

CASH AND BORROWINGS

Operating Cash Inflow

US\$486.0m

Available Committed Liquidity

US\$698.6m

Net Cash to Net Book Value of Owned Vessels

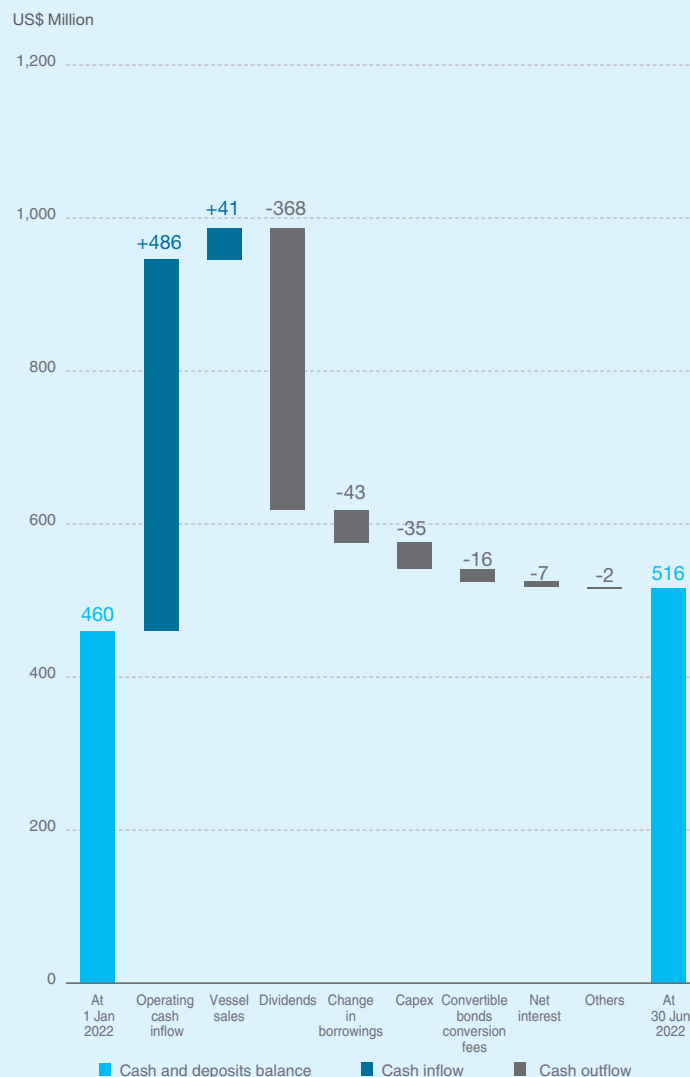
4%

Average Interest Rate (P/L)

3.9%

To provide readers with a better understanding of our cash flow position, the presentation in this section considers charter-hire payment as operating cash flow, before applying the treatment under HKFRS 16 – “Leases”

Cash Flow



Key Developments in 1H 2022

- In May we completed a conversion offer of our US\$175.0 million 3% p.a. coupon guaranteed convertible bonds due 2025 which resulted in a US\$104.9 million (60%) reduction of the outstanding convertible bonds to US\$70.1 million and the issue of 425,987,441 shares
- Our net cash outflow from borrowings was US\$43.0 million in the period
- During the period we incurred capital expenditure of US\$35.3 million, including:
 - US\$15.5 million for one Ultramax vessel which delivered into our fleet in the first quarter; and
 - US\$19.8 million for dry dockings and the installation of ballast water treatment systems
- As at 30 June 2022, we had 31 unmortgaged vessels

Liquidity and Borrowings

US\$ Million	30 Jun 2022	31 Dec 2021	Change
Cash and deposits (a)	516.3	459.7	+12%
Available undrawn committed facilities	182.3	208.7	-13%
Available committed liquidity	698.6	668.4	+5%
Current portion of borrowings	(60.6)	(66.8)	
Non-current portion of borrowings	(386.8)	(521.3)	
Total borrowings (b)	(447.4)	(588.1)	+24%
Net cash/(borrowings) (a) + (b)	68.9	(128.4)	+>100%
Net cash/(borrowings) to shareholders' equity	3%	(7%)	
Net cash/(borrowings) to net book value of owned vessels KPI	4%	(7%)	

↔ **p.43 Financial Statements Note 15** Cash and deposits (including how we invest our cash)

Borrowings and Undrawn Committed Facilities

Borrowings and Undrawn Committed Facilities – US\$563.1 million (31 December 2021: US\$631.6 million)

The overall decrease in secured borrowings is mainly due to repayments and scheduled loan amortisation.

