



## JINHUI HOLDINGS COMPANY LIMITED

*Stock Code: 137*



# 2022

## INTERIM REPORT



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Ng Siu Fai, *Chairman*  
Ng Kam Wah Thomas, *Managing Director*  
Ng Ki Hung Frankie  
Ho Suk Lin

### Independent Non-executive Directors

Cui Jianhua  
Tsui Che Yin Frank  
William Yau

## AUDIT COMMITTEE

Tsui Che Yin Frank, *Chairman*  
Cui Jianhua  
William Yau

## REMUNERATION COMMITTEE

Cui Jianhua, *Chairman*  
Tsui Che Yin Frank  
William Yau

## NOMINATION COMMITTEE

Cui Jianhua, *Chairman*  
Tsui Che Yin Frank  
William Yau

## COMPANY SECRETARY

Ho Suk Lin

## SHARE REGISTRAR

Tricor Standard Limited  
17/F  
Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## REGISTERED OFFICE

26th Floor  
Yardley Commercial Building  
1-6 Connaught Road West  
Hong Kong

## AUDITOR

Grant Thornton Hong Kong Limited  
*Certified Public Accountants*

## CONTACTS

Tel: (852) 2545 0951  
Fax: (852) 2541 9794  
E-mail: [info@jinhuiship.com](mailto:info@jinhuiship.com)

## WEBSITE

[www.jinhuiship.com](http://www.jinhuiship.com)

## SHARE LISTING

The Company's shares are listed on the Hong Kong Stock Exchange (stock code: 137)

## HIGHLIGHTS FOR THE FIRST HALF OF 2022

- Revenue for the period: HK\$649 million
- Net profit for the period: HK\$298 million included net gain on disposal of owned vessels of HK\$48 million
- Net profit attributable to shareholders of the Company: HK\$162 million
- Basic earnings per share: HK\$0.305
- Gearing ratio as at 30 June 2022: 4%



## Management Discussion and Analysis

The Board is pleased to present the interim report of **Jinhui Holdings Company Limited** (the “Company”) and its subsidiaries (the “Group”) for the six months ended 30 June 2022.

### INTERIM RESULTS

The Group’s revenue for the first half of 2022 increased 73% to HK\$649,465,000, comparing to HK\$375,050,000 for the same period in 2021. The consolidated net profit for the first half of 2022 was HK\$297,978,000 as compared to a net profit of HK\$715,806,000 which included a reversal of impairment loss of HK\$511,068,000 on owned vessels, reported in the first half of 2021. Basic earnings per share for the six months ended 30 June 2022 was HK\$0.305 as compared to basic earnings per share of HK\$0.758 for the corresponding period in 2021.

Our results benefitted from the strong increase in average daily time charter equivalent rates during the period as compared to the corresponding period in 2021. The Group achieved an average daily time charter equivalent rate for the fleet of US\$22,029 (approximately HK\$172,000) during the first half of 2022 as compared to US\$14,852 (approximately HK\$116,000) for the same period in 2021. The consolidated net profit for the period is mainly attributable to the strong rebound of market freight rates driven by robust demand for dry bulk commodities since 2021 and the increase in number of owned vessels that leads to a significant increase in the chartering freight and hire revenue, however, it was partially affected by the increment in vessel operating expenses such as crew costs and other pandemic related manning expenses. Covid-19 continues to impact the running cost of the vessels, in particular with respect to crewing, which was reflected in the rise in vessel running cost for the current period as compared to the same period in 2021. During the current period, we have completed the disposal of two Supramaxes and a total net gain of HK\$47,935,000 was recognized. The net profit attributable to shareholders of the Company for the six months ended 30 June 2022 was HK\$161,979,000 as compared to a net profit of HK\$402,140,000 was reported in the first half of 2021.

### INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2022 (30/6/2021: nil).

# Management Discussion and Analysis

## BUSINESS REVIEW

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

Dry bulk shipping market showed strong sign of rebound amid global economic recovery since mid-2021. The market is characterized by upsurge freight rates driven by robust demand for commodities worldwide. Although, there had been some corrections in the freight market at the start of the year 2022, affected by multiples issues from seasonal trading patterns such as Chinese New Year holidays, decrease in industrial activity during Beijing Olympics, volatility in commodity prices, to continued disruptions in global supply chain which in turn affected industries from commodities all the way through to the export of manufactured goods. The market freight rates then regained strength and rebound remarkably backed by the robust demand for dry bulk commodities and limited supply of vessel, despite the simultaneous occurrence of multiple geo-political issues that affected the business sentiment. Baltic Dry Index (“BDI”) opened at 2,217 points at the beginning of January and hit the low at 1,296 points at end of January, then rose gradually to the peak of the period at 3,369 points in May and closed at 2,240 points by the end of June 2022. The average of BDI for the first half of 2022 was 2,280 points, which compares to 2,257 points in the same period in 2021.

Average daily time charter equivalent rates (“TCE”)	2022	2021	
	1st half US\$	1st half US\$	2021 US\$
Post-Panamax / Panamax fleet	22,569	12,250	19,116
Supramax fleet	21,988	15,182	19,247
In average	22,029	14,852	19,233

## Management Discussion and Analysis

Revenue from chartering freight and hire for the first half of 2022 increased 73% to HK\$649,465,000, comparing to HK\$375,050,000 for the first half of 2021 due to the upsurge of market freight rates and the increase in number of owned vessels. The Group benefitted from the remarkable rebound of market freight rates and the average daily TCE earned by the Group's fleet increased 48% to US\$22,029 (approximately HK\$172,000) for the first half of 2022 as compared to US\$14,852 (approximately HK\$116,000) for the corresponding period in 2021. The Company recorded a consolidated net profit of HK\$297,978,000 for the first half of 2022 as compared to a net profit of HK\$715,806,000 which included a reversal of impairment loss of HK\$511,068,000 on owned vessels, reported in the first half of 2021. Basic earnings per share for the six months ended 30 June 2022 was HK\$0.305 as compared to basic earnings per share of HK\$0.758 for the corresponding period in 2021.

