JINHUI SHIPPING AND TRANSPORTATION LIMITED

Second Quarter and Half Yearly Report 2020

Contents

HIGHLIGHTS

For the First Half of 2020

- Revenue for the period: US$18 million
- Net loss for the period: US$24 million
- Basic loss per share: US$0.217
- Gearing ratio as at 30 June 2020: 22%

For the Second Quarter of 2020

- Revenue for the quarter: US$9 million
- Net loss for the quarter: US$5 million
- Basic loss per share: US$0.048

The Board of **Jinhui Shipping and Transportation Limited** (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the quarter and six months ended 30 June 2020.

SECOND QUARTER RESULTS

Revenue for the second quarter of 2020 decreased 39% to US$8,510,000, comparing to US$14,019,000 for the corresponding quarter in 2019. The Company recorded a consolidated net loss of US$5,285,000 for current quarter as compared to a consolidated net loss of US$1,147,000 for the corresponding quarter in 2019. Basic loss per share was US$0.048 for the second quarter of 2020 while basic loss per share was US$0.010 for the corresponding quarter in 2019.

HALF YEARLY RESULTS

Revenue for the first half of 2020 decreased 34% to US$17,724,000, comparing to US$26,784,000 for the same period in 2019. The Company recorded a consolidated net loss of US$23,656,000 for the first half of 2020 while a consolidated net profit of US$818,000 was reported in the first half of 2019. The consolidated 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 period was US$0.217 as compared to basic earnings per share of US$0.007 for the first half of 2019.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2020.

REVIEW OF OPERATIONS

Second Quarter of 2020. Baltic Dry Index ("BDI") opened at 626 points at the beginning of April and closed at 1,799 points by the end of June. The average of BDI of the second quarter of 2020 was 783 points, which compares to 995 points in the same quarter in 2019.

Revenue for the second quarter of 2020 was US$8,510,000 representing a decrease of 39% as compared to US$14,019,000 for the same quarter in 2019. The decrease in revenue for the quarter was mainly due to the decrease in market freight rates in the second quarter and decrease in fleet utilization rate. The average daily time charter equivalent rates ("TCE") earned by the Group's owned vessels decrease 41% to US$5,229 for the second quarter of 2020 as compared to US$8,934 for the corresponding quarter in 2019. The fleet utilization rate of the Group's owned vessels also dropped from 99% in the second quarter of 2019 to 98% in the second quarter of 2020.

Average daily TCE of owned vessels	**2020 Q2 *US$***	2019 Q2 *US$*	**2020 1st half *US$***	2019 1st half *US$*	2019 *US$*
Post-Panamax fleet	**5,750**	8,711	**7,382**	7,473	9,628
Supramax fleet	**5,194**	8,963	**5,096**	8,376	9,522
In average	**5,229**	8,934	**5,293**	8,277	9,533

The Group had entered into voyage charters in early 2020 to maximize potential business opportunity and freight income earned for the quarter was US$1,384,000. 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 the second quarter of 2020.

Other operating income increased from US$1,126,000 for the second quarter of 2019 to US$3,891,000 for the second quarter of 2020 due to net gain of US$2,259,000 on financial assets at fair value through profit or loss was recognized in the current quarter.

Interest income increased from US$848,000 for the second quarter of 2019 to US$1,195,000 for the current quarter. 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 increased from US$7,803,000 for the second quarter of 2019 to US$10,113,000 for the current quarter. The increase was mainly included the bunker related expenses of US$2 million. Daily vessel running cost slightly increased to US$4,185 for the second quarter of 2020 as compared to US$3,962 for the second quarter of 2019. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Finance costs dropped from US$1,109,000 for the second quarter of 2019 to US$863,000 for the second quarter of 2020. The decrease was mainly attributable to the decrease in interest rate as compared with that of the corresponding quarter in 2019.

First Half of 2020. 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. The average of BDI for the first half of 2020 was 685 points, which compares to 895 points in the same period in 2019.

