JINHUI

JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137

2020
INTERIM REPORT

Contents

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
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Hopewell Centre
183 Queen's Road East
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

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E-mail: info@jinhuiship.com

WEBSITE

www.jinhuiship.com

SHARE LISTING

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

Financial Highlights

HIGHLIGHTS FOR THE FIRST HALF OF 2020

- Revenue for the period: HK$138 million
- Net loss attributable to shareholders for the period: HK$111 million
- Basic loss per share: HK$0.209
- Gearing ratio as at 30 June 2020: 26%

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 2020.

INTERIM RESULTS

The Group's revenue for the first half of 2020 was HK$138,250,000 whereas HK$208,913,000 was reported in the same period of 2019. The net loss attributable to shareholders of the Company for the first half of 2020 was HK$110,946,000 as compared to a net loss of HK$3,574,000 was reported in the first half of 2019. The increase in the net loss is mainly attributable to (1) poor business sentiment as affected by the outbreak of the Coronavirus Disease 2019 ("COVID-19") pandemic leading to a reduction in chartering freight and hire revenue and decrease in fleet utilization rate; (2) the significant unrealized fair value loss on financial assets at fair value through profit or loss amid the COVID-19 pandemic that triggered an adverse global financial markets sell off in early 2020; and (3) an increase in shipping related expenses, in particular the bunker related expenses as a result of both price loss on bunker fuel on-board of the Group's owned vessels and an increase in bunker consumption due to positioning of owned vessels in between time charter contracts of vessels. Basic loss per share for the six months ended 30 June 2020 was HK$0.209 as compared to basic loss per share of HK$0.007 for the corresponding period in 2019.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2020 (30/6/2019: nil).

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.

In the first half of 2020, the very unexpected and unfortunate outbreak of the COVID-19 was regarded as posing moderate public health risk to start off with, but as the velocity at which the virus spread exceeded experts' expectations, the World Health Organization ("WHO") declared COVID-19 outbreak as pandemic in March 2020 as it has affected initially China, then rapidly affected regionally and globally across different countries. This negative backdrop translated to much reduced demand for dry bulk commodities including iron ore, coal and certain minor bulk cargoes and impacted sentiment in the dry bulk shipping market given the sudden erosion in business confidence. The dry bulk freight market has gained some positive momentums since late May with increasing demand and limited supply of vessels due to increasing scrapping of vessels under the new IMO 2020 regulations. Baltic Dry Index ("BDI") opened at 1,090 points at the beginning of January and closed at 1,799 points by the end of June. The average of BDI for the first half of 2020 was 685 points, which compares to 895 points in the same period in 2019.

Average daily time charter equivalent rates ("TCE")	**2020 1st half** *US$*	2019 1st half *US$*	2019 *US$*
Post-Panamax fleet	**7,382**	7,473	9,628
Supramax fleet	**5,096**	8,376	9,522
In average	**5,293**	8,277	9,533

Revenue from chartering freight and hire for the first half of 2020 was HK$138,250,000 representing a decrease of 34% as compared to HK$208,913,000 for the first half of 2019. The decrease was mainly due to the average daily TCE earned by the Group's owned vessels dropped 36% to US$5,293 (approximately HK$41,000) for the first half of 2020 as compared to US$8,277 (approximately HK$65,000) for the first half of 2019.

Key Performance Indicators for Shipping Business	**2020 1st half** *HK$'000*	2019 1st half *HK$'000*	2019 *HK$'000*
Average daily TCE	**41**	65	74
Daily vessel running cost	**30**	29	31
Daily vessel depreciation	**17**	17	16
Daily vessel finance cost	**2**	3	3
	49	49	50
Average utilization rate	**97%**	99%	99%

Daily vessel running cost increased 3% from US$3,709 (approximately HK$29,000) for the first half of 2019 to US$3,823 (approximately HK$30,000) for the first half of 2020. Daily vessel finance cost decreased 33% from US$445 (approximately HK$3,000) for the first half of 2019 to US$300 (approximately HK$2,000) for the first half of 2020. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants. Fleet utilization rate decreased from 99% for the first half of 2019 to 97% for the first half of 2020.

Management Discussion and Analysis

As at 30 June 2020, the Group had eighteen owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	16
Total fleet	**18**

Subsequent to the reporting date, the Group had entered into an agreement on 10 July 2020 in respect of the acquisition of a Supramax of deadweight 50,259 metric tons at a consideration of US$3,950,000 (approximately HK$30,810,000), which was delivered to the Group on 16 July 2020. The Group currently owns nineteen dry bulk vessels which include two Post-Panamaxes and seventeen grabs fitted Supramaxes.

FINANCIAL REVIEW

Revenue and operating loss. Revenue from chartering freight and hire for the first half of 2020 was HK$138,250,000 representing a decrease of 34% as compared to HK$208,913,000 for the first half of 2019. The decrease was mainly due to the average daily TCE earned by the Group's owned vessels decreased 36% to US$5,293 (approximately HK$41,000) for the first half of 2020 as compared to US$8,277 (approximately HK$65,000) for the corresponding period in 2019.

