JINHUI

JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

2020 RESULTS ANNOUNCEMENT

HIGHLIGHTS
FOR THE YEAR 2020

- Revenue for the year: HK$368 million
- Net loss attributable to shareholders for the year: HK$86 million
- Basic loss per share: HK$0.162
- Gearing ratio as at 31 December 2020: 19%

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 2020.

2020 ANNUAL RESULTS

The Group's revenue for the year 2020 decreased 25% to HK$367,523,000, comparing to HK$492,645,000 for the year 2019. The net loss attributable to shareholders of the Company for the year 2020 was HK$85,840,000 as compared to a net loss of HK$3,450,000 was reported for the year 2019. The net loss was mainly attributable to (1) poor business sentiment in early 2020 as affected by the outbreak of the Coronavirus Disease 2019 ("COVID-19") pandemic leading to a reduction in chartering freight and hire revenue; (2) the significant unrealized fair value loss on financial assets at fair value through profit or loss amid the COVID-19 pandemic that triggered an adverse global financial markets sell off in early 2020; and (3) an increase in shipping related expenses. Basic loss per share for the year was HK$0.162 as compared to basic loss per share of HK$0.007 for the year 2019.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2020. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2020.

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.

Dry bulk shipping market faced another challenging year in 2020 amid the ongoing COVID-19 pandemic that significantly and negatively affected many industries and markets globally. Despite dry bulk shipping market has not been as hard-hit as other industries such as airline or leisure facilities, the lockdown of countries in order to contain COVID-19 transmission had inevitably slowed down most economic activities and industrial production initially in China, then across the globe. This negative backdrop translated to a reduction in demand for dry bulk commodities including iron ore, coal and certain minor bulk cargoes and impacted sentiment in the dry bulk shipping market in early 2020. Given the sudden erosion in business confidence, Baltic Dry Index ("BDI") opened at 1,090 points in January 2020 and declined in the first half of 2020 amid of the outbreak of the COVID-19 pandemic to 393 points in May 2020. In the second half of 2020, the global seaborne trade activities began to recover, driven in particular by iron ore imports by China, as well as limited supply of new vessels and increasing scrapping of old vessels under the new IMO 2020 regulations. BDI continued this positive momentum and continue to pick up in the second half of 2020 and rose to the peak of the year at 2,097 points in October 2020 and closed at 1,366 points by the end of December 2020. The average of BDI for the year 2020 was 1,066 points, which compares to 1,353 points in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Average daily time charter equivalent rates ("TCE")	**2020**	2019
	US$	*US$*
Post-Panamax fleet	**9,929**	9,628
Supramax fleet	**6,986**	9,522
In average	**7,269**	9,533

Revenue from chartering freight and hire for the year 2020 decreased 25% to HK$367,523,000, comparing to HK$492,645,000 for the year 2019. Aside of an overall disruption in demand, normal operations were also heavily disrupted by COVID-19 such as time required to load and discharge cargo, from drydocking to periodic crew changing given special protocols and requirements implemented by ports globally which caused challenges in matching timings of future charterparties from expiring charterparties, consequently reducing the number of revenue days. The average daily TCE earned by the Group's owned vessels decreased 24% to US$7,269 (approximately HK$57,000) for the year 2020 as compared to US$9,533 (approximately HK$74,000) for the year 2019.

In early 2020, the Group entered into voyage charters to maximize potential business opportunity and freight income earned for the year was HK$16,288,000. These voyage charters were carried out by certain chartered-in vessels which were leased in under short-term leases less than 12 months and all these leases were completed in April 2020.

Key Performance Indicators for Shipping Business	**2020**	2019
	HK$'000	*HK$'000*
Average daily TCE	**57**	74
Daily vessel running cost	**30**	31
Daily vessel depreciation	**17**	16
Daily vessel finance cost	**2**	3
	49	50
Average utilization rate	**98%**	99%

Daily vessel running cost slightly decreased 2% from US$3,927 (approximately HK$31,000) for the year 2019 to US$3,851 (approximately HK$30,000) for the year 2020. Daily vessel finance cost decreased 41% from US$412 (approximately HK$3,000) for the year 2019 to US$242 (approximately HK$2,000) for the year 2020 due to the decrease in interest rate and the reduction in secured bank loans as compared with that of the year 2019. Fleet utilization rate decreased from 99% for the year 2019 to 98% for the year 2020. 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

As at 31 December 2020, the Group had nineteen owned vessels as follows:

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

The Group entered into an agreement with a third party on 10 July 2020 in respect of the acquisition of a Supramax of deadweight 50,259 metric tons, built in year 2001, at a purchase price of US$3,950,000 (approximately HK$30,810,000), which was delivered to the Group on 16 July 2020.