Revenue for the first half of 2020 decreased 34% to US$17,724,000, comparing to US$26,784,000 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 for the first half of 2020 as compared to US$8,277 for the corresponding period in 2019. Basic loss per share for the period was US$0.217 as compared to basic earnings per share of US$0.007 for the first half of 2019.

Other operating income decreased from US$6,062,000 for the first half of 2019 to US$2,641,000 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 US$2,578,000 on financial assets at fair value through profit or loss, settlement income of US$614,000 from a charterer in relation to repudiation claims and net gain of US$608,000 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.

Shipping related expenses for the period increased from US$15,481,000 for the first half of 2019 to US$21,476,000 for the first half of 2020. The increase was mainly included the bunker related expenses of US$7 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 for the first half of 2019 to US$3,823 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 increased from US$2,371,000 for the first half of 2019 to US$9,808,000 for the first half of 2020 due to the Group recorded net loss of US$7,483,000 on financial assets at fair value through profit or loss for the first half of 2020 as compared to net gain of US$2,578,000 which was included in other operating income for the corresponding period in 2019. The net loss of US$7,483,000 on financial assets at fair value through profit or loss comprised of a realized gain of US$332,000 upon disposal of certain equity and debt securities during the first half of 2020, and an unrealized fair value loss of US$7,815,000 on financial assets at fair value through profit or loss amid the COVID-19 pandemic that triggered an adverse global financial markets sell off in early 2020.

FINANCIAL REVIEW

During the first half of 2020, capital expenditure on additions of property, plant and equipment was US$3,521,000 (30/6/2019: US$7,333,000). During the first half of 2019, capital expenditure on additions of investment properties was US$4,330,000.

On 20 April 2018, a wholly owned subsidiary of the Company (the “Co-Investor”) entered into the co-investment documents to co-invest in a property project in Tower A of One Financial Street Center, Jing’an Central Business District, Shanghai, the PRC (the “Tower A” or previously named as “T3 Property”), pursuant to which the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss Limited (“Dual Bliss”), the holding company of the co-investment vehicle, of US$10,000,000. During the first half of 2020, the Co-Investor paid US$1,420,000 (30/6/2019: US$2,678,000) 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 (31/12/2019: US$2,495,000). The Co-Investor further provided additional US$4,276,915 (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 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.

The Group’s total secured bank loans decreased from US$133,915,000 as of 31 December 2019 to US$121,609,000 as at 30 June 2020, of which 50%, 13% and 37% are repayable respectively within one year, one to two years and two to five years. During the first half of 2020, the Group had drawn new revolving loans and term loan of US$19,113,000 (30/6/2019: US$49,009,000) and repaid US$31,419,000 (30/6/2019: US$20,973,000). The bank borrowings represented vessel mortgage loans that were denominated in United States Dollars, revolving loans, term loans and property mortgage loans that were denominated in Hong Kong Dollars and United States Dollars. All bank borrowings were committed on floating rate basis.

During the first half of 2020, cash used in operations before changes in working capital was US$17,491,000 (30/6/2019: cash generated from operations before changes in working capital was US$7,774,000) and the net cash generated from operating activities after working capital changes was US$9,331,000 (30/6/2019: net cash used in operating activities after working capital changes was US$31,522,000). 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. During the first half of 2020, the Group's net loss on financial assets at fair value through profit or loss was US$7,483,000 (30/6/2019: net gain of US$2,578,000 on financial assets at fair value through profit or loss) and the aggregate interest income and dividend income from financial assets was US$3,334,000 (30/6/2019: US$2,280,000). 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.

As at 30 June 2020, the Group maintained positive working capital position of US$18,715,000 (31/12/2019: US$34,458,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to US$70,944,000 (31/12/2019: US$97,662,000).

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, increased to 22% (31/12/2019: 14%) 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.

FLEET

Owned Vessels

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, 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.

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.

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.

PUBLICATION OF FINANCIAL INFORMATION

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

By Order of the Board

Ng Siu Fai
Chairman

25 August 2020

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2020 has been prepared in accordance with applicable accounting standards and gives a true and fair view of the assets, liabilities, financial position and results of operations of the Group and that the half yearly report includes a fair review of the development and performance of the business and the position of the Group together with a description of the key principal risks and uncertainty factors that the Group faces.