The operating loss for the first half of 2020 is mainly attributable to (1) poor business sentiment as affected by the outbreak of the COVID-19 pandemic leading to a reduction in chartering freight and hire revenue and decrease in fleet utilization rate; (2) the significant unrealized fair value loss on financial assets at fair value through profit or loss amid the COVID-19 pandemic that triggered an adverse global financial markets sell off in early 2020; and (3) an increase in shipping related expenses, in particular the bunker related expenses as a result of both price loss on bunker fuel on-board of the Group's owned vessels and an increase in bunker consumption due to positioning of owned vessels in between time charter contracts of vessels.

The net loss attributable to shareholders of the Company for the first half of 2020 was HK$110,946,000 and HK$3,574,000 was reported for the corresponding period in 2019. Basic loss per share for the period was HK$0.209 as compared to basic loss per share of HK$0.007 for the first half of 2019.

Other operating income. Other operating income decreased from HK$47,429,000 for the first half of 2019 to HK$21,514,000 for the first half of 2020 due to no settlement income and net gain on financial assets at fair value through profit or loss were recognized in the current period. Other operating income for the first half of 2019 included net gain of HK$19,239,000 on financial assets at fair value through profit or loss, settlement income of HK$4,789,000 from a charterer in relation to repudiation claims and net gain of HK$4,746,000 on disposal of assets held for sale (disposed vessel). We remain cautious with the increased volatility due to the negative effect of the US-China trade war, as well as the fluid outlook of interest rates.

Interest income. Interest income for the first half of 2020 increased to HK$20,465,000, comparing to HK$12,297,000 for the first half of 2019. The increase was attributable to the interest income arising from the stable interest income generated from loan receivables which were asset-based financing that help mitigate cyclicality from core shipping business.

Shipping related expenses. Shipping related expenses for the period increased from HK$120,750,000 for the first half of 2019 to HK$167,516,000 for the first half of 2020. The increase was mainly included the bunker related expenses of HK$53 million as a result of both price loss on bunker fuel on-board of the Group's owned vessels and an increase in bunker consumption due to positioning of owned vessels in between time charter contracts of vessels. Daily vessel running cost increased from US$3,709 (approximately HK$29,000) for the first half of 2019 to US$3,823 (approximately HK$30,000) for the first half of 2020. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Other operating expenses. Other operating expenses for the first half of 2020 increased to HK$80,398,000, comparing to HK$20,734,000 for the first half of 2019. The increase was mainly due to the net loss of HK$60,209,000 on financial assets at fair value through profit or loss (30/6/2019: net gain of HK$19,239,000 on financial assets at fair value through profit or loss included in other operating income). Other operating expenses for the period also comprised of professional fee of approximately HK$3.9 million, directors' fee of approximately HK$3.3 million, auditor's remuneration related to audit services of approximately HK$0.8 million and remaining are various office administrative expenses.

Finance costs. Finance costs dropped from HK$18,565,000 for the first half of 2019 to HK$17,530,000 for the first half of 2020. The decrease was mainly attributable to the decrease in interest rate as compared with that of the corresponding period in 2019.

Financial assets at fair value through profit or loss. As at 30 June 2020, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK$308,809,000 (31/12/2019: HK$510,605,000), in which HK$236,559,000 (31/12/2019: HK$334,833,000) was investment in listed equity securities, HK$70,449,000 (31/12/2019: HK$175,772,000) was investment in listed debt securities and HK$1,801,000 was investment in investment funds (31/12/2019: nil). During the first half of 2020, the Group's net loss on financial assets at fair value through profit or loss was HK$60,209,000 (30/6/2019: net gain of HK$19,239,000 on financial assets at fair value through profit or loss) and the aggregate interest income and dividend income from financial assets was HK$26,088,000 (30/6/2019:

HK$18,590,000). We remain cautious with the increased volatility in global financial markets due to the negative effect of the geopolitical tensions, the recent outbreak of COVID-19 across different regions, as well as the fluid outlook of interest rates.

Loan receivables. As at 30 June 2020, the Group's loan receivables was HK$331,713,000 (31/12/2019: HK$350,500,000). The Group's loan receivables, which arise from asset-based financing are denominated in United States Dollars and are secured by collaterals provided by the borrowers, bear interest ranged from 8% to 10% per annum 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. However, due to the slight decrease in market values of collateral vessels, we requested top-up repayment of loans in June 2020 in accordance with the facility agreements and such top-up repayments would lead to an increase in current portion of loan receivables. The carrying amount of these loan receivables are considered to be a reasonable approximation of their fair values.

Trade and other payables. As at 30 June 2020, the Group's trade and other payables was HK$147,073,000 (31/12/2019: HK$153,891,000), including trade payables of HK$2,584,000 (31/12/2019: HK$2,844,000), accrued charges of HK$10,121,000 (31/12/2019: HK$7,223,000) and other payables of HK$134,368,000 (31/12/2019: HK$143,824,000). Other payables mainly included payables related to vessel running cost and ship operating expenses of HK$123,635,000 (31/12/2019: HK$131,122,000) for owned vessels, hire receipt in advance of HK$3,926,000 (31/12/2019: HK$3,369,000) from charterers, loan interest payables of HK$2,065,000 (31/12/2019: HK$2,775,000) and accrued employee benefits payables of HK$1,581,000 (31/12/2019: HK$4,343,000).