The Group entered into an agreement with a third party on 15 December 2020 to dispose of a Supramax of deadweight 50,777 metric tons, built in year 2002, at a consideration of US$5,500,000 (approximately HK$42,900,000) which was subsequently delivered to the purchaser in January 2021.

Subsequent to the reporting date, the Group entered into an agreement with a third party on 2 March 2021 in respect of the acquisition of a Supramax of deadweight 53,806 metric tons, built in year 2004, at a purchase price of US$7,275,000 (approximately HK$56,745,000). The vessel will be delivered to the Group on or before 5 April 2021.

FINANCIAL REVIEW

Revenue and operating loss. Revenue from chartering freight and hire for the year 2020 decreased 25% to HK$367,523,000, comparing to HK$492,645,000 for the year 2019. The average daily TCE earned by the Group's owned vessels decreased 24% to US$7,269 (approximately HK$57,000) for the year 2020 as compared to US$9,533 (approximately HK$74,000) for the year 2019.

The net loss attributable to shareholders of the Company for the year 2020 was HK$85,840,000 and HK$3,450,000 was reported for the year 2019. Basic loss per share for the year was HK$0.162 as compared to basic loss per share of HK$0.007 for the year 2019.

Other operating income. Other operating income decreased from HK$66,845,000 for the year 2019 to HK$54,040,000 for the year 2020. The decrease in other operating income was attributable to the decrease in dividend income due to the reduction in investment in equity securities and the decrease in settlement income from a charterer in relation to repudiation claims. In addition, the Group recognized a net gain of HK$15,476,000 on financial assets at fair value through profit or loss in 2019; however, a net loss of HK$30,445,000 on financial assets at fair value through profit or loss was included in other operating expenses in current year. The decrease in other operating income was partially offset by the recognition of reversal of impairment loss on trade receivable of HK$10,535,000 upon recovery of outstanding trade receivable in prior years.

Interest income. Interest income for the year 2020 increased to HK$38,807,000, comparing to HK$29,707,000 for the year 2019. The increase was attributable to the interest income arising from stable interest income generated from loan receivables which were asset-based financing that help mitigate cyclicality from core shipping business.

Shipping related expenses. Shipping related expenses increased from HK$254,938,000 for the year 2019 to HK$269,044,000 for the current year mainly attributable to the increase in bunker consumption due to positioning of owned vessels in between time charter contracts of vessels and bunker related expenses increased from approximately HK$17 million for the year 2019 to approximately HK$42 million for the year 2020. Daily vessel running cost slightly decreased 2% from US$3,927 (approximately HK$31,000) for the year 2019 to US$3,851 (approximately HK$30,000) for the year 2020. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Other operating expenses. Other operating expenses increased from HK$61,956,000 for the year 2019 to HK$82,212,000 for the year 2020. The increase was mainly attributable to the significant net loss of HK$30,445,000 on financial assets at fair value through profit or loss was recognized in the year whereas net gain of HK$15,476,000 on financial assets at fair value through profit or loss was recognized in 2019 and was included in other operating income. Other operating expenses for the year 2020 also included 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.

Finance costs. Finance costs decreased to HK$28,045,000 for the year 2020, as compared to HK$38,583,000 for the year 2019 mainly due to the decrease in interest rate and the reduction in secured bank loans as compared with that of the year 2019.

