JINHUI SHIPPING AND TRANSPORTATION LIMITED

Fourth Quarter Report for the Quarter Ended 31 December 2021 and Preliminary Annual Results for the Year Ended 31 December 2021

HIGHLIGHTS

For the Year Ended 31 December 2021

- Revenue for the year: US$131 million
- Net profit for the year: US$194 million included reversal of impairment loss on owned vessels of US$133.6 million
- Basic earnings per share: US$1.777
- Gearing ratio as at 31 December 2021: 4%
- Proposed final dividend: US$0.07 per share

For the Fourth Quarter of 2021

- Revenue for the quarter: US$43 million
- Net profit for the quarter: US$84 million
- Basic earnings per share: US$0.769

The Board of **Jinhui Shipping and Transportation Limited** (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the quarter and year ended 31 December 2021.

FOURTH QUARTER AND ANNUAL RESULTS

The Group reported a revenue for the fourth quarter of 2021 of US$42,581,000, representing an increase of 181% as compared to US$15,137,000 for the same quarter in 2020. The consolidated net profit for the quarter was US$84,058,000 as compared to a consolidated net profit of US$7,550,000 was reported in the fourth quarter of 2020. Basic earnings per share was US$0.769 for the fourth quarter of 2021 as compared to basic earnings per share of US$0.069 for the corresponding quarter in 2020. The improved operating result for the quarter was primarily due to the strong rebound of market freight rates in dry bulk shipping sector in 2021 and the increase in number of owned vessels that led to a significant increase in the chartering freight and hire revenue for the fourth quarter of 2021, and a further recognition of reversal of impairment loss on owned vessels of US$68,085,000 as at 31 December 2021.

Revenue for the year 2021 increased 178% to US$131,069,000, comparing to US$47,118,000 for the year 2020. The Company recorded a consolidated net profit of US$194,197,000 for the year 2021 while a consolidated net loss of US$15,252,000 was reported in 2020. The consolidated net profit for the year was mainly attributable to 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 chartering freight and hire revenue for the year 2021. Basic earnings per share for the year was US$1.777 as compared to basic loss per share of US$0.140 for the year 2020.

Dry bulk shipping market had gained remarkable momentum in 2021, the Group performed reversal of impairment loss review on both 30 June 2021 and 31 December 2021 to reflect our change in the expectation of the outlook of long term global economy and the dry bulk shipping industry. The assumptions applied in estimation of the value in use of our owned vessels were therefore adjusted accordingly. The total reversal of impairment loss on owned vessels recognized in 2021 was US$133,606,000. 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.

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. As at 31 December 2021, the Group owned twenty four dry bulk vessels which include two Post-Panamaxes and twenty two grabs fitted Supramaxes.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of US$0.07 per share for the year ended 31 December 2021 and such dividend, if approved by the shareholders at the forthcoming annual general meeting scheduled on 20 May 2022, will be paid to the beneficial owners of the shares of the Company whose names are registered in the Norwegian Verdipapirsentralen (the Norwegian Registry of Securities) at the close of business on 24 May 2022. The Company's shares listed on the Oslo Stock Exchange will be traded including dividend up until and including 20 May 2022. The ex dividend date is 23 May 2022 and the dividend will be paid on or about 14 June 2022. On 17 August 2021, the Board resolved to pay an interim dividend of US$0.03 per share to the shareholders of the Company. The interim dividend was paid to the shareholders of the Company on 17 September 2021. The proposed final dividend as mentioned above, if approved, will bring the total dividends for 2021 to US$0.10 per share.

REVIEW OF OPERATIONS

Fourth Quarter of 2021. Dry bulk shipping market performed particularly well in the third quarter supported by robust demand for dry bulk commodities of steel and iron ores, grain, soybean and other agricultural commodities across different regions and limited supply of vessel, the combined effect led to a surge of market freight rates in the third quarter until reaching the peak in October 2021 and softened in the last two months of 2021. Baltic Dry Index ("BDI") opened at 5,167 points at the beginning of October and rose to the peak of the quarter at 5,650 points and closed at 2,217 points by the end of December 2021. The average of BDI of the fourth quarter of 2021 was 3,498 points, which compares to 1,361 points in the same quarter in 2020.