Liquidity, financial resources and capital structure. As at 30 June 2020, the Group maintained positive working capital position of HK$43,428,000 (31/12/2019: HK$211,986,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to HK$593,893,000 (31/12/2019: HK$808,308,000). During the first half of 2020, cash used in operations before changes in working capital was HK$140,800,000 (30/6/2019: cash generated from operations before changes in working capital was HK$56,914,000) and the net cash generated from operating activities after working capital changes was HK$70,843,000 (30/6/2019: net cash used in operating activities after working capital changes was HK$262,523,000). The changes in working capital are mainly attributable to the decrease in equity and debt securities, and loan receivables in respect of the six facility agreements.

The Group's total secured bank loans decreased from HK$1,188,193,000 as of 31 December 2019 to HK$1,090,961,000 as at 30 June 2020, of which 56%, 11% and 33% are repayable respectively within one year, one to two years and two to five years. During the period, the Group had drawn new revolving loans and term loans of HK$149,079,000 (30/6/2019: HK$402,268,000) and repaid HK$246,311,000

(30/6/2019: HK$164,778,000). The bank borrowings represented vessel mortgage loans that were denominated in United States Dollars, revolving loans, term loans and property mortgage loans that were denominated in Hong Kong Dollars and United States Dollars. All bank borrowings were committed on floating rate basis.

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, increased to 26% (31/12/2019: 18%) as at 30 June 2020. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements. As at 30 June 2020, the Group is able to service its debt obligations, including principal and interest payments.

Pledge of assets. As at 30 June 2020, the Group's property, plant and equipment with an aggregate net book value of HK$1,587,499,000 (31/12/2019: HK$1,619,289,000), investment properties with an aggregate carrying amount of HK$371,500,000 (31/12/2019: HK$371,500,000), financial assets at fair value through profit or loss of HK$219,644,000 (31/12/2019: HK$432,340,000) and deposits of HK$40,378,000 (31/12/2019: HK$65,810,000) placed with banks were pledged together with the assignment of twenty (31/12/2019: twenty) subsidiaries' income and assignment of two (31/12/2019: two) subsidiaries' loan receivables of HK$300,513,000 (31/12/2019: HK$319,300,000) to secure credit facilities utilized by the Group. In addition, shares of ten (31/12/2019: ten) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the six months ended 30 June 2020, capital expenditure on additions of motor vessels and capitalized drydocking costs was HK$27,454,000 (30/6/2019: HK$55,869,000) and on other property, plant and equipment was HK$18,000 (30/6/2019: HK$1,326,000). During the six months ended 30 June 2019, capital expenditure on additions of investment properties was HK$33,773,000.

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"), the holding company of the co-investment vehicle, of US$10,000,000 (approximately HK$78,000,000). During the first half of 2020, the Co-Investor paid US$1,420,000, approximately HK$11,071,000 (30/6/2019: US$2,678,000, approximately HK$20,884,000) in accordance with the terms and conditions of the co-investment documents and as at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$1,075,000, approximately HK$8,393,000 (31/12/2019: US$2,495,000, approximately HK$19,464,000). The Co-Investor further provided additional US$4,276,915, approximately HK$33,360,000 (30/6/2019: nil) as co-investment supplemental capital call in early February 2020 pursuant to a supplemental memorandum signed on 31 January 2020 for acquiring 4,276,915 issued non-voting participating class A shares of Dual Bliss (the "Co-Investment Supplemental Capital Call"). In March 2020, the Co-Investor received a total of US$4,276,915 (approximately HK$33,360,000) under the share repurchase scheme, and those 4,276,915 issued non-voting participating class A shares of Dual Bliss under the Co-Investment Supplemental Capital Call had been repurchased and cancelled.

The Co-Investor received updates from Phoenix Property Investors Limited (the "Investment Manager") in May 2020 in relation to the status of the co-investment as announced by the Company on 28 May 2020. Due to unexpected COVID-19 pandemic that has broadly affected different economic sectors, the Investment Manager advised the Co-Investor on 21 August 2020 that the vendor of Tower A has agreed on the extension of the closing of the acquisition to November 2020. We will update all shareholders of the Company on the significant investment update timely and accordingly.

SIGNIFICANT INVESTMENT

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

As at 30 June 2020, the Group had investments in listed equity and debt securities with fair value of HK$236,559,000 and HK$70,449,000 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 2020, the fair value of each of these equity securities and debt securities represented less than 5% of the total assets and net assets of the Group.

As at 30 June 2020, the Group's investment properties were stated at fair value of HK$418 million and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases and located in Hong Kong. As at 30 June 2020, the fair value of each of these investment properties represented less than 5% of the total assets and net assets of the Group.