<b>Key Performance Indicators for Shipping Business</b>	<b>2022</b>	<b>2021</b>	
	<b>1st half</b>	1st half	2021
	<b>HK\$'000</b>	HK\$'000	HK\$'000
Average daily TCE	<b>172</b>	116	150
Daily vessel running cost	<b>45</b>	32	36
Daily vessel depreciation	<b>30</b>	17	20
Daily vessel finance cost	<b>1</b>	1	1
	<b>76</b>	50	57
Average utilization rate	<b>95%</b>	96%	96%

Daily vessel running cost increased from US\$4,152 (approximately HK\$32,000) for the first half of 2021 to US\$5,825 (approximately HK\$45,000) for the first half of 2022 mainly due to the increased crew costs and other pandemic related manning expenses. Daily vessel depreciation increased from US\$2,116 (approximately HK\$17,000) for the first half of 2021 to US\$3,878 (approximately HK\$30,000) for the first half of 2022 due to the increase in carrying amounts of the owned vessels after the recognition of the reversal of impairment loss on owned vessels in 2021 and the delivery of acquired owned vessels during the period. Daily vessel finance cost decreased 25% from US\$163 (approximately HK\$1,000) for the first half of 2021 to US\$123 (approximately HK\$1,000) for the first half of 2022 due to the reduction in secured bank loans as compared with that of the first half of 2021. Fleet utilization rate decreased from 96% for the first half of 2021 to 95% for the first half of 2022. 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 30 June 2022, the Group had twenty four owned vessels and one chartered-in vessel as follows:

	Number of vessels		
	Owned	Chartered-in	Total
Post-Panamax / Panamax fleet	2	1	3
Supramax fleet	22	–	22
<b>Total fleet</b>	<b>24</b>	<b>1</b>	<b>25</b>

In December 2021, the Group entered into two agreements in respect of the acquisition of two Supramaxes each at a consideration of US\$17,250,000 (approximately HK\$134,550,000) and the total consideration of the two vessels is US\$34,500,000 (approximately HK\$269,100,000). The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. The first vessel was delivered to the Group in February 2022 and the second vessel was delivered to the Group in March 2022.

During the first half of 2022, the Group entered into two agreements to dispose of two Supramaxes of deadweight 53,806 and 50,259 metric tons respectively at total consideration of US\$17,750,000 (approximately HK\$138,450,000). Both vessels were delivered to the purchasers at end of March 2022.

On 28 March 2022, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,485 metric tons at a purchase price of US\$25,500,000 (approximately HK\$198,900,000), which was delivered to the Group at end of July 2022.

On 20 May 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group on 21 June 2022.

We will continuously monitor the market as well as our operations going forward and look out for opportunities to maintain a reasonably modern and competitive fleet, not ruling out any future disposal, acquisition or charter-in of vessels and will make such decisions on an ad hoc basis to maintain a high financial flexibility and operational competitiveness.

# Management Discussion and Analysis

## FINANCIAL REVIEW

**Revenue and operating profit.** Revenue from chartering freight and hire for the first half of 2022 increased 73% to HK\$649,465,000, comparing to HK\$375,050,000 for the first half of 2021 due to the upsurge of market freight rates and increase in number of owned vessels. The average daily TCE earned by the Group's fleet increased 48% to US\$22,029 (approximately HK\$172,000) for the first half of 2022 as compared to US\$14,852 (approximately HK\$116,000) for the corresponding period in 2021.

The net profit attributable to shareholders of the Company for the first half of 2022 was HK\$161,979,000, whereas net profit of HK\$402,140,000 was reported for the corresponding period in 2021. Basic earnings per share for the period was HK\$0.305 as compared to basic earnings per share of HK\$0.758 for the first half of 2021.

**Net gain on disposal of owned vessels.** During the first half of 2022, the Group entered into two agreements to dispose of two Supramaxes of deadweight 53,806 and 50,259 metric tons respectively at total consideration of US\$17,750,000 (approximately HK\$138,450,000) with a net gain of HK\$47,935,000 which was recognized on completion of the disposal of these two vessels in the period.

**Other operating income.** Other operating income increased from HK\$75,128,000 for the first half of 2021 to HK\$95,096,000 for the first half of 2022 mainly due to a net gain of HK\$67,451,000 on bunker arising from shipping operations was recognized in current period as compared to a net gain of HK\$14,764,000 on bunker for the corresponding period in 2021. Other operating income for the first half of 2022 also included dividend income of HK\$12,572,000. Whereas, other operating income for the first half of 2021 included a fair value gain on investment properties of HK\$13,260,000 and net gain of HK\$20,747,000 on financial assets at fair value through profit or loss which comprised of a realized gain of HK\$15,170,000 upon disposal of certain equity and debt securities, and an unrealized fair value gain of HK\$5,577,000 on financial assets at fair value through profit or loss during the first half of 2021.

**Interest income.** Interest income decreased from HK\$18,580,000 for the first half of 2021 to HK\$3,902,000 for the first half of 2022 mainly due to a drop in interest income from loan receivables in current period as certain borrowers chose to early repay respective loans in 2021.

**Reversal of impairment loss on owned vessels.** For the first half of 2021, the Group recognized a reversal of impairment loss of HK\$511,068,000 on owned vessels classified in property, plant and equipment 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 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.

## Management Discussion and Analysis

**Shipping related expenses.** Shipping related expenses mainly comprised of crew expenses, insurance, consumable stores, spare parts, repairs and maintenance and other vessels' expenses. Shipping related expenses increased from HK\$129,044,000 for the first half of 2021 to HK\$252,265,000 for the first half of 2022 mainly due to the inflation and the increase in number of owned vessels that led to an increase in shipping related expenses for the period. The Group's daily vessel running cost increased to US\$5,825 (approximately HK\$45,000) for the first half of 2022 as compared to US\$4,152 (approximately HK\$32,000) for the first half of 2021 mainly due to the increased crew costs and other pandemic related manning expenses. 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 for the first half of 2022 increased to HK\$50,799,000, comparing to HK\$18,084,000 for the first half of 2021 due to the Group recorded a net loss of HK\$16,111,000 on financial assets at fair value through profit or loss and a fair value loss on investment properties of HK\$12,090,000 for the current period. The net loss of HK\$16,111,000 on financial assets at fair value through profit or loss comprised of a realized gain of HK\$18,455,000 upon disposal of certain equity and debt securities during the period, and an unrealized fair value loss of HK\$34,566,000 on financial assets at fair value through profit or loss for the first half of 2022. On the contrary, there were a net gain of HK\$20,747,000 on financial assets at fair value through profit or loss and a fair value gain on investment properties of HK\$13,260,000 for the corresponding period in 2021, which both were included in other operating income. Other operating expenses for the first half of 2022 also included professional fee of approximately HK\$4.3 million, directors' fee of approximately HK\$3.3 million, auditor's remuneration related to audit services of approximately HK\$1 million and remaining are various office administrative expenses.

**Depreciation and amortization.** Depreciation and amortization increased from HK\$58,776,000 for the first half of 2021 to HK\$139,347,000 for the first half of 2022. The Group's daily vessel depreciation increased to US\$3,878 (approximately HK\$30,000) for the first half of 2022 as compared to US\$2,116 (approximately HK\$17,000) for the corresponding period in 2021 mainly due to the increase in carrying amounts of the owned vessels after the recognition of the reversal of impairment loss on owned vessels in 2021 and the delivery of acquired owned vessels during the period. Depreciation and amortization for the current period also included the recognition of depreciation on right-of-use assets of HK\$4,198,000.