Revenue for the fourth quarter of 2021 was US$42,581,000 representing an increase of 181% as compared to US$15,137,000 for the same quarter in 2020. The Group benefited from the strong rebound of market freight rates and the average daily time charter equivalent rates ("TCE") earned by the Group's owned vessels increased 140% to US$22,808 for the fourth quarter of 2021 as compared to US$9,487 for the corresponding quarter in 2020. The fleet utilization rate of the Group's owned vessels slightly dropped from 99% in the fourth quarter of 2020 to 95% in the fourth quarter of 2021.

Average daily TCE of owned vessels	**2021 Q4 *US$***	2020 Q4 *US$*	**2021 *US$***	2020 *US$*
Post-Panamax fleet	**31,580**	11,891	**19,116**	9,929
Supramax fleet	**21,845**	9,173	**19,247**	6,986
In average	**22,808**	9,487	**19,233**	7,269

Shipping related expenses increased from US$7,796,000 for the fourth quarter of 2020 to US$15,248,000 for the current quarter, mainly due to the inflation and the increase in number of owned vessels that led to an increase in shipping related expenses for the quarter. The Group's daily vessel running cost increased to US$5,667 for the fourth quarter of 2021 as compared to US$4,271 for the fourth quarter of 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.

Other operating expenses increased from US$1,943,000 for the fourth quarter of 2020 to US$5,054,000 for the current quarter due to the Group recorded net loss of US$1,467,000 on financial assets at fair value through profit or loss for the fourth quarter of 2021. On the contrary, there was a net gain of US$5,264,000 on financial assets at fair value through profit or loss for the fourth quarter of 2020, which was included in other operating income.

Finance costs dropped from US$541,000 for the fourth quarter of 2020 to US$386,000 for the fourth quarter of 2021. The decrease was mainly attributable to the decrease in interest rate and the constant repayment of vessel mortgage loans as compared with that of the corresponding quarter in 2020.

Year 2021. The freight market for most of 2021 has been favourable for the Company, with strong support in asset prices underpinned by healthy earnings, driven by strong dry bulk commodities demands and limited tonnage growth. Both 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 muti-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.

Revenue for the year 2021 increased 178% to US$131,069,000, comparing to US$47,118,000 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 for the year 2021 as compared to US$7,269 for the year 2020. The Company recorded a consolidated net profit of US$194,197,000 for the year 2021, while a consolidated net loss of US$15,252,000 was reported in 2020. Basic earnings per share for the year was US$1.777 while basic loss per share was US$0.140 for the year 2020.

Other operating income increased from US$6,753,000 for the year 2020 to US$12,616,000 for the year 2021 due to the Group recognized a net gain of US$4,294,000 on bunker arising from shipping operations.

Dry bulk shipping market had strengthened remarkedly in 2021 reflected in the upsurge of market freight rates and significant increase in the market value of dry bulk vessels as at 30 June 2021. Accordingly, a reversal of impairment loss of US$65,521,000 on owned vessels classified in property, plant and equipment was recognized at 30 June 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 shipping market continued on an upward trend in the second half of 2021. As at 31 December 2021, the Group reviewed the dry bulk shipping market environment, the overall macro environment and the market value of dry bulk vessels, the management considered that the reversal of impairment indication of the Group's fleet existed at end of 2021 and performed another review of recoverable amount 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 end of 2021, a further reversal of impairment loss of US$68,085,000 on owned vessels classified in property, plant and equipment 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. Accordingly, the total reversal of impairment loss on owned vessels recognized in 2021 was US$133,606,000. 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 increased from US$34,493,000 for the year 2020 to US$43,524,000 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 for the year 2021 as compared to US$3,851 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.

Other operating expenses for the year 2021 included a net loss of US$2,570,000 on financial assets at fair value through profit or loss as compared to a net loss of US$3,900,000 on financial assets at fair value through profit or loss for the year 2020. The net loss of US$2,570,000 on financial assets at fair value through profit or loss comprised of a realized gain of US$2,755,000 upon disposal of certain equity and debt securities during the year, and an unrealized fair value loss of US$5,325,000 on financial assets at fair value through profit or loss. In addition, the Group recognized a fair value loss on investment properties of US$1,334,000 for the year 2021 as compared to US$659,000 for the year 2020.

FINANCIAL REVIEW

During the year, capital expenditure on additions of property, plant and equipment was US$81,297,000 (2020: US$8,890,000).

On 20 April 2018, a wholly owned subsidiary of the Company (the "Co-Investor") entered into the co-investment documents to co-invest in a property project in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Tower A" or previously named as "T3 Property"), pursuant to which the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss Limited ("Dual Bliss") of US$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000 (2020: US$372,000).