25 August 2020

Ng Siu Fai	**Ng Kam Wah Thomas**	**Ng Ki Hung Frankie**
Chairman	*Managing Director and Deputy Chairman*	*Executive Director*
Ho Suk Lin Cathy	**Tsui Che Yin Frank**	**William Yau**
Executive Director	*Non-executive Director*	*Non-executive Director*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**3 months ended 30/6/2020 (Unaudited)**	3 months ended 30/6/2019 (Unaudited)	**6 months ended 30/6/2020 (Unaudited)**	6 months ended 30/6/2019 (Unaudited)	Year ended 31/12/2019 (Audited)
		US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Revenue	*2*	**8,510**	14,019	**17,724**	26,784	63,160
Net gain on disposal of owned vessels		**-**	-	**-**	-	90
Other operating income	*3*	**3,891**	1,126	**2,641**	6,062	7,855
Interest income	*4*	**1,195**	848	**2,624**	1,513	3,694
Shipping related expenses		**(10,113)**	(7,803)	**(21,476)**	(15,481)	(32,684)
Staff costs		**(2,948)**	(2,938)	**(5,862)**	(5,843)	(12,339)
Other operating expenses		**(1,088)**	(1,427)	**(9,808)**	(2,371)	(5,596)
Operating profit (loss) before depreciation and amortization		**(553)**	3,825	**(14,157)**	10,664	24,180
Depreciation and amortization		**(3,869)**	(3,863)	**(7,543)**	(7,759)	(15,362)
Operating profit (loss)		**(4,422)**	(38)	**(21,700)**	2,905	8,818
Finance costs		**(863)**	(1,109)	**(1,956)**	(2,087)	(4,323)
Profit (Loss) before taxation		**(5,285)**	(1,147)	**(23,656)**	818	4,495
Taxation	*7*	**-**	-	**-**	-	-
Net profit (loss) for the period / year		**(5,285)**	(1,147)	**(23,656)**	818	4,495
Other comprehensive income (loss)						
Items that will not be reclassified to profit or loss:						
Change in fair value of financial assets at fair value through OCI (non-recycling)		**(419)**	127	**(293)**	129	(684)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties		**-**	-	**-**	-	476
Items that may be reclassified subsequently to profit or loss:						
Change in fair value of financial assets at fair value through OCI (recycling)		**-**	-	**-**	-	(25)
Total comprehensive income (loss) for the period / year attributable to shareholders of the Company		**(5,704)**	(1,020)	**(23,949)**	947	4,262
Earnings (Loss) per share	*8*					
- Basic and diluted		**US$(0.048)**	US$(0.010)	**US$(0.217)**	US$0.007	US$0.041

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30/6/2020 (Unaudited) *US$'000***	30/6/2019 (Unaudited) *US$'000*	31/12/2019 (Audited) *US$'000*
ASSETS				
Non-current assets				
Property, plant and equipment		**201,999**	217,758	206,021
Investment properties	*10*	**30,138**	28,663	30,138
Financial assets at fair value through OCI	*11*	**8,037**	7,748	6,910
Loan receivables	*12*	**30,684**	2,555	40,044
		270,858	256,724	283,113
Current assets				
Inventories		**1,619**	583	1,613
Loan receivables	*12*	**11,843**	1,460	4,891
Trade and other receivables		**8,413**	14,789	10,717
Financial assets at fair value through profit or loss	*13*	**38,572**	76,755	64,071
Pledged deposits		**5,177**	3,978	8,437
Bank balances and cash		**32,603**	33,080	33,591
		98,227	130,645	123,320
Total assets		**369,085**	387,369	406,433
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**5,463**	5,463	5,463
Reserves		**223,290**	243,924	247,239
Total equity		**228,753**	249,387	252,702
Non-current liabilities				
Secured bank loans	*14*	**60,820**	61,545	64,869
Current liabilities				
Trade and other payables		**18,616**	19,684	19,689
Amount due to holding company		**107**	79	127
Secured bank loans	*14*	**60,789**	56,674	69,046
		79,512	76,437	88,862
Total equity and liabilities		**369,085**	387,369	406,433