Financial assets at fair value through profit or loss. As at 31 December 2020, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK$321,088,000 (2019: HK$510,605,000), in which HK$274,354,000 (2019: HK$334,833,000) was investment in listed equity securities, HK$44,780,000 (2019: HK$175,772,000) was investment in listed debt securities and HK$1,954,000 (2019: nil) 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$30,445,000 (2019: net gain of HK$15,476,000 on financial assets at fair value through profit or loss). The net loss on financial assets at fair value through profit or loss comprised of a realized gain of HK$10,409,000 upon disposal of certain equity and debt securities during the year, and an unrealized fair value loss of HK$40,854,000 on financial assets at fair value through profit or loss amid the COVID-19 pandemic that triggered an adverse global financial markets sell off in early 2020. Such unrealized fair value loss was partially offset when Asian financial markets rebounded moderately in late 2020. The aggregate interest income and dividend income from financial assets was HK$48,918,000 (2019: HK$45,195,000). We remain cautious with the increased volatility in global financial markets due to the negative effect of the geopolitical tensions, the recent outbreak of COVID-19 across different regions, as well as the fluid outlook of interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Loan receivables. As at 31 December 2020, the Group's loan receivables was HK$260,192,000 (2019: HK$350,500,000). 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, 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. Due to the slight decrease in market values of collateral vessels, we requested top-up repayment of loans in June 2020 in accordance with the facility agreements and such top-up repayments led to an increase in repayment during the year and a decrease in loan receivables at the reporting date. 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 2020, the Group's trade and other payables was HK$143,852,000 (2019: HK$153,891,000), including trade payables of HK$1,810,000 (2019: HK$2,844,000), accrued charges of HK$7,778,000 (2019: HK$7,223,000), and other payables of HK$134,264,000 (2019: HK$143,824,000). Other payables mainly included payables related to vessel running cost and ship operating expenses of HK$123,908,000 (2019: HK$131,122,000) for owned vessels, hire receipt in advance of HK$5,293,000 (2019: HK$3,369,000) from charterers, loan interest payables of HK$1,350,000 (2019: HK$2,775,000) and accrued employee benefits payables of HK$1,851,000 (2019: HK$4,343,000).

Liquidity, financial resources and capital structure. As at 31 December 2020, the Group maintained positive working capital position of HK$153,662,000 (2019: HK$211,986,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to HK$603,541,000 (2019: HK$808,308,000). During the year, cash used in operations before changes in working capital was HK$31,109,000 (2019: cash generated from operations before changes in working capital was HK$140,861,000) and the net cash generated from operating activities after working capital changes was HK$202,861,000 (2019: net cash used in operating activities after working capital changes was HK$347,122,000). The changes in working capital are mainly attributable to the decrease in equity and debt securities, and loan receivables in respect of the six facility agreements.

The Group's total secured bank loans decreased from HK$1,188,193,000 as of 31 December 2019 to HK$986,174,000 as at 31 December 2020, of which 55%, 12% and 33% are repayable respectively within one year, one to two years and two to five years. During the year, the Group had drawn new revolving loans and term loans of HK$149,079,000 (2019: HK$642,063,000) and repaid HK$351,098,000 (2019: HK$283,343,000). 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, increased to 19% (2019: 18%) as at 31 December 2020. 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 2020, the Group is able to service its debt obligations, including principal and interest payments.

Pledge of assets. As at 31 December 2020, the Group's property, plant and equipment with an aggregate net book value of HK$1,495,051,000 (2019: HK$1,619,289,000), investment properties with an aggregate carrying amount of HK$361,860,000 (2019: HK$371,500,000), assets held for sale with a carrying amount of HK$41,964,000 (2019: nil), financial assets at fair value through profit or loss of HK$202,336,000 (2019: HK$432,340,000) and deposits of HK$46,339,000 (2019: HK$65,810,000) placed with banks were pledged together with the assignment of twenty (2019: twenty) subsidiaries' income and assignment of two (2019: two) subsidiaries' loan receivables of HK$228,992,000 (2019: HK$319,300,000) to secure credit facilities utilized by the Group. In addition, shares of ten (2019: 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$69,287,000 (2019: HK$68,097,000) and on other property, plant and equipment was HK$98,000 (2019: HK$1,654,000). During the year 2019, capital expenditure on additions of investment properties was HK$40,519,000.

On 20 April 2018, an approximately 55.69% indirectly owned subsidiary of the Company (the "Co-Investor") entered into the co-investment documents to co-invest in a property project in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Tower A" or previously named as "T3 Property"), pursuant to which the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss Limited ("Dual Bliss") of US$10,000,000 (approximately HK$78,000,000). Dual Bliss is one of the investors of the co-investment in Tower A. During the year, the Co-Investor paid US$2,123,000, approximately HK$16,559,000 (2019: US$2,678,000, approximately HK$20,884,000) in accordance with the terms and conditions of the co-investment documents and 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 (2019: US$2,495,000, approximately HK$19,464,000). The Co-Investor further provided additional US$4,276,915, approximately HK$33,360,000 (2019: nil) as co-investment supplemental capital call in early February 2020 pursuant to a supplemental memorandum signed on 31 January 2020 for acquiring 4,276,915 issued non-voting participating class A shares of Dual Bliss. 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.