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, 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, 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, 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, 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, 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, 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 and the total consideration of the two vessels is US$34,500,000. The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. The first vessel was delivered to the Group in February 2022 and the second vessel 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 (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 (2020: US$372,000). Save as disclosed above, there was no other significant capital expenditure commitments contracted by the Group but not provided for as at the reporting date.

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.

The Group’s total secured bank loans decreased from US$108,345,000 as of 31 December 2020 to US$92,578,000 as at 31 December 2021, of which 57%, 23% and 20% 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 US$12,556,000 (2020: US$19,113,000) and repaid US$28,323,000 (2020: US$44,683,000). The bank borrowings represented vessel mortgage loans that were denominated in United States Dollars, revolving loans, term loans and property mortgage loans that were denominated in Hong Kong Dollars and United States Dollars. All bank borrowings were committed on floating rate basis.

During the year, cash generated from operations before changes in working capital was US$76,136,000 (2020: cash used in operations before changes in working capital was US$3,223,000) and the net cash generated from operating activities after working capital changes was US$91,447,000 (2020: US$27,290,000). 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. During the year, the Group’s net loss on financial assets at fair value through profit or loss was US$2,570,000 (2020: US$3,900,000).

The net loss of US$2,570,000 on financial assets at fair value through profit or loss comprised of a realized gain of US$2,755,000 upon disposal of certain equity and debt securities during the year, and an unrealized fair value loss of US$5,325,000 on financial assets at fair value through profit or loss for the year. The aggregate interest income and dividend income from financial assets was US$4,521,000 (2020: US$6,206,000).

As at 31 December 2021, the Group maintained positive working capital position of US$37,887,000 (2020: US$28,503,000) and the total of the Group's equity and debt securities, bank balances and cash increased to US$76,407,000 (2020: US$73,220,000).

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, decreased to 4% (2020: 15%) 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.

FLEET

Owned Vessels

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**

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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

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.

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.

PUBLICATION OF FINANCIAL INFORMATION

This report is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

Ng Siu Fai
Chairman

28 February 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (PRELIMINARY)

	Note	**3 months ended 31/12/2021 (Unaudited)**	3 months ended 31/12/2020 (Unaudited)	**Year ended 31/12/2021 (Unaudited)**	Year ended 31/12/2020 (Audited)
		US$'000	*US$'000*	***US$'000***	*US$'000*
Revenue	*2*	**42,581**	15,137	**131,069**	47,118
Other operating income	*3*	**4,497**	8,933	**12,616**	6,753
Interest income	*4*	**256**	1,073	**2,980**	4,957
Reversal of impairment loss on owned vessels	*5*	**68,085**	-	**133,606**	-
Shipping related expenses		**(15,248)**	(7,796)	**(43,524)**	(34,493)
Staff costs		**(4,518)**	(3,230)	**(13,397)**	(12,032)
Other operating expenses		**(5,054)**	(1,943)	**(8,366)**	(9,037)
Operating profit before depreciation and amortization		**90,599**	12,174	**214,984**	3,266
Depreciation and amortization		**(6,192)**	(3,850)	**(18,848)**	(15,168)
Operating profit (loss)		**84,407**	8,324	**196,136**	(11,902)
Finance costs		**(386)**	(541)	**(1,749)**	(3,117)
Profit (Loss) before taxation		**84,021**	7,783	**194,387**	(15,019)
Taxation	*8*	**37**	(233)	**(190)**	(233)
Net profit (loss) for the period / year		**84,058**	7,550	**194,197**	(15,252)
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)		**1,118**	2,086	**1,884**	1,705
Items that may be reclassified subsequently to profit or loss:					
Change in fair value of financial assets at fair value through OCI (recycling)		**74**	5	**112**	5
Total comprehensive income (loss) for the period / year attributable to shareholders of the Company		**85,250**	9,641	**196,193**	(13,542)
Earnings (Loss) per share	*9*				
- Basic and diluted		**US$0.769**	US$0.069	**US$1.777**	US$(0.140)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)