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital (Unaudited) US$'000	Share premium (Unaudited) US$'000	Capital redemption reserve (Unaudited) US$'000	Contributed surplus (Unaudited) US$'000	Revaluation reserve (Unaudited) US$'000	Reserve for financial assets at fair value through OCI (Unaudited) US$'000	Retained profits (Unaudited) US$'000	Total equity (Unaudited) US$'000
At 1 January 2019	5,463	95,585	719	16,297	-	(243)	133,132	250,953
Comprehensive income								
Net profit for the period	-	-	-	-	-	-	818	818
Other comprehensive income								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	129	-	129
Total comprehensive income for the period	-	-	-	-	-	129	818	947
2018 final dividend paid	-	-	-	-	-	-	(2,513)	(2,513)
At 30 June 2019	5,463	95,585	719	16,297	-	(114)	131,437	249,387
At 1 January 2020	5,463	95,585	719	16,297	476	(952)	135,114	252,702
Comprehensive loss								
Net loss for the period	-	-	-	-	-	-	(23,656)	(23,656)
Other comprehensive loss								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	(293)	-	(293)
Total comprehensive loss for the period	-	-	-	-	-	(293)	(23,656)	(23,949)
At 30 June 2020	**5,463**	**95,585**	**719**	**16,297**	**476**	**(1,245)**	**111,458**	**228,753**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30/6/2020 (Unaudited)	6 months ended 30/6/2019 (Unaudited)	Year ended 31/12/2019 (Audited)
	US$'000	*US$'000*	*US$'000*
OPERATING ACTIVITIES			
Cash generated from (used in) operations before changes in working capital	**(17,491)**	7,774	18,316
Decrease (Increase) in working capital	**28,874**	(37,168)	(58,067)
Cash generated from (used in) operations	**11,383**	(29,394)	(39,751)
Interest paid	**(2,052)**	(2,128)	(4,347)
Net cash from (used in) operating activities	**9,331**	(31,522)	(44,098)
INVESTING ACTIVITIES			
Interest received	**3,004**	1,014	2,722
Dividend income received	**664**	700	1,862
Purchase of property, plant and equipment	**(3,521)**	(7,333)	(8,942)
Purchase of investment properties	**-**	(4,330)	(5,195)
Payment of unlisted equity investments	**(1,420)**	(2,678)	(2,678)
Proceeds from disposal of property, plant and equipment, net	**-**	-	1,454
Proceeds from disposal of assets held for sale, net	**-**	2,990	2,990
Net cash used in investing activities	**(1,273)**	(9,637)	(7,787)
FINANCING ACTIVITIES			
New secured bank loans	**19,113**	49,009	79,752
Repayment of secured bank loans	**(31,419)**	(20,973)	(36,020)
Decrease (Increase) in pledged deposits	**3,260**	(552)	(5,011)
Dividends paid to shareholders of the Company	**-**	(2,513)	(2,513)
Net cash from (used in) financing activities	**(9,046)**	24,971	36,208
Net decrease in cash and cash equivalents	**(988)**	(16,188)	(15,677)
Cash and cash equivalents at beginning of the period / year	**33,591**	49,268	49,268
Cash and cash equivalents at end of the period / year	**32,603**	33,080	33,591

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NOTES:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and have been reviewed by our auditor, Grant Thornton Hong Kong Limited. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2019, except for the Group has adopted the newly issued and amended International Financial Reporting Standards ("IFRS") and 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 IFRSs and HKFRSs does not have material impact on the Group's financial performance and financial position for the current and prior periods have been prepared and presented.