A decrease in interest to US\$7.7 million (1H 2021: US\$10.8 million) was mainly due to a decrease in average borrowings to US\$418.2 million (1H 2021: US\$684.3 million).

The Group monitors the loan-to-asset value requirements on its bank borrowings. If the market values of the Group's mortgaged assets fall below the level prescribed by our lenders, the Group may pledge additional cash or offer other additional collateral unless the banks offer waivers for technical breaches.

As at 30 June 2022:

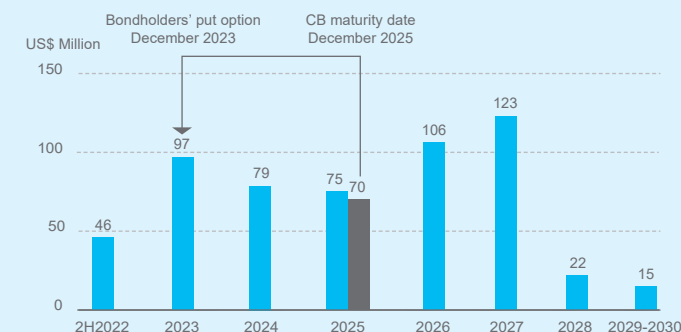
- The Group's secured borrowings were secured by 87 vessels with a total net book value of US\$1,416.0 million and by an assignment of earnings and insurances in respect of these vessels
- The Group was in compliance with all its loan-to-asset value requirements

↔ **p.38 Financial Statements Note 7**
Finance income and finance costs

Convertible Bonds Liability Component – US\$66.6 million (31 December 2021: US\$165.2 million)

As at 30 June 2022 further to the conversion offer completed in May 2022, there remained the 3% p.a. coupon guaranteed convertible bonds due 2025 with an outstanding principal of US\$70.1 million and a prevailing conversion price of HK\$1.93 per share.

Schedule of Reduction in Borrowings and Undrawn Committed Facilities



■ Secured borrowings and undrawn committed facilities (US\$563.1 million)
 ■ Convertible bonds (face value US\$70.1 million, book value US\$66.6 million, bondholders' put option December 2023)

We arrange financing by leveraging the Group's balance sheet to optimise the availability of cash resources of the Group. The aggregate borrowings and undrawn committed facilities of the Group at 30 June 2022, including the liability component of the convertible bonds, amounted to US\$629.7 million (31 December 2021: US\$796.8 million) and are mainly denominated in United States Dollars.

Finance Costs

US\$ Million	Average interest rate		Balance at 30 June 2022	Finance costs		Change
	P/L	Cash		1H 2022	1H 2021	
Borrowings (including realised interest rate swap contracts)	3.7%	3.7%	380.8	7.7	10.8	+29%
Convertible bonds (Note)	4.7%	3.0%	66.6	3.1	3.8	+18%
	3.9%	KPI 3.6%	447.4	10.8	14.6	+26%
Other finance charges				0.7	0.7	
Total finance costs				11.5	15.3	+25%
Interest coverage (calculated as EBITDA divided by total finance costs)				KPI 49.3x	16.0x	

Note: The convertible bonds have a P/L cost of US\$3.1 million and a cash cost of US\$1.1 million.

The KPIs on which management focuses to assess the cost of borrowings are average interest rates for different types of borrowings and the Group's interest coverage.

The Group aims to achieve a balance between floating and fixed interest rates on its borrowings. As at 30 June 2022, 77% (31 December 2021: 81%) of the Group's borrowings were on fixed interest rates. We currently expect about 55% and 54% of the Group's borrowings will be on fixed interest rates as at 31 December 2022 and 2023 respectively, assuming all revolving credit facilities are fully drawn.