	Note	31/12/2021 (Unaudited) US$'000	31/12/2020 (Audited) US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**389,549**	194,093
Investment properties	*11*	**28,145**	29,479
Financial assets at fair value through OCI	*12*	**12,739**	10,743
Loan receivables	*13*	**3,698**	28,131
		434,131	262,446
Current assets			
Inventories		**3,413**	780
Loan receivables	*13*	**5,538**	5,227
Trade and other receivables		**19,621**	12,919
Financial assets at fair value through profit or loss	*14*	**43,387**	40,033
Pledged deposits		**8,307**	5,941
Bank balances and cash		**33,328**	33,438
Assets held for sale		**-**	5,380
		113,594	103,718
Total assets		**547,725**	366,164
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		**5,463**	5,463
Reserves		**426,612**	233,697
Total equity		**432,075**	239,160
Non-current liabilities			
Secured bank loans	*15*	**39,943**	51,789
Current liabilities			
Trade and other payables		**22,923**	18,510
Amount due to holding company		**149**	149
Secured bank loans	*15*	**52,635**	56,556
		75,707	75,215
Total equity and liabilities		**547,725**	366,164

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRELIMINARY)

	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Revaluation reserve	Reserve for financial assets at fair value through OCI	Retained profits	Total equity
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2020	5,463	95,585	719	16,297	476	(952)	135,114	252,702
Comprehensive loss								
Net loss for the year	-	-	-	-	-	-	(15,252)	(15,252)
Other comprehensive income								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	1,710	-	1,710
Total comprehensive loss for the year	-	-	-	-	-	1,710	(15,252)	(13,542)
At 31 December 2020	5,463	95,585	719	16,297	476	758	119,862	239,160

	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Revaluation reserve	Reserve for financial assets at fair value through OCI	Retained profits	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2021	5,463	95,585	719	16,297	476	758	119,862	239,160
Comprehensive income								
Net profit for the year	-	-	-	-	-	-	194,197	194,197
Other comprehensive income								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	1,996	-	1,996
Total comprehensive income for the year	-	-	-	-	-	1,996	194,197	196,193
2021 interim dividend paid	-	-	-	-	-	-	(3,278)	(3,278)
At 31 December 2021	**5,463**	**95,585**	**719**	**16,297**	**476**	**2,754**	**310,781**	**432,075**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (PRELIMINARY)

	Year ended 31/12/2021 (Unaudited)	Year ended 31/12/2020 (Audited)
	US$'000	*US$'000*
OPERATING ACTIVITIES		
Cash generated from (used in) operations before changes in working capital	**76,136**	(3,223)
Decrease in working capital	**17,489**	33,812
Cash generated from operations	**93,625**	30,589
Interest paid	**(1,785)**	(3,299)
Hong Kong Profits Tax paid	**(393)**	-
Net cash from operating activities	**91,447**	27,290
INVESTING ACTIVITIES		
Interest received	**3,382**	5,466
Dividend income received	**1,514**	1,178
Purchase of property, plant and equipment	**(81,297)**	(8,890)
Proceeds from disposal of property, plant and equipment, net	**875**	-
Payment of unlisted equity investments	**-**	(2,123)
Proceeds from disposal of assets held for sale, net	**5,380**	-
Net cash used in investing activities	**(70,146)**	(4,369)
FINANCING ACTIVITIES		
New secured bank loans	**12,556**	19,113
Repayment of secured bank loans	**(28,323)**	(44,683)
(Increase) Decrease in pledged deposits	**(2,366)**	2,496
Interim dividend paid to shareholders of the Company	**(3,278)**	-
Net cash used in financing activities	**(21,411)**	(23,074)
Net decrease in cash and cash equivalents	**(110)**	(153)
Cash and cash equivalents at 1 January	**33,438**	33,591
Cash and cash equivalents at 31 December	**33,328**	33,438

NOTES (PRELIMINARY):

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and have not been reviewed by our auditor, Grant Thornton Hong Kong Limited. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2020, except for the Group has adopted the amended International Financial Reporting Standards ("IFRS") and Hong Kong Financial Reporting Standards ("HKFRS"), which are effective for the annual period beginning on 1 January 2021. The adoption of the amended IFRSs and HKFRSs does not have material impact on the Group's financial performance and financial position for the current and prior periods have been prepared and presented.