**Financial assets at fair value through profit or loss.** As at 30 June 2022, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK\$334,934,000 (31/12/2021: HK\$368,898,000), in which HK\$307,264,000 (31/12/2021: HK\$343,981,000) was investment in listed equity securities, HK\$21,220,000 (31/12/2021: HK\$22,516,000) was investment in listed and unlisted debt securities and HK\$6,450,000 (31/12/2021: HK\$2,401,000) was investment in investment funds.

## Management Discussion and Analysis

During the first half of 2022, the Group's net loss on financial assets at fair value through profit or loss was HK\$16,111,000 (30/6/2021: net gain of HK\$20,747,000 on financial assets at fair value through profit or loss) and the aggregate interest income and dividend income from financial assets was HK\$16,474,000 (30/6/2021: HK\$22,451,000). The net loss of HK\$16,111,000 on financial assets at fair value through profit or loss comprised of a realized gain of HK\$18,455,000 upon disposal of certain equity and debt securities during the period, and an unrealized fair value loss of HK\$34,566,000 on financial assets at fair value through profit or loss for the first half of 2022.

**Investment properties.** As at 30 June 2022, the Group's investment properties were stated at fair value of HK\$373 million (31/12/2021: HK\$385 million) and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases and located in Hong Kong.

**Right-of-use assets and lease liabilities.** During the first half of 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group on 21 June 2022. In accordance with HKFRS 16 Leases, the Group recognized the unaudited value of the right-of-use asset which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities was also recognized in the consolidated statement of financial position. The Directors consider that the lease of a Panamax newbuilding represents an opportunity for the Group to increase the carrying capacity with a modern ship at a reasonable price via means other than outright acquisition of vessels, improving the fleet profile of the Group with minimal immediate capital expenditure, bring chartering freight and hire income to the Group and enhance the Group's income and cashflow from core shipping business.

As at 30 June 2022, the carrying amounts of the right-of-use assets and the lease liabilities were HK\$335,866,000 (31/12/2021: nil) and HK\$338,897,000 (31/12/2021: nil) respectively. During the first half of 2022, the total cash outflow for the lease was HK\$1,567,000 (30/6/2021: nil).

**Loan receivables.** As at 30 June 2022, the Group's loan receivables was HK\$72,931,000 (31/12/2021: HK\$72,041,000) in which HK\$62,456,000 (31/12/2021: HK\$67,607,000) arise from asset-based financing, are denominated in United States Dollars and are secured by collaterals provided by the borrowers, bear interest and are repayable with fixed terms agreed with the borrowers. At the reporting date, these receivables have been reviewed by management to assess impairment allowances which are based on the evaluation of current creditworthiness and the collection statistics, and are not considered as impaired. The carrying amount of these loan receivables are considered to be a reasonable approximation of their fair values.

## Management Discussion and Analysis

**Trade and other payables.** As at 30 June 2022, the Group's trade and other payables was HK\$205,519,000 (31/12/2021: HK\$180,048,000), including trade payables of HK\$1,268,000 (31/12/2021: HK\$1,212,000), accrued charges of HK\$12,580,000 (31/12/2021: HK\$9,408,000) and other payables of HK\$191,671,000 (31/12/2021: HK\$169,428,000). Other payables mainly included payables related to vessel running cost and ship operating expenses of HK\$160,836,000 (31/12/2021: HK\$143,761,000) for owned vessels, hire receipt in advance of HK\$25,507,000 (31/12/2021: HK\$10,561,000) from charterers, loan interest payables of HK\$1,263,000 (31/12/2021: HK\$1,034,000) and accrued employee benefits payables of HK\$1,644,000 (31/12/2021: HK\$12,092,000). The increase in payables related to vessel running cost and ship operating expenses was mainly due to the increase in number of owned vessels, and the increase in hire receipt in advance was mainly attributable to the increase in amount of prepaid hire from charterers resulting from the upsurge of market hire rates.

**Liquidity, financial resources and capital structure.** As at 30 June 2022, the Group maintained positive working capital position of HK\$283,897,000 (31/12/2021: HK\$233,954,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to HK\$588,404,000 (31/12/2021: HK\$635,672,000). During the first half of 2022, cash generated from operations before changes in working capital was HK\$393,612,000 (30/6/2021: HK\$235,278,000) and the net cash generated from operating activities after working capital changes was HK\$392,601,000 (30/6/2021: HK\$261,446,000). The changes in working capital are mainly attributable to the decrease in equity and debt securities.

The Group's total secured bank loans decreased from HK\$860,436,000 as at 31 December 2021 to HK\$734,990,000 as at 30 June 2022, of which 58%, 29% and 13% are repayable respectively within one year, one to two years and two to five years. During the period, the Group had drawn new revolving loan and term loan of HK\$120,000,000 (30/6/2021: HK\$97,939,000) and repaid HK\$245,446,000 (30/6/2021: HK\$164,299,000). The bank borrowings represented vessel mortgage loans that were denominated in United States Dollars, revolving loans, term loans and property mortgage loans that were denominated in Hong Kong Dollars and United States Dollars. All bank borrowings were committed on floating rate basis.

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, dropped to 4% (31/12/2021: 6%) as at 30 June 2022. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements. As at 30 June 2022, the Group is able to service its debt obligations, including principal and interest payments.

## Management Discussion and Analysis

**Pledge of assets.** As at 30 June 2022, the Group's property, plant and equipment with an aggregate net book value of HK\$2,394,838,000 (31/12/2021: HK\$2,424,220,000), investment properties with an aggregate carrying amount of HK\$333,410,000 (31/12/2021: HK\$344,100,000), financial assets at fair value through profit or loss of HK\$167,277,000 (31/12/2021: HK\$172,929,000) and deposits of HK\$56,086,000 (31/12/2021: HK\$64,792,000) placed with banks were pledged together with the assignment of nineteen (31/12/2021: nineteen) subsidiaries' income and assignment of two (31/12/2021: two) subsidiaries' loan receivables of HK\$31,256,000 (31/12/2021: HK\$36,407,000) to secure credit facilities utilized by the Group. In addition, shares of ten (31/12/2021: ten) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

**Capital expenditures and commitments.** During the six months ended 30 June 2022, capital expenditure on additions of motor vessels and capitalized drydocking costs was HK\$358,263,000 (30/6/2021: HK\$129,337,000) and on other property, plant and equipment was HK\$212,000 (30/6/2021: HK\$308,000).

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. 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 (31/12/2021: US\$372,000, approximately HK\$2,905,000).

On 28 March 2022, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,485 metric tons at a purchase price of US\$25,500,000, approximately HK\$198,900,000, which was delivered to the Group at end of July 2022. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$22,950,000, approximately HK\$179,010,000 (31/12/2021: nil).