As at 30 June 2020, the Group did not hold any significant investment or investment properties that accounted for more than 5% of the Group's total assets and net assets as at 30 June 2020, nor did the Group carry out any material acquisition and disposal during the first half of 2020.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had 67 (31/12/2019: 67) full-time employees. The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

RISK FACTORS

This report may contain forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including the Company's management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or targets.

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, financial market conditions including fluctuations in marketable securities value, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, availability of financing and refinancing, inability to obtain restructuring or rescheduling of indebtedness from lenders in liquidity trough, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, piracy or political events, and other important factors described from time to time in the reports filed by the Company.

OUTLOOK

The freight market in the first half of 2020 has been challenging due to a slowdown in global economic activity, which was further amplified by the COVID-19 global pandemic.

The global public health concern worldwide means market participants of all industries have been very nervous. This negative backdrop translated to much reduced activity in the dry bulk shipping market given the sudden erosion in business confidence. The relaxation of national lockdowns and other measures to contain the spread of the virus has begun in some countries, the route to a full reversion to normality will be rocky, but we remain confident that we will overcome this challenge collectively with economic activity to slowly recover going forward.

Management Discussion and Analysis

On a positive note, we have been vigilant on this front as a company in making sure our operations, as well as our colleagues at shore or at sea are in no way negatively affected by the COVID-19. We have adopted policies to ensure all our colleagues are healthy and remain positive in order to take action as soon as the market conditions pick up. In particular crew changing has been a challenge during these times and we would like to express special thanks to all crew on board of our ships for their patience and understanding. We are cautiously optimistic that business activity will resume sooner than later, as governments and public health authorities around the world gain increased control over the spread of the COVID-19 in the coming days.

China is the biggest importer of raw materials by far given its important role in the global manufacturing supply chain. We remain cautiously optimistic that business and industrial activity will continue to pick up in China. We continue to see people heading back to work in orderly batches, with exceptionally high alert in public hygiene and the necessary protocols in place at work places. We hope this resumption to work in an orderly fashion will continue without too much new negative surprises, and hence global trade will begin to revert to normal albeit we wish at a higher speed.

While we have full confidence in mankind's capacity to respond to events and shape their futures for the better, we have to be mindful that increasingly frequent economic, political, or other unforeseen surprises can introduce volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We currently have no capital expenditure commitment in relation to newbuilding contracts, as well as no charter-in contracts at this juncture, 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 express our heartfelt appreciation to all customers and stakeholders for their ongoing support.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 26 August 2020

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 2020, 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				
	Beneficial owner	Interest of spouse	Interest of controlled corporation	Total	Percentage of total issued shares of the Company
Ng Siu Fai	23,260,000	15,140,000	205,325,568 *Note 1*	243,725,568	45.96%
Ng Kam Wah Thomas	5,909,000	–	136,883,712 *Note 2*	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%

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: Beneficial owner	Interest of spouse	Interest of controlled corporation	Total	Percentage of total issued shares of Jinhui Shipping
Ng Siu Fai	4,141,830	1,079,196	61,249,098 *Note 1*	66,470,124	60.84%
Ng Kam Wah Thomas	864,900	–	260,000 *Note 2*	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 2020.

Save as disclosed above, as at 30 June 2020, 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.

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

As at 30 June 2020, 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

	Number of shares in the Company held and capacity				
Name of shareholders	**Beneficial owner**	**Interest of spouse**	**Interest of controlled corporation**	**Total**	**Percentage of total issued shares of the Company**
Wong Yee Man Gloria	15,140,000	228,585,568 *Note 1*	–	243,725,568	45.96%
Ng Chi Lam Michael	–	–	205,325,568 *Note 2*	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 *Note 3*	29,378,000	5.54%
Zhongcai Merchants Investment Group Co., Ltd.	–	–	29,378,000 *Note 4*	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 228,585,568 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 2020, 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 2020, with deviations as explained in following sections.

CG Code provision A.2.1

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and the Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes deviation from code provision A.2.1 of the CG Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive.

As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Group. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company as one-third of the Board members are represented by the independent non-executive directors and the Board will meet regularly to consider major matters affecting the operations of the Group and all directors of the Company (the "Directors") are properly briefed on the matters arising at the Board meetings with adequate, complete and reliable information received in a timely manner. The current structure also allows flexibility and enhances the efficiency of decision making process in response to the constantly changing competitive environment.

As the Chairman's major responsibility is to manage the Board whereas the Managing Director's major responsibility is to manage the Group's businesses, the Board considers that the responsibilities of the Chairman and the Managing Director are clear and distinctive and hence written terms thereof are not necessary. Although the respective responsibilities of the Chairman and the Managing Director are not set out in writing, power and authority are not concentrated in any one individual and all major decisions are made in consultation with members of the Board and appropriate board committees, as well as senior management.

Going forward, the Board will periodically review the effectiveness of this arrangement, the board composition as well as division of responsibilities to enhance best interests of the Company and its shareholders as a whole.

Corporate Governance

CG Code provision A.4.2

Under code provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Articles of Association of the Company, all Directors other than the Chairman and the Managing Director shall be subject to retirement by rotation at least once every three years and any new directors appointed to fill casual vacancies or as an addition to the Board shall be subject to election by shareholders at the annual general meeting after their appointments.