2. Revenue

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

	3 months ended 31/12/2021	3 months ended 31/12/2020	**Year ended 31/12/2021**	Year ended 31/12/2020
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Chartering freight and hire income:				
Hire income under time charters[1]	**42,581**	15,137	**131,069**	45,030
Freight income under voyage charters[2]	**-**	-	**-**	2,088
	42,581	15,137	**131,069**	47,118

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

	3 months ended 31/12/2021 (Unaudited) US$'000	3 months ended 31/12/2020 (Unaudited) US$'000	Year ended 31/12/2021 (Unaudited) US$'000	Year ended 31/12/2020 (Audited) US$'000
Net gain on financial assets at fair value through profit or loss	**-**	5,264	**-**	-
Net gain on bunker arising from shipping operations	**1,470**	881	**4,294**	-
Other shipping operating income	**828**	437	**3,547**	2,663
Gross rental income from operating leases on investment properties	**133**	136	**473**	556
Dividend income	**222**	349	**1,541**	1,249
Net gain on disposal of property, plant and equipment	**-**	-	**278**	-
Reversal of impairment loss on trade and other receivables, net	**1,672**	1,351	**1,786**	1,351
Settlement income in relation to repudiation claims	**-**	205	**-**	205
COVID-19 related government subsidies	**-**	152	**-**	454
Sundry income	**172**	158	**697**	275
	4,497	8,933	**12,616**	6,753

4. Interest income

	3 months ended 31/12/2021 (Unaudited) US$'000	3 months ended 31/12/2020 (Unaudited) US$'000	Year ended 31/12/2021 (Unaudited) US$'000	Year ended 31/12/2020 (Audited) US$'000
Interest income in respect of:				
Financial assets at fair value through profit or loss	**41**	310	**1,089**	1,287
Deposits with banks and other financial institutions	**5**	14	**24**	173
Loan receivables	**210**	749	**1,867**	3,497
	256	1,073	**2,980**	4,957

5. Reversal of impairment loss on owned vessels

Dry bulk shipping market had strengthened remarkedly 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 US$65,521,000 on owned vessels classified in property, plant and equipment was recognized at 30 June 2021 and a further reversal of impairment loss of US$68,085,000 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 US$133,606,000. 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.

6. **Other operating expenses**

Other operating expenses for the year 2021 mainly included net loss of US$2,570,000 on financial assets at fair value through profit or loss, directors' fee of US$777,000, professional fee of US$590,000, change in fair value of investment properties of US$1,334,000, auditor's remuneration related to audit services of US$200,000, bad debts written off in respect of trade and other receivables of US$7,000 and remaining are various office administrative expenses.

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

7. **Operating profit before depreciation and amortization**

This is stated after charging / (crediting):

	3 months ended 31/12/2021	3 months ended 31/12/2020	**Year ended 31/12/2021**	Year ended 31/12/2020
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Realized gain on financial assets at fair value through profit or loss	**(195)**	(476)	**(2,755)**	(1,159)
Unrealized loss (gain) on financial assets at fair value through profit or loss	**1,662**	(4,788)	**5,325**	5,059
Net loss (gain) on financial assets at fair value through profit or loss	**1,467**	(5,264)	**2,570**	3,900
Change in fair value of investment properties	**2,176**	659	**1,334**	659
Reversal of impairment loss on owned vessels	**(68,085)**	-	**(133,606)**	-
Reversal of impairment loss on trade and other receivables, net	**(1,672)**	(1,351)	**(1,786)**	(1,351)
Net gain on disposal of property, plant and equipment	**-**	-	**(278)**	-
Impairment loss on assets held for sale	**-**	270	**-**	270

8. Taxation

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

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

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

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

	3 months ended 31/12/2021 (Unaudited) ***US$'000***	3 months ended 31/12/2020 (Unaudited) *US$'000*	**Year ended 31/12/2021 (Unaudited)** ***US$'000***	Year ended 31/12/2020 (Audited) *US$'000*
Hong Kong Profits Tax	**(37)**	233	**190**	233

9. Earnings (Loss) per share

	3 months ended 31/12/2021 (Unaudited)	3 months ended 31/12/2020 (Unaudited)	**Year ended 31/12/2021 (Unaudited)**	Year ended 31/12/2020 (Audited)
Weighted average number of ordinary shares in issue	**109,258,943**	109,258,943	**109,258,943**	109,258,943
Net profit (loss) attributable to shareholders of the Company (US$'000)	**84,058**	7,550	**194,197**	(15,252)
Basic and diluted earnings (loss) per share	**US$0.769**	US$0.069	**US$1.777**	US$(0.140)

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

10. Dividends

	3 months ended 31/12/2021 (Unaudited) *US$'000*	3 months ended 31/12/2020 (Unaudited) *US$'000*	Year ended 31/12/2021 (Unaudited) *US$'000*	Year ended 31/12/2020 (Audited) *US$'000*
2021 interim dividend, declared of US$0.03 per share	-	-	3,278	-
2021 final dividend, proposed of US$0.07 per share	7,648	-	7,648	-
	7,648	-	10,926	-

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting scheduled on 20 May 2022.