In December 2021, the Group entered into two agreements in respect of the acquisition of two Supramaxes each at a consideration of US\$17,250,000, approximately HK\$134,550,000 and the total consideration of the two vessels is US\$34,500,000, approximately HK\$269,100,000. The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. The first vessel was delivered to the Group in February 2022 and the second vessel was delivered to the Group in March 2022. As at 31 December 2021, the capital expenditure commitments contracted by the Group but not provided for was US\$34,500,000, approximately HK\$269,100,000.

## Management Discussion and Analysis

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US\$23,322,000, approximately HK\$181,915,000 (31/12/2021: US\$34,872,000, approximately HK\$272,005,000).

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.

### MATERIAL TRANSACTIONS AND SIGNIFICANT INVESTMENTS

Given the freight environment has been steady driven by a general robust demand for commodities worldwide, the management has constantly reviewed the Group's fleet and considered acquiring additional vessels and lease a vessel under a charterparty can increase the carrying capacity of our fleet profile and could bring the additional stable and recurring chartering freight and hire income to the Group and enhance the Group's income and cashflow from core shipping business.

#### Acquisition and disposal of vessels

On 8 March 2022, the Group entered into an agreement in respect of the disposal of a Supramax of deadweight 53,806 metric tons, built in year 2004, at a consideration of US\$13,900,000 (approximately HK\$108,420,000), which was delivered to the purchaser at end of March 2022.

On 28 March 2022, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,485 metric tons at a purchase price of US\$25,500,000 (approximately HK\$198,900,000), which was delivered to the Group at end of July 2022.

As at 30 June 2022, the Group owns twenty-four dry bulk vessels which include two Post-Panamaxes and twenty-two grabs fitted Supramaxes, and has one chartered-in Panamax. The total carrying capacity of the Group's owned vessels will be increased to 1,484,768 metric tons after the completion of the acquisition and disposal of the above vessels.



## Management Discussion and Analysis

### Lease of vessel

On 20 May 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group on 21 June 2022. In accordance with HKFRS 16 Leases, the Group recognized the unaudited value of the right-of-use asset which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities was also recognized in the consolidated statement of financial position. The Directors consider that the lease of a Panamax newbuilding represents an opportunity for the Group to increase the carrying capacity with a modern ship at a reasonable price via means other than outright acquisition of vessels, improving the fleet profile of the Group with minimal immediate capital expenditure, bring chartering freight and hire income to the Group and enhance the Group's income and cashflow from core shipping business.

### Significant investments held

As at 30 June 2022, the Group had investments in equity and debt securities with fair value of HK\$307,264,000 and HK\$21,220,000 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 30 June 2022, the fair value of each of these equity securities and debt securities represented less than 5% of the total assets of the Group.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 65 (31/12/2021: 64) full-time employees. The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. Bonuses are also offered to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

## RISK FACTORS

This 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.

# Management Discussion and Analysis

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 dry bulk market has enjoyed a strong first half, driven by strong demand, limited new supply of vessels, and covid related congestion.

Going forward however, a number of indicators serving as bellwether for international economy as well as extraordinary events are suggesting a softening global economy going forward, such as IMF lowered global GDP growth forecast, the largest chipmakers as shown by their dial back of investments or weakening export orders, the on-going conflict in Ukraine and the business and industrial disruptions in China due to COVID.

Anticipating a softening global economy, we expect dry bulk demand in the second half of 2022 to retreat from the earlier buoyant market. We do see freight environment to remain healthy, due to robust coal demand for electricity production and minor bulk demand for specialized industrial productions. Additional investment in infrastructure and revival of any real estate construction in China may lead to further upside. The overall picture will be balanced by the mechanics in the supply side, where global capacity has been tied up due to congestion, with capacity increase from raising sailing speed expected to be limited though this could change with short notice should there be any wild swings in bunker prices going forward. Downward pressure on supply may increase, should recent increase in scrapping activity of large vessels continue, where their demand has weakened significantly within a short time.

We continue to expect the uncertainty over new environmental regulations and the high newbuilding prices will translate to limited ordering of newbuildings. A low orderbook, new IMO regulations to reduce carbon intensity that will likely lead to slow steaming of dry bulk vessels, and possible increase in scrapping of non-competitive older ships, will provide long term support to the dry bulk market.



## Management Discussion and Analysis

We remain highly alert to the increasingly frequent economic, geo-political, or other unforeseen surprises that can trigger volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We currently have no capital expenditure commitment in relation to newbuilding contracts, and will continue to focus on taking sensible and decisive actions to maintain a strong financial position.

On behalf of the Board of Directors of the Company, I would like to first express our heartfelt appreciation to our seafarers who have continued to remain professional under an extremely challenging environment, as well as all customers and stakeholders for their ongoing support.

By Order of the Board

**Ng Siu Fai**  
*Chairman*

Hong Kong, 25 August 2022

## Disclosure of Interests

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2022, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

#### Long positions

##### (i) Directors' interests in shares of the Company

Name	Number of shares in the Company held and capacity			Total	Percentage of total issued shares of the Company
	Beneficial owner	Interest of spouse	Interest of controlled corporation		
Ng Siu Fai	24,725,000	15,140,000	205,325,568 <i>Note 1</i>	245,190,568	46.24%
Ng Kam Wah Thomas	5,909,000	-	136,883,712 <i>Note 2</i>	142,792,712	26.93%
Ng Ki Hung Frankie	3,000,000	-	-	3,000,000	0.57%
Ho Suk Lin	3,850,000	-	-	3,850,000	0.73%
Cui Jianhua	960,000	-	-	960,000	0.18%
Tsui Che Yin Frank	1,000,000	-	-	1,000,000	0.19%
William Yau	441,000	-	-	441,000	0.08%

## Disclosure of Interests

*Note 1:* Mr. Ng Siu Fai is deemed to be interested in 205,325,568 shares of the Company through his interests in 51% of the issued capital of Fairline Consultants Limited (as disclosed hereinafter).

*Note 2:* Mr. Ng Kam Wah Thomas is deemed to be interested in 136,883,712 shares of the Company through his wholly owned company, Timberfield Limited (as disclosed hereinafter).

### (ii) Directors' interests in associated corporation

Name	Number of shares in Jinhui Shipping held and capacity			Total	Percentage of total issued shares of Jinhui Shipping
	Beneficial owner	Interest of spouse	Interest of controlled corporation		
Ng Siu Fai	4,141,830	1,079,196	61,249,098 <i>Note 1</i>	66,470,124	60.84%
Ng Kam Wah Thomas	864,900	–	260,000 <i>Note 2</i>	1,124,900	1.03%

#### Notes:

1. Mr. Ng Siu Fai is deemed to be interested in 61,249,098 shares of Jinhui Shipping through his interests in 51% of the issued capital of Fairline Consultants Limited as Fairline Consultants Limited was the beneficial owner of 407,858 shares of Jinhui Shipping and, through Fairline Consultants Limited's controlling interests in the Company, is also deemed to be interested in 60,841,240 shares of Jinhui Shipping held by the Company.
2. Mr. Ng Kam Wah Thomas is deemed to be interested in 260,000 shares of Jinhui Shipping through his wholly owned company, Timberfield Limited.