The Co-Investor received updates from Phoenix Property Investors Limited (the "Investment Manager") in May 2020 in relation to the status of the co-investment as announced by the Company on 28 May 2020. Due to unexpected COVID-19 pandemic that has broadly affected different economic sectors, the Investment Manager advised the Co-Investor on 21 August 2020 that the vendor of Tower A has agreed on the extension of the closing of the acquisition. The acquisition was eventually completed in early December 2020.

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.

COVID-19 PANDEMIC IMPACT TO THE GROUP'S BUSINESS

Despite there are signs that the spread of COVID-19 is easing, nevertheless preventive measures remain a pinnacle importance for mankind when facing a pandemic of such scale. Strict, and varied protocols and requirements have been implemented by all ports across the globe, which disrupts the normal operations of shipping ranging from increase in loading and discharging times, quarantine times prior to entering a port, and additional time for crew changing. These special measures tailored to tackle COVID-19 could have a negative impact to the Group's business, particularly our vessels' revenue days, as well as our operating costs.

From financial aspect, the Group's revenue for the year 2020 decreased 25% to HK$368 million, comparing to HK$493 million for the year 2019. Dry bulk shipping sector adversely affected by the unexpected COVID-19 pandemic in 2020, there was a sudden slump of market freight rates in early 2020 coupled with the halt in dry bulk commodities trade activities and port disruptions due to various pandemic containment measures or lockdown policies across different region globally. The poor sentiment in dry bulk shipping market led to an increase in our vessels' ballast and positioning periods, and a decrease in our vessels' revenue days. The prolong positioning periods also led to the increase in bunker consumption and the Group's bunker related expenses increased from approximately HK$17 million for the year 2019 to approximately HK$42 million for the year 2020. The Group's shipping related expenses increased from HK$255 million for the year 2019 to HK$269 million for the year 2020. The Group also recorded material unrealized fair value loss on financial assets at fair value through profit or loss of approximately HK$41 million amid the COVID-19 pandemic that triggered an adverse global financial markets sell off in early 2020.

From operational aspect, the Group has been impacted by the rigorous preventive measures implemented by different governments, such as cities' lockdowns, travel restrictions and quarantines requirements to contain the transmission of COVID-19. Such measures generally increased crew related expenses due to the requirements for minimum quarantines period and COVID-19 test expenses; increased port loading and discharging time due to logistic disruption and prolonged drydocking periods due to labor shortages in some shipyards and difficulties in accessing supplies, and these quarantine protocols led to a decrease in potential revenue generating days of our vessels.

Despite the above COVID-19 implications for our business, the Group maintained positive working capital position of HK$154 million and liquidity (represented by equity and debt securities, and bank balances and cash) of HK$604 million as at 31 December 2020. While the Group's outstanding capital commitment was only HK$3 million as at the reporting date, 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 and is able to service its debt obligations, including principal and interest payments.

Overall, we expect the cost side of our business to increase especially in relation to compliance of protocols and requirements enforced by ports worldwide. Additional budget on this front will be allocated in anticipation of the ongoing COVID-19 preventive measures as stipulated at ports where our vessels frequently visit. We remain confident that we will overcome this challenge collectively with economic activity to slowly recover in 2021.

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 2020, the Group had investments in listed equity and debt securities with fair value of HK$274,354,000 and HK$44,780,000 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 2020, 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 2020, the Group's investment properties were stated at fair value of HK$406 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 2020, the fair value of each of these investment properties represented less than 5% of the total assets of the Group.

As at 31 December 2020, 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 2020, nor did the Group carry out any material acquisition and disposal during the year.

EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the Group entered into an agreement with a third party on 2 March 2021 in respect of the acquisition of a Supramax of deadweight 53,806 metric tons, built in year 2004, at a purchase price of US$7,275,000 (approximately HK$56,745,000). The vessel will be delivered to the Group on or before 5 April 2021. Taken into consideration of individual specification, maintenance quality and conditions of the vessel, the management considered the purchase price of the vessel is highly attractive. The vessel is expected to generate steady stream of income for the Group. Total carrying capacity of the Group's fleet will be increased by 53,806 metric tons to 1,139,362 metric tons after the completion of the acquisition of the vessel.