11. Investment properties

	31/12/2021 (Unaudited) *US$'000*	31/12/2020 (Audited) *US$'000*
At 1 January	29,479	30,138
Change in fair value	(1,334)	(659)
	28,145	29,479

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

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

12. Financial assets at fair value through OCI

	31/12/2021	31/12/2020
	(Unaudited)	(Audited)
	US$'000	*US$'000*
Unlisted equity investments		
Co-investment in a property project		
At 1 January	**10,373**	6,545
Additions	**-**	2,123
Addition of investment under Special Capital Call[3]	**-**	4,277
Disposal of investment under share repurchase scheme[4]	**-**	(4,277)
Change in fair value[1]	**1,884**	1,705
	12,257	10,373
Unlisted club membership		
At 1 January	**370**	365
Change in fair value[2]	**112**	5
	482	370
	12,739	10,743

Notes:

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

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

3. In early February 2020, a wholly owned subsidiary of the Company (the "Co-Investor") provided additional US$4,276,915 as co-investment supplemental capital call pursuant to a supplemental memorandum (the "Memorandum") signed on 31 January 2020 for acquiring 4,276,915 issued non-voting participating class A shares of Dual Bliss Limited (the "Co-Investment Supplemental Capital Call"). This Co-Investment Supplemental Capital Call was required for all shareholders of Dual Bliss Limited ("Dual Bliss") and all other investors of the co-investment in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Tower A" or previously named as "T3 Property") on a pro rata basis for the purpose of temporarily funding the unwinding of intercompany loan receivable/payable of the wholly-owned foreign-owned subsidiaries and onshore subsidiaries within the existing structure of the co-investment vehicle by the special funding (the "Special Fund") from this Co-Investment Supplemental Capital Call in order to obtain banking facilities under PRC regulations for the co-investment. The unwinding exercise was a condition precedent for the bank loan drawdown.

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

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

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss of US$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000 (2020: US$372,000).

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

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

13. Loan receivables

	31/12/2021	31/12/2020
	(Unaudited)	(Audited)
	US$'000	*US$'000*
At 1 January	**33,358**	44,935
Gross new loan originated	**568**	-
Repayment	**(24,690)**	(11,577)
Provision of individual impairment	**-**	-
Loan receivables, net of provision	**9,236**	33,358
Less: Amount receivable within one year	**(5,538)**	(5,227)
Amount receivable after one year	**3,698**	28,131

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

14. Financial assets at fair value through profit or loss

	31/12/2021 (Unaudited) US$'000	31/12/2020 (Audited) US$'000
Held for trading		
Listed equity securities	**40,193**	34,041
Listed debt securities	**2,886**	5,741
	43,079	39,782
Designated as such upon initial recognition		
Investment funds	**308**	251
	43,387	40,033

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

15. Secured bank loans

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

	31/12/2021 (Unaudited) US$'000	31/12/2020 (Audited) US$'000
Within one year	**52,635**	56,556
In the second year	**21,167**	14,320
In the third to fifth year	**18,776**	37,469
Wholly repayable within five years	**92,578**	108,345
After the fifth year	**-**	-
Total secured bank loans	**92,578**	108,345
Less: Amount repayable within one year	**(52,635)**	(56,556)
Amount repayable after one year	**39,943**	51,789

During the year, the Group had drawn new revolving loans and term loan of US$12,556,000 (2020: US$19,113,000) and repaid US$28,323,000 (2020: US$44,683,000).

16. Capital expenditures and commitments

During the year, capital expenditure on additions of property, plant and equipment was US$81,297,000 (2020: US$8,890,000).

Pursuant to the co-investment documents, the Co-investor committed to acquire non-voting participating class A shares of Dual Bliss of US$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000 (2020: US$372,000).

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 and the total consideration of the two vessels is US$34,500,000. The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. The first vessel was delivered to the Group in February 2022 and the second vessel 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 (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 (2020: US$372,000). Save as disclosed above, there was no other significant capital expenditure commitments contracted by the Group but not provided for as at the reporting date.

17. Related party transactions

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

	3 months ended 31/12/2021	3 months ended 31/12/2020	**Year ended 31/12/2021**	Year ended 31/12/2020
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Salaries and other benefits	**3,133**	1,956	**8,968**	7,781
Contributions to retirement benefits schemes	**111**	111	**443**	443
	3,244	2,067	**9,411**	8,224

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