All the interests stated above represent long positions. No short positions were recorded in the register maintained by the Company under Section 352 of the SFO as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

## Disclosure of Interests

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, in accordance with the register kept under Section 336 of the SFO, the following persons (other than Directors or chief executives of the Company) had interests representing 5% or more of the issued share capital of the Company:

#### Long positions

Name of shareholders	Number of shares in the Company held and capacity			Total	Percentage of total issued shares of the Company
	Beneficial owner	Interest of spouse	Interest of controlled corporation		
Wong Yee Man Gloria	15,140,000	230,050,568 <i>Note 1</i>	–	245,190,568	46.24%
Ng Chi Lam Michael	–	–	205,325,568 <i>Note 2</i>	205,325,568	38.72%
Fairline Consultants Limited	205,325,568	–	–	205,325,568	38.72%
Timberfield Limited	136,883,712	–	–	136,883,712	25.81%
Bian Ximing	–	–	29,378,000 <i>Note 3</i>	29,378,000	5.54%
Zhongcai Merchants Investment Group Co., Ltd.	–	–	29,378,000 <i>Note 4</i>	29,378,000	5.54%
Zhongcai (Holdings) Limited	26,949,000	–	–	26,949,000	5.08%

## Disclosure of Interests

Notes:

1. Ms. Wong Yee Man Gloria is deemed to be interested in 230,050,568 shares of the Company through the interests of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).
2. Mr. Ng Chi Lam Michael is deemed to be interested in 205,325,568 shares of the Company through his interests in 49% of the issued capital of Fairline Consultants Limited (as disclosed hereinabove).
3. Mr. Bian Ximing is deemed to be interested in 29,378,000 shares of the Company through his interests in 65.32% of the issued capital of Zhongcai Merchants Investment Group Co., Ltd. (as disclosed in Note 4 below).
4. Zhongcai Merchants Investment Group Co., Ltd. is deemed to be interested in 29,378,000 shares of the Company through its subsidiaries, Zhongcai (Holdings) Limited and Hong Kong Zhongcai Finance Investment Limited, which are the beneficial owners of 26,949,000 shares and 2,429,000 shares of the Company respectively.

Save as disclosed herein, as at 30 June 2022, the Company has not been notified of any person (other than Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## 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 six months ended 30 June 2022, with deviations as explained in following sections.

### **CG Code provision B.2.2**

Under code provision B.2.2 of the CG Code, 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 of the Company (the “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 B.2.2 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.2.1**

Under code provision C.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 C.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.



## Corporate Governance

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 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.

### **CG Code provision D.2.5**

Under code provision D.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 six months ended 30 June 2022.

## **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 unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022.



## 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 six months ended 30 June 2022.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

		Six months ended 30 June 2022 (Unaudited) HK\$'000	Six months ended 30 June 2021 (Unaudited) HK\$'000
	Note		
<b>Revenue</b>	3	<b>649,465</b>	375,050
Net gain on disposal of owned vessels	4	<b>47,935</b>	–
Other operating income	5	<b>95,096</b>	75,128
Interest income	6	<b>3,902</b>	18,580
Reversal of impairment loss on owned vessels	7	–	511,068
Shipping related expenses		<b>(252,265)</b>	(129,044)
Staff costs		<b>(47,673)</b>	(47,603)
Other operating expenses	8	<b>(50,799)</b>	(18,084)
<hr/>			
<b>Operating profit before depreciation and amortization</b>	9	<b>445,661</b>	785,095
Depreciation and amortization		<b>(139,347)</b>	(58,776)
<hr/>			
<b>Operating profit</b>		<b>306,314</b>	726,319
Finance costs		<b>(8,213)</b>	(8,744)
<hr/>			
<b>Profit before taxation</b>		<b>298,101</b>	717,575
Taxation	10	<b>(123)</b>	(1,769)
<hr/>			
<b>Net profit for the period</b>		<b>297,978</b>	715,806
<hr/>			
<b>Other comprehensive income (loss)</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Change in fair value of financial assets at fair value through OCI (non-recycling)		<b>(32,756)</b>	5,973
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Change in fair value of financial assets at fair value through OCI (recycling)		–	300
<hr/>			
<b>Total comprehensive income for the period</b>		<b>265,222</b>	722,079

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	<b>Six months ended 30 June 2022 (Unaudited) HK\$'000</b>	Six months ended 30 June 2021 (Unaudited) HK\$'000
<b>Net profit for the period attributable to:</b>		
Shareholders of the Company	<b>161,979</b>	402,140
Non-controlling interests	<b>135,999</b>	313,666
	<b>297,978</b>	715,806
<b>Total comprehensive income for the period attributable to:</b>		
Shareholders of the Company	<b>143,738</b>	405,634
Non-controlling interests	<b>121,484</b>	316,445
	<b>265,222</b>	722,079
<b>Earnings per share</b>	<i>11</i>	
Basic and diluted	<b>HK\$0.305</b>	HK\$0.758

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

		<b>30 June 2022</b>	31 December 2021
		<b>(Unaudited)</b>	(Audited)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>3,191,041</b>	3,056,304
Right-of-use assets	13	<b>335,866</b>	–
Investment properties	14	<b>373,130</b>	385,220
Financial assets at fair value through OCI	15	<b>88,603</b>	121,359
Loan receivables	16	–	28,841
Deposit paid for the acquisition of owned vessel		<b>19,890</b>	–
Intangible assets		<b>866</b>	888
		<b>4,009,396</b>	3,592,612
<b>Current assets</b>			
Inventories		<b>37,766</b>	26,623
Loan receivables	16	<b>72,931</b>	43,200
Trade and other receivables	17	<b>196,771</b>	156,911
Financial assets at fair value through profit or loss	18	<b>334,934</b>	368,898
Tax Recoverable		<b>63</b>	–
Pledged deposits		<b>56,086</b>	64,792
Bank balances and cash		<b>259,920</b>	269,175
		<b>958,471</b>	929,599
<b>Current liabilities</b>			
Trade and other payables	19	<b>205,519</b>	180,048
Taxation payable		–	234
Secured bank loans	20	<b>424,958</b>	515,363
Lease liabilities	13	<b>44,097</b>	–
		<b>674,574</b>	695,645
<b>Net current assets</b>		<b>283,897</b>	233,954
<b>Total assets less current liabilities</b>		<b>4,293,293</b>	3,826,566