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 67 (2019: 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. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

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 2020 has been challenging due to a slowdown in global economic activity, which was further amplified by the COVID-19 global pandemic. Our operations from loading and discharging of cargoes, to periodic crew changing had taken more time and had been complicated given the various necessary testing and quarantine protocols implemented by ports globally to prevent and control the spreading of the virus.

On a positive note, we see increasing activities in 2021. The global public health concern worldwide meant market participants of all industries had to be careful and conservative. We see an easing of this negative sentiment, and expect further increase in activity in the dry bulk freight market as business confidence recover. We see the likelihood of strategic reserves of various energy to agriculture commodities to be restocked by many nations given the disruptions in the past year. The relaxation of national lockdowns, availability of vaccines and other measures to contain the spread of the virus have begun in many countries. The route to a full reversion to normality will be rocky, but we remain confident that we will overcome this challenge collectively with economic activity to slowly recover in 2021.

China continues to be the biggest importer of raw materials by far 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.

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, 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.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 15 March 2021

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 2020, 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 2020.

SCOPE OF WORK OF THE AUDITOR

The figures in the results announcement of the Group for the year ended 31 December 2020 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 financial statements for the year ended 31 December 2020 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 AND BOOK CLOSURE

The Annual General Meeting of the Company will be held on Tuesday, 25 May 2021. 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.

The register of members of the Company will be closed from Thursday, 20 May 2021 to Tuesday, 25 May 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 18 May 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	**2020**	2019
	Note	***HK$'000***	*HK$'000*
Revenue	2	**367,523**	492,645
Net gain on disposal of owned vessels		**-**	704
Other operating income	3	**54,040**	66,845
Interest income	4	**38,807**	29,707
Shipping related expenses		**(269,044)**	(254,938)
Staff costs		**(96,456)**	(98,856)
Other operating expenses	5	**(82,212)**	(61,956)
Operating profit before depreciation and amortization	6	**12,658**	174,151
Depreciation and amortization		**(121,350)**	(123,483)
Operating profit (loss)		**(108,692)**	50,668
Finance costs		**(28,045)**	(38,583)
Profit (Loss) before taxation		**(136,737)**	12,085
Taxation	7	**(1,816)**	-
Net profit (loss) for the year		**(138,553)**	12,085
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through OCI (non-recycling)		**13,294**	(5,332)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties		**-**	3,712
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through OCI (recycling)		**539**	(5,995)
Total comprehensive income (loss) for the year		**(124,720)**	4,470

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Net profit (loss) for the year attributable to:			
Shareholders of the Company		**(85,840)**	(3,450)
Non-controlling interests		**(52,713)**	15,535
		(138,553)	12,085
Total comprehensive income (loss) for the year attributable to:			
Shareholders of the Company		**(77,915)**	(10,261)
Non-controlling interests		**(46,805)**	14,731
		(124,720)	4,470
Loss per share	8		
Basic and diluted		**HK$(0.162)**	HK$(0.007)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,534,286**	1,630,272
Investment properties	10	**405,600**	418,100
Financial assets at fair value through OCI	11	**104,292**	73,900
Loan receivables	12	**219,418**	312,347
Intangible assets		**933**	977
		2,264,529	2,435,596
Current assets			
Inventories		**6,082**	12,580
Loan receivables	12	**40,774**	38,153
Trade and other receivables	13	**104,343**	84,041
Financial assets at fair value through profit or loss	14	**321,088**	510,605
Pledged deposits		**46,339**	65,810
Bank balances and cash		**284,407**	297,703
Assets held for sale	15	**41,964**	-
		844,997	1,008,892
Current liabilities			
Trade and other payables	16	**143,852**	153,891
Taxation payable		**1,816**	-
Secured bank loans	17	**545,667**	643,015
		691,335	796,906
Net current assets		**153,662**	211,986
Total assets less current liabilities		**2,418,191**	2,647,582
Non-current liabilities			
Secured bank loans	17	**440,507**	545,178
Net assets		**1,977,684**	2,102,404

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**381,639**	381,639
Reserves	**756,086**	834,001
	1,137,725	1,215,640
Non-controlling interests	**839,959**	886,764
Total equity	**1,977,684**	2,102,404