As the Chairman and the Managing Director are not subject to retirement by rotation in accordance with the Articles of Association of the Company, this constitutes deviation from code provision A.4.2 of the CG Code. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group's business continuity and stability, and there should be planned and orderly succession for these offices. Since continuation is a key factor to the successful implementation of the Company's business plans and strategies, any Director holding the office as the Chairman or the Managing Director should therefore be exempted from the retirement by rotation and re-election at the Company's annual general meeting and the Board believes this arrangement is most beneficial to the Company and its shareholders.

CG Code provision C.2.5

Under code provision C.2.5 of the CG Code, the Group should have an internal audit function. Based on the size and simple operating structure of the Group as well as the existing internal control processes, the Board has decided not to set up an internal audit department for the time being. When necessary, the Audit Committee under the Board would carry out the internal audit function for reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the six months ended 30 June 2020.

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 2020.

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 2020.

Independent Review Report

Grant Thornton
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To the Board of Directors of Jinhui Holdings Company Limited
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements of Jinhui Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 22 to 42, which comprise the condensed consolidated statement of financial position as at 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the interim financial report information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road, Wanchai
Hong Kong

26 August 2020

Kwong Kam Wing Kelvin
Practising Certificate No.: P05373

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Note	**Six months ended 30 June 2020 (Unaudited) *HK$'000***	Six months ended 30 June 2019 (Unaudited) *HK$'000*
Revenue	*3*	**138,250**	208,913
Other operating income	*4*	**21,514**	47,429
Interest income	*5*	**20,465**	12,297
Shipping related expenses		**(167,516)**	(120,750)
Staff costs		**(47,027)**	(46,889)
Other operating expenses	*6*	**(80,398)**	(20,734)
Operating profit (loss) before depreciation and amortization	*7*	**(114,712)**	80,266
Depreciation and amortization		**(60,464)**	(62,447)
Operating profit (loss)		**(175,176)**	17,819
Finance costs		**(17,530)**	(18,565)
Loss before taxation		**(192,706)**	(746)
Taxation	*8*	**–**	–
Net loss for the period		**(192,706)**	(746)
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)		**(2,279)**	1,007
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through OCI (recycling)		**–**	(3,400)
Total comprehensive loss for the period		**(194,985)**	(3,139)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Note	**Six months ended 30 June 2020 (Unaudited)** ***HK$'000***	Six months ended 30 June 2019 (Unaudited) *HK$'000*
Net profit (loss) for the period attributable to:			
Shareholders of the Company		**(110,946)**	(3,574)
Non-controlling interests		**(81,760)**	2,828
		(192,706)	(746)
Total comprehensive income (loss) for the period attributable to:			
Shareholders of the Company		**(112,215)**	(6,413)
Non-controlling interests		**(82,770)**	3,274
		(194,985)	(3,139)
Loss per share	*9*		
Basic and diluted		**HK$(0.209)**	HK$(0.007)

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Note	**30 June 2020 (Unaudited) *HK$'000***	31 December 2019 (Audited) *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,597,302**	1,630,272
Investment properties	*11*	**418,100**	418,100
Financial assets at fair value through OCI	*12*	**82,692**	73,900
Loan receivables	*13*	**239,334**	312,347
Intangible assets		**955**	977
		2,338,383	2,435,596
Current assets			
Inventories		**12,624**	12,580
Loan receivables	*13*	**92,379**	38,153
Trade and other receivables	*14*	**65,995**	84,041
Financial assets at fair value through profit or loss	*15*	**308,809**	510,605
Pledged deposits		**40,378**	65,810
Bank balances and cash		**286,885**	297,703
		807,070	1,008,892
Current liabilities			
Trade and other payables	*16*	**147,073**	153,891
Secured bank loans	*17*	**616,569**	643,015
		763,642	796,906
Net current assets		**43,428**	211,986
Total assets less current liabilities		**2,381,811**	2,647,582
Non-current liabilities			
Secured bank loans	*17*	**474,392**	545,178
Net assets		**1,907,419**	2,102,404
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**381,639**	381,639
Reserves		**721,786**	834,001
		1,103,425	1,215,640
Non-controlling interests		**803,994**	886,764
Total equity		**1,907,419**	2,102,404