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

		<b>30 June 2022</b>	31 December 2021
	<i>Note</i>	<b>(Unaudited) HK\$'000</b>	(Audited) HK\$'000
<b>Non-current liabilities</b>			
Secured bank loans	20	<b>310,032</b>	345,073
Lease liabilities	13	<b>294,800</b>	–
		<b>604,832</b>	345,073
<b>Net assets</b>		<b>3,688,461</b>	3,481,493
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Issued capital		<b>381,639</b>	381,639
Reserves		<b>1,705,071</b>	1,593,150
		<b>2,086,710</b>	1,974,789
<b>Non-controlling interests</b>		<b>1,601,751</b>	1,506,704
<b>Total equity</b>		<b>3,688,461</b>	3,481,493

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to shareholders of the Company						
	Issued capital (Unaudited) HK\$'000	Other asset revaluation reserve (Unaudited) HK\$'000	Reserve for financial assets at fair value through OCI (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Subtotal (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2021	381,639	3,806	16,380	735,900	1,137,725	839,959	1,977,684
<b>Comprehensive income</b>							
Net profit for the period	-	-	-	402,140	402,140	313,666	715,806
<b>Other comprehensive income</b>							
Change in fair value of financial assets at fair value through OCI	-	-	3,494	-	3,494	2,779	6,273
<b>Total comprehensive income for the period</b>	-	-	3,494	402,140	405,634	316,445	722,079
At 30 June 2021	381,639	3,806	19,874	1,138,040	1,543,359	1,156,404	2,699,763
At 1 January 2022	381,639	3,806	26,549	1,562,795	1,974,789	1,506,704	3,481,493
<b>Comprehensive income</b>							
Net profit for the period	-	-	-	161,979	161,979	135,999	297,978
<b>Other comprehensive loss</b>							
Change in fair value of financial assets at fair value through OCI	-	-	(18,241)	-	(18,241)	(14,515)	(32,756)
<b>Total comprehensive income for the period</b>	-	-	(18,241)	161,979	143,738	121,484	265,222
Final dividend paid	-	-	-	(31,817)	(31,817)	-	(31,817)
Final dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	(26,437)	(26,437)
<b>At 30 June 2022</b>	<b>381,639</b>	<b>3,806</b>	<b>8,308</b>	<b>1,692,957</b>	<b>2,086,710</b>	<b>1,601,751</b>	<b>3,688,461</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022



	Six months ended 30 June 2022 (Unaudited) HK\$'000	Six months ended 30 June 2021 (Unaudited) HK\$'000
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations before changes in working capital	393,612	235,278
Decrease in working capital	6,993	35,121
<hr/>		
Cash generated from operations	400,605	270,399
Interest paid	(7,584)	(8,953)
Hong Kong Profits Tax paid	(420)	-
<hr/>		
<b>Net cash from operating activities</b>	<b>392,601</b>	<b>261,446</b>
<hr/>		
<b>INVESTING ACTIVITIES</b>		
Interest received	3,997	20,276
Dividend income received	12,572	3,871
Purchase of property, plant and equipment	(358,475)	(129,645)
Proceeds from disposal of property, plant and equipment, net	136,500	6,823
Deposit paid for the acquisition of owned vessel	(19,890)	(16,868)
Proceeds from disposal of assets held for sale, net	-	41,964
<hr/>		
<b>Net cash used in investing activities</b>	<b>(225,296)</b>	<b>(73,579)</b>
<hr/>		
<b>FINANCING ACTIVITIES</b>		
New secured bank loans	120,000	97,939
Repayment of secured bank loans	(245,446)	(164,299)
Decrease in pledged deposits	8,706	8,552
Payment of lease liabilities	(1,167)	-
Interest paid on lease liabilities	(400)	-
Final dividend paid to non-controlling interests by subsidiaries	(26,436)	-
Final dividend paid to shareholders of the Company	(31,817)	-
<hr/>		
<b>Net cash used in financing activities</b>	<b>(176,560)</b>	<b>(57,808)</b>
<hr/>		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(9,255)</b>	<b>130,059</b>
<b>Cash and cash equivalents at 1 January</b>	<b>269,175</b>	<b>284,407</b>
<hr/>		
<b>Cash and cash equivalents at 30 June</b>	<b>259,920</b>	<b>414,466</b>

# Notes to the Interim Financial Statements

## 1. Basis of preparation and accounting policies

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2021 that is included in these condensed consolidated interim financial statements for the six months ended 30 June 2022 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622).
- The Company’s auditor has reported on the financial statements of the Group for the year ended 31 December 2021. The independent auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2021, except for the Group has adopted Hong Kong Financial Reporting Standards (“HKFRS”) 16 Leases (see details below) and the amended HKFRS, which are effective for the annual period beginning on 1 January 2022.

# Notes to the Interim Financial Statements

## 1. Basis of preparation and accounting policies (Continued)

In accordance with HKFRS 16 Leases, the Group recognized the right-of-use assets and lease liabilities on the consolidated statement of financial position at the commencement of the lease. The right-of-use assets are measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred and any lease payments made in advance of the lease commencement date (net of any lease incentives received). The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to testing for impairment if there is an indicator of impairment, as for owned assets.

The adoption of the amended HKFRSs does not have material impact on the Group's financial performance and financial position for the current and prior periods have been prepared and presented.

## 2. Segment information

The Group is principally engaged in the business of ship chartering and ship owning and the management has regarded this business as the only dominant reportable operating segment to be reported to the chief operating decision maker. Thus, no analysis of segment revenue, segment results, segment assets and segment liabilities are presented in the condensed consolidated interim financial statements for the six months ended 30 June 2022 and 2021.

While the Group's revenue was mainly attributable to its chartering operations which are carried out internationally and cannot be attributable to any particular geographical location, no analysis of revenue from chartering freight and hire business by geographical area is presented in the condensed consolidated interim financial statements.

The Group's non-current assets mainly consist of property, plant and equipment and investment properties. Property, plant and equipment mainly comprised of the Group's motor vessels. As the Group's motor vessels are operated across different geographical regions, it is meaningless to identify the specific geographical locations of the motor vessels at the reporting date. The Group's investment properties comprised of premises and car parks and all are located in Hong Kong. While majority of the Group's non-current assets other than financial instruments cannot be attributable to any particular geographical location, no analysis of non-current assets other than financial instruments by geographical area is presented in the condensed consolidated interim financial statements.

# Notes to the Interim Financial Statements

## 3. Revenue

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

	<b>Six months ended 30 June 2022 (Unaudited) HK\$'000</b>	Six months ended 30 June 2021 (Unaudited) HK\$'000
Chartering freight and hire income:		
Hire income under time charters <sup>1</sup>	<b>649,465</b>	375,050

Note:

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.

## 4. Net gain on disposal of owned vessels

During the first half of 2022, the Group entered into two agreements to dispose of two Supramaxes of deadweight 53,806 and 50,259 metric tons respectively at total consideration of US\$17,750,000 (approximately HK\$138,450,000) with a net gain of HK\$47,935,000 which was recognized on completion of the disposal of these two vessels in the period.