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	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 2019	381,639	1,739	17,333	825,190	1,225,901	880,719	2,106,620
Comprehensive income							
Net profit (loss) for the year	-	-	-	(3,450)	(3,450)	15,535	12,085
Other comprehensive income (loss)							
Change in fair value of financial assets at fair value through OCI	-	-	(8,878)	-	(8,878)	(2,449)	(11,327)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties	-	2,067	-	-	2,067	1,645	3,712
Total comprehensive income for the year	-	2,067	(8,878)	(3,450)	(10,261)	14,731	4,470
Final dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	(8,686)	(8,686)
At 31 December 2019	381,639	3,806	8,455	821,740	1,215,640	886,764	2,102,404
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**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 *HK$'000*	2019 *HK$'000*
OPERATING ACTIVITIES		
Cash generated from (used in) operations before changes in working capital	**(31,109)**	140,861
Decrease (Increase) in working capital	**263,440**	(449,170)
Cash generated from (used in) operations	**232,331**	(308,309)
Interest paid	**(29,470)**	(38,813)
Net cash from (used in) operating activities	**202,861**	(347,122)
INVESTING ACTIVITIES		
Interest received	**42,778**	22,129
Dividend income received	**9,557**	14,964
Purchase of property, plant and equipment	**(69,385)**	(69,751)
Purchase of investment properties	**-**	(40,519)
Payment of unlisted equity investments	**(16,559)**	(20,884)
Proceeds from disposal of property, plant and equipment, net	**-**	11,344
Proceeds from disposal of assets held for sale, net	**-**	23,325
Net cash used in investing activities	**(33,609)**	(59,392)
FINANCING ACTIVITIES		
New secured bank loans	**149,079**	642,063
Repayment of secured bank loans	**(351,098)**	(283,343)
Decrease (Increase) in pledged deposits	**19,471**	(39,088)
Dividends paid to non-controlling interests by subsidiaries	**-**	(8,686)
Net cash from (used in) financing activities	**(182,548)**	310,946
Net decrease in cash and cash equivalents	**(13,296)**	(95,568)
Cash and cash equivalents at 1 January	**297,703**	393,271
Cash and cash equivalents at 31 December	**284,407**	297,703

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The financial information relating to the years ended 31 December 2020 and 2019 included in this announcement of 2020 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 2019 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 2020 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 financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2019, except for the Group has adopted the newly issued and amended Hong Kong Financial Reporting Standards ("HKFRS"), which are effective for the annual period beginning on 1 January 2020. The adoption of the new and 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.

2. Revenue

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

	2020	2019
	HK$'000	*HK$'000*
Chartering freight and hire income:		
Hire income under time charters [1]	**351,235**	492,645
Freight income under voyage charters [2]	**16,288**	-
	367,523	492,645

Notes:

1. Hire income under time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract.

2. 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

	2020	2019
	HK$'000	*HK$'000*
Gross rental income from operating leases on investment properties	**7,062**	6,524
Other shipping operating income	**20,772**	18,152
Dividend income	**10,111**	15,488
Settlement income in relation to repudiation claims	**1,596**	4,789
Reversal of impairment loss on trade and other receivables, net	**10,535**	16
Net gain on financial assets at fair value through profit or loss	**-**	15,476
Net gain on disposal of assets held for sale	**-**	4,746
COVID-19 related government subsidies	**3,761**	-
Sundry income	**203**	1,654
	54,040	66,845

4. Interest income

	2020	2019
	HK$'000	*HK$'000*
Interest income in respect of:		
Financial assets at fair value through profit or loss	**10,180**	17,882
Deposits with banks and other financial institutions	**1,349**	4,797
Interest-bearing note and loan receivables	**27,278**	7,028
	38,807	29,707

5. Other operating 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.

Other operating expenses for the year 2019 mainly included change in fair value of investment properties of approximately HK$15.7 million, professional fee of approximately HK$9 million, directors' fee of approximately HK$6.7 million, auditor's remuneration related to audit services of approximately HK$1.7 million, bad debts written off in respect of trade receivables of approximately HK$1.7 million and remaining are various office administrative expenses.

6. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	2020	2019
	HK$'000	*HK$'000*
Realized gain on financial assets at fair value through profit or loss	**(10,409)**	(7,507)
Unrealized loss (gain) on financial assets at fair value through profit or loss	**40,854**	(7,969)
Net loss (gain) on financial assets at fair value through profit or loss	**30,445**	(15,476)
Reversal of impairment loss on trade and other receivables, net	**(10,535)**	(16)
Change in fair value of investment properties	**12,500**	15,699
Impairment loss on assets held for sale	**2,101**	-
Dividend income	**(10,111)**	(15,488)
Bad debts written off in respect of trade receivables	**1,085**	1,672
Net gain on disposal of assets held for sale	**-**	(4,746)

7. 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. Taxation had not been provided in 2019 as the Group had no assessable profit for the prior year.

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

	2020	2019
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**1,816**	-

8. Loss per share

Basic and diluted loss per share were calculated on the net loss attributable to shareholders of the Company of HK$85,840,000 for the year 2020 (2019: HK$3,450,000) and the weighted average number of 530,289,480 (2019: 530,289,480) ordinary shares in issue during the year.

Diluted loss per share for the years 2020 and 2019 were the same as basic loss per share as there was no potentially dilutive ordinary shares in existence for the years 2020 and 2019.

9. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2020 (2019: nil).

10. Investment properties

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**418,100**	386,610
Additions	**-**	40,519
Reclassification from leasehold land and buildings	**-**	6,670
Change in fair value	**(12,500)**	(15,699)
	405,600	418,100

The Group's investment properties were stated at fair value and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases and located in Hong Kong.

The Group entered into an agreement in respect of the acquisition of an investment property at a consideration of HK$19,500,000 on 29 July 2020 with expected completion of the acquisition in late October 2020. Upon advice from the solicitors on title, the purchaser, an approximately 55.69% indirectly owned subsidiary of the Company, and the vendor of the property had duly signed a cancellation agreement on 29 October 2020 to cancel the proposed transaction for the acquisition of the property and the initial deposit of HK$800,000 and the further deposit of HK$1,150,000 had been refunded to the Group. The termination of the acquisition of the investment property did not have any material adverse effect on the financial position and operations of the Group.

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.

11. Financial assets at fair value through OCI

	2020	2019
	HK$'000	*HK$'000*
Unlisted equity investments		
Co-investment in a property project		
At 1 January	**51,056**	35,504
Additions	**16,559**	20,884
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]	**13,294**	(5,332)
	80,909	51,056
Unlisted club debentures		
At 1 January	**20,000**	25,800
Change in fair value [2]	**500**	(5,800)
	20,500	20,000
Unlisted club membership		
At 1 January	**2,844**	3,039
Change in fair value [2]	**39**	(195)
	2,883	2,844
	104,292	73,900

Notes:

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

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

3. An approximately 55.69% indirectly owned subsidiary of the Company (the "Co-Investor") provided additional US$4,276,915, approximately HK$33,360,000 (2019: nil) as co-investment supplemental capital call in early February 2020 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 a mandatory 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.

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. During the year, the Co-Investor paid US$2,123,000, approximately HK$16,559,000 (2019: US$2,678,000, approximately HK$20,884,000) in accordance with the terms and conditions of the co-investment documents and 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 (2019: US$2,495,000, approximately HK$19,464,000).

The Co-Investor received updates from Phoenix Property Investors Limited (the "Investment Manager") in May 2020 in relation to the status of the co-investment as announced by the Company on 28 May 2020. Due to unexpected COVID-19 pandemic that has broadly affected different economic sectors, the Investment Manager advised the Co-Investor on 21 August 2020 that the vendor of Tower A has agreed on the extension of the closing of the acquisition. The acquisition was eventually completed in early December 2020.

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 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.

12. Loan receivables

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**350,500**	-
Gross new loan originated	**-**	361,770
Repayment	**(90,308)**	(11,270)
Provision of individual impairment	**-**	-
Loan receivables, net of provision	**260,192**	350,500
Less: Amount receivable within one year	**(40,774)**	(38,153)
Amount receivable after one year	**219,418**	312,347

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

	2020	2019
	HK$'000	*HK$'000*
Within one year	**40,774**	38,153
In the second year	**63,903**	40,578
In the third to fifth year	**155,515**	271,769
	260,192	350,500

In 2019, the Group entered into two agreements to dispose of two vessels to two purchasers with the payment terms of the balance of approximately US$4.4 million (approximately HK$34.2 million) and US$4 million (approximately HK$31.2 million) which would be repayable in three years. To secure the purchasers' performance and observance of and compliance with all of the covenants, the purchasers provided first priority ship mortgage of the vessels in favour of the Group. In 2019, the Group also entered into six facility agreements, pursuant to which the Group agreed to provide six loans of US$38 million (approximately HK$296.4 million) which bear interest ranged from 8% to 10% per annum and are repayable in three years to five years.