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	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 2019	381,639	1,739	17,333	825,190	1,225,901	880,719	2,106,620
Comprehensive income (loss)							
Net loss for the period	–	–	–	(3,574)	(3,574)	2,828	(746)
Other comprehensive income (loss)							
Change in fair value of financial assets at fair value through OCI	–	–	(2,839)	–	(2,839)	446	(2,393)
Total comprehensive loss for the period	–	–	(2,839)	(3,574)	(6,413)	3,274	(3,139)
Final dividend paid to non-controlling interests by subsidiaries	–	–	–	–	–	(8,686)	(8,686)
At 30 June 2019	381,639	1,739	14,494	821,616	1,219,488	875,307	2,094,795
At 1 January 2020	381,639	3,806	8,455	821,740	1,215,640	886,764	2,102,404
Comprehensive loss							
Net loss for the period	–	–	–	(110,946)	(110,946)	(81,760)	(192,706)
Other comprehensive loss							
Change in fair value of financial assets at fair value through OCI	–	–	(1,269)	–	(1,269)	(1,010)	(2,279)
Total comprehensive loss for the period	–	–	(1,269)	(110,946)	(112,215)	(82,770)	(194,985)
At 30 June 2020	**381,639**	**3,806**	**7,186**	**710,794**	**1,103,425**	**803,994**	**1,907,419**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June 2020 (Unaudited) *HK$'000*	Six months ended 30 June 2019 (Unaudited) *HK$'000*
OPERATING ACTIVITIES		
Cash generated from (used in) operations before changes in working capital	**(140,800)**	56,914
Decrease (Increase) in working capital	**229,882**	(300,535)
Cash generated from (used in) operations	**89,082**	(243,621)
Interest paid	**(18,239)**	(18,902)
Net cash from (used in) operating activities	**70,843**	(262,523)
INVESTING ACTIVITIES		
Interest received	**23,435**	8,400
Dividend income received	**5,247**	5,769
Purchase of property, plant and equipment	**(27,472)**	(57,195)
Purchase of investment properties	**–**	(33,773)
Payment of unlisted equity investments	**(11,071)**	(20,884)
Proceeds from disposal of assets held for sale, net	**–**	23,325
Net cash used in investing activities	**(9,861)**	(74,358)
FINANCING ACTIVITIES		
New secured bank loans	**149,079**	402,268
Repayment of secured bank loans	**(246,311)**	(164,778)
Decrease (Increase) in pledged deposits	**25,432**	(4,303)
Dividends paid to non-controlling interests by subsidiaries	**–**	(8,686)
Net cash from (used in) financing activities	**(71,800)**	224,501
Net decrease in cash and cash equivalents	**(10,818)**	(112,380)
Cash and cash equivalents at 1 January	**297,703**	393,271
Cash and cash equivalents at 30 June	**286,885**	280,891

Notes to the Interim Financial Statements

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020 have been reviewed by our auditor, Grant Thornton Hong Kong Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). An unmodified review conclusion has been issued by the auditor.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the 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 2019 that is included in these unaudited condensed consolidated interim financial statements for the six months ended 30 June 2020 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 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622).

– The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2019. 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 2019, except for the Group has adopted the newly issued and amended Hong Kong Financial Reporting Standards ("HKFRS"), which are effective for the annual period beginning on 1 January 2020.

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

Notes to the Interim Financial Statements

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 2020 and 2019.

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 cannot be attributable to any particular geographical location, no analysis of non-current assets by geographical area is presented in the condensed consolidated 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:

	Six months ended 30 June 2020 (Unaudited) ***HK$'000***	Six months ended 30 June 2019 (Unaudited) *HK$'000*
Chartering freight and hire income:		
Hire income under time charters [1]	**121,962**	208,913
Freight income under voyage charters [2]	**16,288**	–
	138,250	208,913

3. Revenue (Continued)

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.

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

4. Other operating income

	Six months ended 30 June 2020 (Unaudited) ***HK$'000***	Six months ended 30 June 2019 (Unaudited) *HK$'000*
Net gain on financial assets at fair value through profit or loss	**–**	19,239
Other shipping operating income	**11,302**	9,567
Gross rental income from operating leases on investment properties	**3,890**	2,540
Dividend income	**5,623**	6,293
Settlement income in relation to repudiation claims	**–**	4,789
Net gain on disposal of assets held for sale	**–**	4,746
Reversal of impairment loss on trade and other receivables, net	**–**	16
Sundry income	**699**	239
	21,514	47,429

Notes to the Interim Financial Statements

5. Interest income

	Six months ended 30 June 2020 (Unaudited) ***HK$'000***	Six months ended 30 June 2019 (Unaudited) *HK$'000*
Interest income in respect of:		
Financial assets at fair value through profit or loss	**4,638**	8,147
Deposits with banks and other financial institutions	**1,103**	3,204
Interest-bearing note and loan receivables	**14,724**	946
	20,465	12,297

6. Other operating expenses

Other operating expenses for the first half of 2020 mainly comprised of net loss on financial assets at fair value through profit or loss of approximately HK$60.2 million, professional fee of approximately HK$3.9 million, directors' fee of approximately HK$3.3 million, auditor's remuneration related to audit services of approximately HK$0.8 million and remaining are various office administrative expenses.

Other operating expenses for the first half of 2019 mainly comprised of directors' fee of approximately HK$3.3 million, professional fee of approximately HK$2.3 million, auditor's remuneration related to audit services of approximately HK$0.8 million and remaining are various office administrative expenses.

