in the upsurge of market freight rates and significant increase in the market value of dry bulk vessels, the Group reviewed the dry bulk shipping market environment, the overall macro environment and the market value of dry bulk vessels at the reporting dates. The management considered that the reversal of impairment indication of the Group's fleet existed at both reporting dates and performed reversal of impairment loss review on both 30 June 2021 and 31 December 2021.

Accordingly, a reversal of impairment loss of HK\$511,068,000 on owned vessels classified in property, plant and equipment was recognized at 30 June 2021 and a further reversal of impairment loss of HK\$531,061,000 on owned vessels was recognized at 31 December 2021 to reflect our 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 our owned vessels.

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels, 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 higher than their respective carrying amounts at both reporting dates on 30 June 2021 and 31 December 2021. The value in use of owned vessels is estimated based on 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. The net cash flow also reflected the estimated drydocking and special surveys costs and vessels operating expenses. Key assumptions applied to the first five-year period in the estimated future cash flows projections 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 reversal of 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 a 2% 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 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Other operating 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.

Other operating expenses for the year 2020 mainly included net loss on financial assets at fair value through profit or loss of approximately HK\$30.4 million, change in fair value of investment properties of approximately HK\$12.5 million, directors' fee of approximately HK\$6.7 million, professional fee of approximately HK\$6 million, impairment loss on assets held for sale (disposed vessel) of approximately HK\$2.1 million recognized upon reclassification to assets held for sale in December 2020, auditor's remuneration related to audit services of approximately HK\$1.6 million, bad debts written off in respect of trade receivables of approximately HK\$1.1 million and remaining are various office administrative expenses.

7. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	2021 HK\$'000	2020 HK\$'000
Realized gain on financial assets at fair value through profit or loss	(21,342)	(10,409)
Unrealized loss on financial assets at fair value through profit or loss	37,457	40,854
Net loss on financial assets at fair value through profit or loss	16,115	30,445
Reversal of impairment loss on owned vessels	(1,042,129)	-
Reversal of impairment loss on trade and other receivables, net	(13,933)	(10,535)
Change in fair value of investment properties	20,380	12,500
Impairment loss on assets held for sale	-	2,101
Dividend income	(13,314)	(10,111)
Net gain on disposal of property, plant and equipment	(2,164)	-
Bad debts written off in respect of trade and other receivables	55	1,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. 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 condensed consolidated statement of profit or loss and other comprehensive income represents:

	2021 HK\$'000	2020 HK\$'000
Hong Kong Profits Tax	1,484	1,816

9. Earnings (Loss) per share

Basic and diluted earnings (loss) per share were calculated on the net profit attributable to shareholders of the Company of HK\$826,895,000 for the year 2021 (2020: net loss of HK\$85,840,000) and the weighted average number of 530,289,480 (2020: 530,289,480) ordinary shares in issue during the year.

Diluted earnings (loss) per share for the years 2021 and 2020 were the same as basic earnings (loss) per share as there was no potentially dilutive ordinary shares in existence for the years 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Dividend

The final dividend of HK6 cents (2020: nil) per share in respect of the financial year ended 31 December 2021, amounting to approximately HK\$31,817,000 has been proposed by the Board and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company scheduled on Wednesday, 1 June 2022. 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.

11. Investment properties

	2021 HK\$'000	2020 HK\$'000
At 1 January	405,600	418,100
Change in fair value	(20,380)	(12,500)
	385,220	405,600

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Financial assets at fair value through OCI

	2021	2020
	HK\$'000	HK\$'000
Unlisted equity investments		
Co-investment in a property project		
At 1 January	80,909	51,056
Additions	-	16,559
Addition of investment under Special Capital Call ³	-	33,360
Disposal of investment under share repurchase scheme ⁴	-	(33,360)
Change in fair value ¹	14,695	13,294
	95,604	80,909
Unlisted club debentures		
At 1 January	20,500	20,000
Change in fair value ²	1,500	500
	22,000	20,500
Unlisted club membership		
At 1 January	2,883	2,844
Change in fair value ²	872	39
	3,755	2,883
	121,359	104,292

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, an approximately 55.69% indirectly owned subsidiary of the Company (the "Co-Investor") provided additional US\$4,276,915, approximately HK\$33,360,000 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, approximately HK\$33,360,000 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.
5. In March 2021, 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, 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 (approximately HK\$12,300,000). As of 31 December 2021, advance of US\$568,000 (approximately HK\$4,434,000) 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 (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 (2020: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Loan receivables