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. Due to the slight decrease in market values of collateral vessels, we requested top-up repayment of loans in June 2020 in accordance with the facility agreements and such top-up repayments led to an increase in repayment during the year and a decrease in loan receivables at the reporting date. The carrying amount of these loan receivables are considered to be a reasonable approximation of their fair values.

13. Trade and other receivables

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**4,126**	12,937
Prepayments	**9,953**	9,892
Rental and other deposits	**758**	692
Other receivables	**89,506**	60,520
	100,217	71,104
	104,343	84,041

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

	2020	2019
	HK$'000	*HK$'000*
Within 3 months	**3,708**	10,114
Over 3 months but within 6 months	**363**	-
Over 6 months but within 12 months	**55**	-
Over 12 months	**-**	2,823
	4,126	12,937

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.

14. Financial assets at fair value through profit or loss

	2020	2019
	HK$'000	*HK$'000*
Held for trading		
Equity securities		
Listed in Hong Kong	**150,704**	191,176
Listed outside Hong Kong	**123,650**	143,657
	274,354	334,833
Debt securities		
Listed in Hong Kong	**18,481**	71,510
Listed outside Hong Kong	**26,299**	104,262
	44,780	175,772
Designated as such upon initial recognition:		
Investment funds	**1,954**	-
	321,088	510,605

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.

15. Assets held for sale

On 15 December 2020, the Group entered into an agreement for the disposal of a Supramax of deadweight 50,777 metric tons at a consideration of US$5,500,000 (approximately HK$42,900,000) which was subsequently delivered to the purchaser in January 2021. For financial reporting purposes, the disposed vessel was reclassified to "Assets held for sale" in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with an impairment loss on assets held for sale (disposed vessel) of HK$2,101,000 was recognized in 2020 upon reclassification to assets held for sale and such impairment loss was included in other operating expenses for the year.

16. Trade and other payables

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**1,810**	2,844
Accrued charges	**7,778**	7,223
Other payables		
Payables related to vessel running cost and ship operating expenses	**123,908**	131,122
Hire receipt in advance	**5,293**	3,369
Loan interest payables	**1,350**	2,775
Accrued employee benefits	**1,851**	4,343
Others	**1,862**	2,215
	134,264	143,824
	143,852	153,891

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

	2020	2019
	HK$'000	*HK$'000*
Within 3 months	**601**	1,023
Over 6 months but within 12 months	**164**	-
Over 12 months	**1,045**	1,821
	1,810	2,844

17. Secured bank loans

	2020	2019
	HK$'000	*HK$'000*
Vessel mortgage loans	**423,969**	488,497
Other bank loans	**562,205**	699,696
Total secured bank loans	**986,174**	1,188,193
Less: Amount repayable within one year	**(545,667)**	(643,015)
Amount repayable after one year	**440,507**	545,178

During the year, the Group had drawn new revolving loans and term loans of HK$149,079,000 (2019: HK$642,063,000) and repaid HK$351,098,000 (2019: HK$283,343,000).

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.

18. Capital expenditures and commitments

During the year, capital expenditure on additions of motor vessels and capitalized drydocking costs was HK$69,287,000 (2019: HK$68,097,000) and on other property, plant and equipment was HK$98,000 (2019: HK$1,654,000). During the year 2019, capital expenditure on additions of investment properties was HK$40,519,000.

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. During the year, the Co-Investor paid US$2,123,000, approximately HK$16,559,000 (2019: US$2,678,000, approximately HK$20,884,000) in accordance with the terms and conditions of the co-investment documents and 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 (2019: US$2,495,000, approximately HK$19,464,000).

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:

	2020	2019
	HK$'000	*HK$'000*
Salaries and other benefits	**66,364**	69,051
Contributions to retirement benefits schemes	**3,543**	3,543
	69,907	72,594

Other payables included accrued employee benefits payables to directors and senior management of HK$200,000 (2019: HK$2,952,000). 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 2 March 2021 in respect of the acquisition of a Supramax of deadweight 53,806 metric tons, built in year 2004, at a purchase price of US$7,275,000 (approximately HK$56,745,000). The vessel will be delivered to the Group on or before 5 April 2021.

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Company for the year ended 31 December 2020 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.