7. Operating profit (loss) before depreciation and amortization

This is stated after charging / (crediting):

	Six months ended 30 June 2020 (Unaudited) *HK$'000*	Six months ended 30 June 2019 (Unaudited) *HK$'000*
Realized gain on financial assets at fair value through profit or loss	**(3,018)**	(14,759)
Unrealized loss (gain) on financial assets at fair value through profit or loss	**63,227**	(4,480)
Net loss (gain) on financial assets at fair value through profit or loss	**60,209**	(19,239)
Reversal of impairment loss on trade and other receivables, net	**–**	(16)
Net gain on disposal of assets held for sale	**–**	(4,746)
Dividend income	**(5,623)**	(6,293)

8. Taxation

Hong Kong Profits Tax has not been provided as the Group has no assessable profits for the periods. 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. The Group is not subject to taxation in any other jurisdictions in which the Group operates.

9. Loss per share

Basic and diluted loss per share were calculated on the net loss attributable to shareholders of the Company of HK$110,946,000 for the six months ended 30 June 2020 (30/6/2019: HK$3,574,000) and the weighted average number of 530,289,480 (30/6/2019: 530,289,480) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2020 and 2019 were the same as basic loss per share as there was no potentially dilutive ordinary shares in existence for the six months ended 30 June 2020 and 2019.

Notes to the Interim Financial Statements

10. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2020 (30/6/2019: nil).

11. Investment properties

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
At 1 January	**418,100**	386,610
Additions	**–**	40,519
Reclassification from leasehold land and buildings	**–**	6,670
Change in fair value	**–**	(15,699)
	418,100	418,100

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

The investment properties of the Group were not revalued at 30 June 2020 by independent valuers. The management was aware of the possible change in the conditions of the property market and considered that the carrying amount of the Group's investment properties did not differ significantly from that which had been determined using fair values at 31 December 2019. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

12. Financial assets at fair value through OCI

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
Unlisted equity investments		
Co-investment in a property project		
At 1 January	**51,056**	35,504
Additions	**11,071**	20,884
Addition of investment under Special Capital Call [3]	**33,360**	–
Disposal of investment under share repurchase scheme [4]	**(33,360)**	–
Change in fair value [1]	**(2,279)**	(5,332)
	59,848	51,056
Unlisted club debentures		
At 1 January	**20,000**	25,800
Change in fair value [2]	**–**	(5,800)
	20,000	20,000
Unlisted club membership		
At 1 January	**2,844**	3,039
Change in fair value [2]	**–**	(195)
	2,844	2,844
	82,692	73,900

Notes:

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

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

Notes to the Interim Financial Statements

12. Financial assets at fair value through OCI (Continued)

Notes: (Continued)

3. An approximately 55.69% indirectly owned subsidiary of the Company (the "Co-Investor") provided additional US$4,276,915, approximately HK$33,360,000 (30/6/2019: nil) as co-investment supplemental capital call in early February 2020 pursuant to a supplemental memorandum (the "Memorandum") signed on 31 January 2020 for acquiring 4,276,915 issued non-voting participating class A shares of Dual Bliss Limited (the "Co-Investment Supplemental Capital Call"). This Co-Investment Supplemental Capital Call was required for all shareholders of Dual Bliss Limited ("Dual Bliss") and all other investors of the co-investment in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Tower A" or previously named as "T3 Property") on a pro rata basis for the purpose of temporarily funding the unwinding of intercompany loan receivable/payable of the wholly-owned foreign-owned subsidiaries and onshore subsidiaries within the existing structure of the co-investment vehicle by the special funding (the "Special Fund") from this Co-Investment Supplemental Capital Call in order to obtain banking facilities under PRC regulations for the co-investment. The unwinding exercise was a condition precedent for the bank loan drawdown.

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

4. In March 2020, the Co-Investor received a total of US$4,276,915, approximately HK$33,360,000 under the mandatory 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, the holding company of the co-investment vehicle, of US$10,000,000 (approximately HK$78,000,000). During the first half of 2020, the Co-Investor paid US$1,420,000, approximately HK$11,071,000 (30/6/2019: US$2,678,000, approximately HK$20,884,000) in accordance with the terms and conditions of the co-investment documents and as at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$1,075,000, approximately HK$8,393,000 (31/12/2019: US$2,495,000, approximately HK$19,464,000).

12. Financial assets at fair value through OCI (Continued)

The Co-Investor received updates from Phoenix Property Investors Limited (the "Investment Manager") in May 2020 in relation to the status of the co-investment as announced by the Company on 28 May 2020. Due to unexpected COVID-19 pandemic that has broadly affected different economic sectors, the Investment Manager advised the Co-Investor on 21 August 2020 that the vendor of Tower A has agreed on the extension of the closing of the acquisition to November 2020. We will update all shareholders of the Company on the significant investment update timely and accordingly.

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 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.

13. Loan receivables

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
At 1 January	**350,500**	–
Gross new loan originated	**–**	361,770
Repayment	**(18,787)**	(11,270)
Provision of individual impairment	**–**	–
Loan receivables, net of provision	**331,713**	350,500
Less: Amount receivable within one year	**(92,379)**	(38,153)
Amount receivable after one year	**239,334**	312,347

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

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
Within one year	**92,379**	38,153
In the second year	**39,026**	40,578
In the third to fifth year	**200,308**	271,769
	331,713	350,500

The Group's loan receivables, which arise from asset-based financing are denominated in United States Dollars and are secured by collaterals provided by the borrowers, bear interest ranged from 8% to 10% per annum and are repayable with fixed terms agreed with the borrowers. The Group generally grants loans with a loan-to-value ratio of no more than 70% of the value in the valuation report of the vessels held as collateral. The directors consider that the credit risk arising from loan receivables is significantly mitigated by the vessels held as collateral, with reference to the market values of the vessels.