# Notes to the Interim Financial Statements

## 5. Other operating income

	Six months ended 30 June 2022 (Unaudited) HK\$'000	Six months ended 30 June 2021 (Unaudited) HK\$'000
Net gain on bunker arising from shipping operations	67,451	14,764
Other shipping operating income	10,204	13,386
Gross rental income from operating leases on investment properties	3,770	3,379
Dividend income	12,572	3,871
Net gain on financial assets at fair value through profit or loss	–	20,747
Change in fair value of investment properties	–	13,260
Net gain on disposal of property, plant and equipment, other than motor vessels	–	2,164
Reversal of impairment loss on trade and other receivables, net	–	888
COVID-19 related government subsidies	1,072	–
Sundry income	27	2,669
	<b>95,096</b>	<b>75,128</b>

## 6. Interest income

	Six months ended 30 June 2022 (Unaudited) HK\$'000	Six months ended 30 June 2021 (Unaudited) HK\$'000
Interest income in respect of:		
Financial assets at fair value through profit or loss	580	7,749
Deposits with banks and other financial institutions	161	93
Loan receivables	3,161	10,738
	<b>3,902</b>	<b>18,580</b>



## Notes to the Interim Financial Statements

### 7. Reversal of impairment loss on owned vessels

For the first half of 2021, the Group recognized a reversal of impairment loss of HK\$511,068,000 on owned vessels classified in property, plant and equipment 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 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.

### 8. Other operating expenses

Other operating expenses for the first half of 2022 mainly included net loss on financial assets at fair value through profit or loss of approximately HK\$16.1 million, change in fair value of investment properties of approximately HK\$12.1 million, professional fee of approximately HK\$4.3 million, directors' fee of approximately HK\$3.3 million, auditor's remuneration related to audit services of approximately HK\$1 million and remaining are various office administrative expenses.

Other operating expenses for the first half of 2021 mainly included directors' fee of approximately HK\$3.3 million, professional fee of approximately HK\$2.4 million, auditor's remuneration related to audit services of approximately HK\$0.8 million and remaining are various office administrative expenses.

## Notes to the Interim Financial Statements

### 9. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	<b>Six months ended 30 June 2022 (Unaudited) HK\$'000</b>	Six months ended 30 June 2021 (Unaudited) HK\$'000
Realized gain on financial assets at fair value through profit or loss	<b>(18,455)</b>	(15,170)
Unrealized loss (gain) on financial assets at fair value through profit or loss	<b>34,566</b>	(5,577)
<hr/>		
Net loss (gain) on financial assets at fair value through profit or loss	<b>16,111</b>	(20,747)
Net gain on disposal of owned vessels	<b>(47,935)</b>	-
Net gain on disposal of property, plant and equipment, other than motor vessels	-	(2,164)
Change in fair value of investment properties	<b>12,090</b>	(13,260)
Reversal of impairment loss on owned vessels	-	(511,068)
Reversal of impairment loss on trade and other receivables, net	-	(888)
Dividend income	<b>(12,572)</b>	(3,871)
<hr/>		

# Notes to the Interim Financial Statements

## 10. Taxation

Taxation has been provided on the estimated assessable profits arising in Hong Kong from an approximately 55.69% indirectly owned subsidiary of the Company which is a qualifying corporation in accordance with the two-tiered profits tax rates regime in Hong Kong. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of the qualifying corporation are taxed at 8.25%, and the assessable profits above HK\$2,000,000 are taxed at 16.5%. Apart from the estimated assessable profits arising in Hong Kong from that subsidiary, in the opinion of the Directors, a substantial portion of the Group's income neither arose in nor was derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax and the Group is not subject to taxation in any other jurisdictions in which the Group operates.

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

	<b>Six months ended 30 June 2022 (Unaudited) HK\$'000</b>	Six months ended 30 June 2021 (Unaudited) HK\$'000
Hong Kong Profits Tax	<b>123</b>	1,769

## 11. Earnings per share

Basic and diluted earnings per share were calculated on the net profit attributable to shareholders of the Company of HK\$161,979,000 for the six months ended 30 June 2022 (30/6/2021: HK\$402,140,000) and the weighted average number of 530,289,480 (30/6/2021: 530,289,480) ordinary shares in issue during the period.

Diluted earnings per share for the six months ended 30 June 2022 and 2021 were the same as basic earnings per share as there was no potentially dilutive ordinary shares in existence for the six months ended 30 June 2022 and 2021.

# Notes to the Interim Financial Statements

## 12. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2022 (30/6/2021: nil).

## 13. Leases

### (i) Right-of-use assets

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
At 1 January	–	–
Additions	<b>340,064</b>	–
Depreciation	<b>(4,198)</b>	–
	<b>335,866</b>	–

### (ii) Lease liabilities

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
At 1 January	–	–
Additions	<b>340,064</b>	–
Interest expense (included in finance costs)	<b>400</b>	–
Repayments	<b>(1,567)</b>	–
	<b>338,897</b>	–
Non-current	<b>294,800</b>	–
Current	<b>44,097</b>	–
	<b>338,897</b>	–

# Notes to the Interim Financial Statements

## 13. Leases (Continued)

On 20 May 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group on 21 June 2022. In accordance with HKFRS 16 Leases, the Group recognized the unaudited value of the right-of-use asset which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities was also recognized.

During the first half of 2022, the total cash outflow for the lease was HK\$1,567,000 (30/6/2021: nil).

## 14. Investment properties

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
At 1 January	<b>385,220</b>	405,600
Change in fair value	<b>(12,090)</b>	(20,380)
	<b>373,130</b>	385,220

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

At the reporting date, the fair values of the Group's investment properties were determined by Centaline Surveyors Limited, an independent qualified professional valuer, on direct comparison approach 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 period.

# Notes to the Interim Financial Statements

## 15. Financial assets at fair value through OCI

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Unlisted equity investments		
Co-investment in a property project		
At 1 January	<b>95,604</b>	80,909
Change in fair value <sup>1</sup>	<b>(32,756)</b>	14,695
	<b>62,848</b>	95,604
Unlisted club debentures		
At 1 January	<b>22,000</b>	20,500
Change in fair value <sup>2</sup>	–	1,500
	<b>22,000</b>	22,000
Unlisted club membership		
At 1 January	<b>3,755</b>	2,883
Change in fair value <sup>2</sup>	–	872
	<b>3,755</b>	3,755
	<b>88,603</b>	121,359

Notes:

- Items that will not be reclassified to profit or loss.
- Items that may be reclassified subsequently to profit or loss.
- In March 2021, an approximately 55.69% indirectly owned subsidiary of the Company (the "Co-Investor") together with other co-investors signed an unsecured subordinated shareholder loan agreement with Triple Smart Limited, a special purpose vehicle invested by Dual Bliss Limited ("Dual Bliss"), for the purposes of funding the operating expenditure of Tower A and the Co-Investor agreed to provide a maximum amount of advance up to US\$1,577,000 (approximately HK\$12,300,000). At the reporting date, advance of US\$1,342,000, approximately HK\$10,475,000 (31/12/2021: US\$568,000, approximately HK\$4,434,000) was drawdown and the amount was included in loan receivables.