	2021 HK\$'000	2020 HK\$'000
At 1 January	260,192	350,500
Gross new loan originated	4,434	-
Repayment	(192,585)	(90,308)
Provision of individual impairment	-	-
Loan receivables, net of provision	72,041	260,192
Less: Amount receivable within one year	(43,200)	(40,774)
Amount receivable after one year	28,841	219,418

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

	2021 HK\$'000	2020 HK\$'000
Within one year	43,200	40,774
In the second year	5,191	63,903
In the third to fifth year	23,650	155,515
	72,041	260,192

As at 31 December 2021, the Group's loan receivables of HK\$67,607,000 (2020: HK\$260,192,000) 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 HK\$4,434,000 (2020: nil) which arise from co-investment (as mentioned in note 12), are unsecured and denominated in United States Dollars and has no fixed repayment terms. During the year, certain borrowers chose to early repay respective loans and such repayments led to a decrease in loan receivables as at the reporting date. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Trade and other receivables

	2021 HK\$'000	2020 HK\$'000
Trade receivables	17,123	4,126
Prepayments	33,303	9,953
Rental and other deposits	697	758
Other receivables	105,788	89,506
	139,788	100,217
	156,911	104,343

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

	2021 HK\$'000	2020 HK\$'000
Within 3 months	17,123	3,708
Over 3 months but within 6 months	-	363
Over 6 months but within 12 months	-	55
	17,123	4,126

Management has a credit policy in place for approving the credit limits 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Financial assets at fair value through profit or loss

	2021 HK\$'000	2020 HK\$'000
<i>Held for trading</i>		
Equity securities		
Listed in Hong Kong	254,697	150,704
Listed outside Hong Kong	89,284	123,650
	343,981	274,354
<i>Debt securities</i>		
Listed in Hong Kong	15,206	18,481
Listed outside Hong Kong	7,310	26,299
	22,516	44,780
<i>Designated as such upon initial recognition</i>		
Investment funds	2,401	1,954
	368,898	321,088

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Trade and other payables

	2021 HK\$'000	2020 HK\$'000
Trade payables	1,212	1,810
Accrued charges	9,408	7,778
Other payables		
Payables related to vessel running cost and ship operating expenses	143,761	123,908
Hire receipt in advance	10,561	5,293
Loan interest payables	1,034	1,350
Accrued employee benefits	12,092	1,851
Others	1,980	1,862
	169,428	134,264
	180,048	143,852

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

	2021 HK\$'000	2020 HK\$'000
Within 3 months	289	601
Over 6 months but within 12 months	-	164
Over 12 months	923	1,045
	1,212	1,810

17. Secured bank loans

	2021 HK\$'000	2020 HK\$'000
Vessel mortgage loans	358,112	423,969
Other bank loans	502,324	562,205
Total secured bank loans	860,436	986,174
Less: Amount repayable within one year	(515,363)	(545,667)
Amount repayable after one year	345,073	440,507

During the year, the Group had drawn new revolving loans and term loan of HK\$97,939,000 (2020: HK\$149,079,000) and repaid HK\$223,677,000 (2020: HK\$351,098,000).

At the reporting date, vessel mortgage loans were denominated in United States Dollars, and other bank loans which included revolving loans, term loans and property mortgage loans were denominated in Hong Kong Dollars and United States Dollars. All secured bank loans were committed on floating rate basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Capital expenditures and commitments

During the year, capital expenditure on additions of motor vessels and capitalized drydocking costs was HK\$633,604,000 (2020: HK\$69,287,000) and on other property, plant and equipment was HK\$506,000 (2020: HK\$98,000).

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 (2020: US\$372,000, approximately HK\$2,905,000).

On 22 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. The first vessel was delivered to the Group in February 2022 and the second vessel will be delivered to the Group on or before 30 March 2022. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$34,500,000, approximately HK\$269,100,000 (2020: nil).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US\$34,872,000, approximately HK\$272,005,000 (2020: US\$372,000, approximately HK\$2,905,000).

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.

19. Related party transactions

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

	2021 HK\$'000	2020 HK\$'000
Salaries and other benefits	75,626	66,364
Contributions to retirement benefits schemes	3,543	3,543
	79,169	69,907

Other payables included accrued employee benefits payables to directors and senior management of HK\$9,381,000 (2020: HK\$200,000). 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".

20. Events after the reporting date

Subsequent to the reporting date, the Group entered into an agreement with a third party on 8 March 2022 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). The vessel will be delivered to the purchaser on or before 8 April 2022.

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Company for the year ended 31 December 2021 containing all the detailed information will be despatched to shareholders of the Company and available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com in due course.

As at date of this announcement, the Executive Directors of the Company are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of the Company are Cui Jianhua, Tsui Che Yin Frank and William Yau.