13. Loan receivables (Continued)

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. However, due to the slight decrease in market values of collateral vessels, we requested top-up repayment of loans in June 2020 in accordance with the facility agreements and such top-up repayments would lead to an increase in current portion of loan receivables. The carrying amount of these loan receivables are considered to be a reasonable approximation of their fair values.

14. Trade and other receivables

	30 June 2020 (Unaudited) ***HK$'000***	31 December 2019 (Audited) *HK$'000*
Trade receivables	**7,673**	12,937
Prepayments, deposits and other receivables	**58,322**	71,104
	65,995	84,041

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

	30 June 2020 (Unaudited) ***HK$'000***	31 December 2019 (Audited) *HK$'000*
Within 3 months	**1,679**	10,114
Over 3 months but within 6 months	**1,808**	–
Over 6 months but within 12 months	**1,363**	–
Over 12 months	**2,823**	2,823
	7,673	12,937

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

14. Trade and other receivables (Continued)

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.

15. Financial assets at fair value through profit or loss

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
Held for trading		
Equity securities		
Listed in Hong Kong	**131,611**	191,176
Listed outside Hong Kong	**104,948**	143,657
	236,559	334,833
Debt securities		
Listed in Hong Kong	**17,724**	71,510
Listed outside Hong Kong	**52,725**	104,262
	70,449	175,772
Designated as such upon initial recognition:		
Investment funds	**1,801**	–
	308,809	510,605

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

16. Trade and other payables

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
Trade payables	**2,584**	2,844
Accrued charges	**10,121**	7,223
Other payables		
Payables related to vessel running cost and ship operating expenses	**123,635**	131,122
Hire receipt in advance	**3,926**	3,369
Loan interest payables	**2,065**	2,775
Accrued employee benefits	**1,581**	4,343
Others	**3,161**	2,215
	134,368	143,824
	147,073	153,891

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

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
Within 3 months	**164**	1,023
Over 3 months but within 6 months	**524**	–
Over 6 months but within 12 months	**75**	–
Over 12 months	**1,821**	1,821
	2,584	2,844

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17. Secured bank loans

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	HK$'000	*HK$'000*
Vessel mortgage loans	**456,897**	488,497
Other bank loans	**634,064**	699,696
Total secured bank loans	**1,090,961**	1,188,193
Less: Amount repayable within one year	**(616,569)**	(643,015)
Amount repayable after one year	**474,392**	545,178

During the six months ended 30 June 2020, the Group had drawn new revolving loans and term loans of HK$149,079,000 (30/6/2019: HK$402,268,000) and repaid HK$246,311,000 (30/6/2019: HK$164,778,000).

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

18. Capital expenditures and commitments

During the six months ended 30 June 2020, capital expenditure on additions of motor vessels and capitalized drydocking costs was HK$27,454,000 (30/6/2019: HK$55,869,000) and on other property, plant and equipment was HK$18,000 (30/6/2019: HK$1,326,000). During the six months ended 30 June 2019, capital expenditure on additions of investment properties was HK$33,773,000.

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss, the holding company of the co-investment vehicle, of US$10,000,000 (approximately HK$78,000,000). During the six months ended 30 June 2020, the Co-Investor paid US$1,420,000, approximately HK$11,071,000 (30/6/2019: US$2,678,000, approximately HK$20,884,000) in accordance with the terms and conditions of the co-investment documents and as at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$1,075,000, approximately HK$8,393,000 (31/12/2019: US$2,495,000, approximately HK$19,464,000).

19. Related party transactions

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

	Six months ended 30 June 2020 (Unaudited) ***HK$'000***	Six months ended 30 June 2019 (Unaudited) *HK$'000*
Salaries and other benefits	**33,130**	33,178
Contributions to retirement benefits schemes	**1,772**	1,772
	34,902	34,950

Other payables included accrued employee benefits payables to directors and senior management of HK$119,000 (31/12/2019: HK$2,952,000). There is no other balance or transaction related to connected party or any director and senior management and substantial shareholder of the Group that had not been disclosed under the requirement of Chapter 14 and 14A of the Listing Rules and HKAS 24 (Revised) "Related Party Disclosures".

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20. Events after the reporting date

Subsequent to the reporting date, the Group had entered into an agreement on 10 July 2020 in respect of the acquisition of a Supramax of deadweight 50,259 metric tons at a consideration of US$3,950,000 (approximately HK$30,810,000), which was delivered to the Group on 16 July 2020.

On 29 July 2020, the Group had entered into an agreement in respect of the acquisition of the property at a consideration of HK$19,500,000 for investment purpose. The completion of the acquisition of the property will take place on or before 29 October 2020.

21. Comparative figures

Certain comparative figures have been reclassified in order to conform with current period's presentation.