## Notes to the Interim Financial Statements

### 15. Financial assets at fair value through OCI (Continued)

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss of US\$10,000,000 (approximately HK\$78,000,000). Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$372,000, approximately HK\$2,905,000 (31/12/2021: US\$372,000, approximately HK\$2,905,000).

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

# Notes to the Interim Financial Statements

## 16. Loan receivables

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
At 1 January	<b>72,041</b>	260,192
Gross new loan originated	<b>6,041</b>	4,434
Repayment	<b>(5,151)</b>	(192,585)
Provision of individual impairment	–	–
	<b>72,931</b>	72,041
Less: Amount receivable within one year	<b>(72,931)</b>	(43,200)
	–	28,841

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

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Within one year	<b>72,931</b>	43,200
In the second year	–	5,191
In the third to fifth year	–	23,650
	<b>72,931</b>	72,041

At the reporting date, the Group's loan receivables of HK\$62,456,000 (31/12/2021: HK\$67,607,000) which arise from asset-based financing, are denominated in United States Dollars and are secured by collaterals provided by the borrowers, and are repayable with fixed terms agreed with the borrowers; and loan receivables of HK\$10,475,000 (31/12/2021: HK\$4,434,000) which arise from co-investment (as mentioned in note 15), are unsecured and denominated in United States Dollars and has no fixed repayment terms.

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

# Notes to the Interim Financial Statements

## 17. Trade and other receivables

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Trade receivables	<b>18,983</b>	17,123
Prepayments	<b>36,899</b>	33,303
Rental and other deposits	<b>731</b>	697
Other receivables	<b>140,158</b>	105,788
	<b>177,788</b>	139,788
	<b>196,771</b>	156,911

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

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Within 3 months	<b>17,916</b>	17,123
Over 3 months but within 6 months	<b>609</b>	–
Over 6 months but within 12 months	<b>458</b>	–
	<b>18,983</b>	17,123

Management has a credit policy in place for approving the credit limits and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. Credit evaluations including assessing the customer's creditworthiness and financial standing are performed on customers requiring a credit over certain amount.

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment.

The carrying amounts of trade and other receivables are considered to be a reasonable approximation of their fair values due to their short term maturities.

## Notes to the Interim Financial Statements

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

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
<i>Held for trading</i>		
Equity securities		
Listed in Hong Kong	<b>219,610</b>	254,697
Listed outside Hong Kong	<b>87,654</b>	89,284
	<b>307,264</b>	343,981
<i>Debt securities</i>		
Listed in Hong Kong	<b>14,521</b>	15,206
Listed outside Hong Kong	<b>4,412</b>	7,310
Unlisted	<b>2,287</b>	–
	<b>21,220</b>	22,516
<i>Designated as such upon initial recognition:</i>		
Investment funds	<b>6,450</b>	2,401
	<b>334,934</b>	368,898

At the reporting date, the fair value measurements of listed equity securities and listed debt securities were determined by reference to their quoted bid prices in active markets and were categorized as Level 1 and the fair value measurements of unlisted debt securities and investment funds represented the quoted market prices on the underlying investments provided by financial 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 period / year.

# Notes to the Interim Financial Statements

## 19. Trade and other payables

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Trade payables	<b>1,268</b>	1,212
Accrued charges	<b>12,580</b>	9,408
Other payables		
Payables related to vessel running cost and ship operating expenses	<b>160,836</b>	143,761
Hire receipt in advance	<b>25,507</b>	10,561
Loan interest payables	<b>1,263</b>	1,034
Accrued employee benefits	<b>1,644</b>	12,092
Others	<b>2,421</b>	1,980
	<b>191,671</b>	169,428
	<b>205,519</b>	180,048

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

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Within 3 months	<b>257</b>	289
Over 3 months but within 6 months	<b>88</b>	-
Over 12 months	<b>923</b>	923
	<b>1,268</b>	1,212

# Notes to the Interim Financial Statements

## 20. Secured bank loans

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Vessel mortgage loans	<b>325,184</b>	358,112
Other bank loans	<b>409,806</b>	502,324
<hr/>		
Total secured bank loans	<b>734,990</b>	860,436
Less: Amount repayable within one year	<b>(424,958)</b>	(515,363)
<hr/>		
Amount repayable after one year	<b>310,032</b>	345,073
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During the six months ended 30 June 2022, the Group had drawn new revolving loan and term loan of HK\$120,000,000 (30/6/2021: HK\$97,939,000) and repaid HK\$245,446,000 (30/6/2021: HK\$164,299,000).

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.

## 21. Capital expenditures and commitments

During the six months ended 30 June 2022, capital expenditure on additions of motor vessels and capitalized drydocking costs was HK\$358,263,000 (30/6/2021: HK\$129,337,000) and on other property, plant and equipment was HK\$212,000 (30/6/2021: HK\$308,000).

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss of US\$10,000,000 (approximately HK\$78,000,000). Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$372,000, approximately HK\$2,905,000 (31/12/2021: US\$372,000, approximately HK\$2,905,000).

On 28 March 2022, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,485 metric tons at a purchase price of US\$25,500,000, approximately HK\$198,900,000, which was delivered to the Group at end of July 2022. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$22,950,000, approximately HK\$179,010,000 (31/12/2021: nil).

# Notes to the Interim Financial Statements

## 21. Capital expenditures and commitments (Continued)

In December 2021, the Group entered into two agreements in respect of the acquisition of two Supramaxes each at a consideration of US\$17,250,000, approximately HK\$134,550,000 and the total consideration of the two vessels is US\$34,500,000, approximately HK\$269,100,000. The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. The first vessel was delivered to the Group in February 2022 and the second vessel was delivered to the Group in March 2022. As at 31 December 2021, the capital expenditure commitments contracted by the Group but not provided for was US\$34,500,000, approximately HK\$269,100,000.

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US\$23,322,000, approximately HK\$181,915,000 (31/12/2021: US\$34,872,000, approximately HK\$272,005,000).

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.

## 22. Related party transactions

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

	<b>Six months ended 30 June 2022 (Unaudited) HK\$'000</b>	Six months ended 30 June 2021 (Unaudited) HK\$'000
Salaries and other benefits	<b>33,244</b>	33,217
Contributions to retirement benefits schemes	<b>1,773</b>	1,772
	<b>35,017</b>	34,989

Other payables included accrued employee benefits payables to directors and senior management of HK\$251,000 (31/12/2021: HK\$9,381,000). 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".