2. Revenue

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

	3 months ended 30/6/2020	3 months ended 30/6/2019	**6 months ended 30/6/2020**	6 months ended 30/6/2019	Year ended 31/12/2019
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Chartering freight and hire income:					
Hire income under time charters[1]	**7,126**	14,019	**15,636**	26,784	63,160
Freight income under voyage charters[2]	**1,384**	-	**2,088**	-	-
	8,510	14,019	**17,724**	26,784	63,160

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 US$2,088,000. 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.

3. Other operating income

	3 months ended 30/6/2020 (Unaudited) US$'000	3 months ended 30/6/2019 (Unaudited) US$'000	6 months ended 30/6/2020 (Unaudited) US$'000	6 months ended 30/6/2019 (Unaudited) US$'000	Year ended 31/12/2019 (Audited) US$'000
Net gain on financial assets at fair value through profit or loss	**2,259**	-	**-**	2,578	1,498
Other shipping operating income	**629**	431	**1,449**	1,227	2,327
Gross rental income from operating leases on investment properties	**142**	92	**281**	139	435
Dividend income	**663**	545	**710**	767	1,929
Settlement income in relation to repudiation claims	**-**	-	**-**	614	614
Net gain on disposal of assets held for sale	**-**	-	**-**	608	608
Sundry income	**198**	58	**201**	129	444
	3,891	1,126	**2,641**	6,062	7,855

4. Interest income

	3 months ended 30/6/2020 (Unaudited) US$'000	3 months ended 30/6/2019 (Unaudited) US$'000	6 months ended 30/6/2020 (Unaudited) US$'000	6 months ended 30/6/2019 (Unaudited) US$'000	Year ended 31/12/2019 (Audited) US$'000
Interest income in respect of:					
Financial assets at fair value through profit or loss	**210**	608	**595**	982	2,179
Deposits with banks and other financial institutions	**51**	180	**141**	410	613
Interest-bearing note and loan receivables	**934**	60	**1,888**	121	902
	1,195	848	**2,624**	1,513	3,694

5. Other operating expenses

Other operating expenses for the first half of 2020 mainly included net loss of US$7,483,000 on financial assets at fair value through profit or loss (30/6/2019: net gain of US$2,578,000 on financial assets at fair value through profit or loss included in other operating income), professional fee of US$471,000 (30/6/2019: US$257,000) and directors' fee of US$388,000 (30/6/2019: US$388,000).

Other operating expenses for the year 2019 mainly included professional fee of US$1,091,000, directors' fee of US$777,000, change in fair value of investment properties of US$245,000 and bad debts written off of US$214,000.

6. Operating profit (loss) before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 30/6/2020	3 months ended 30/6/2019	**6 months ended 30/6/2020**	6 months ended 30/6/2019	Year ended 31/12/2019
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Realized gain on financial assets at fair value through profit or loss	**(23)**	(822)	**(332)**	(1,832)	(568)
Unrealized loss (gain) on financial assets at fair value through profit or loss	**(2,236)**	994	**7,815**	(746)	(930)
Net loss (gain) on financial assets at fair value through profit or loss	**(2,259)**	172	**7,483**	(2,578)	(1,498)
Reversal of impairment loss on trade and other receivables	**-**	-	**-**	(2)	(2)

7. Taxation

Taxation has not been provided as the Group has no assessable profit for all relevant periods / year.

8. Earnings (Loss) per share

	3 months ended 30/6/2020	3 months ended 30/6/2019	**6 months ended 30/6/2020**	6 months ended 30/6/2019	Year ended 31/12/2019
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
Weighted average number of ordinary shares in issue	**109,258,943**	109,258,943	**109,258,943**	109,258,943	109,258,943
Net profit (loss) attributable to shareholders of the Company (US$'000)	**(5,285)**	(1,147)	**(23,656)**	818	4,495
Basic and diluted earnings (loss) per share	**US$(0.048)**	US$(0.010)	**US$(0.217)**	US$0.007	US$0.041

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

9. Interim dividend

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

10. Investment properties

	30/6/2020	30/6/2019	31/12/2019
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
At 1 January	**30,138**	24,333	24,333
Additions	**-**	4,330	5,195
Reclassification from leasehold land and buildings	**-**	-	855
Change in fair value	**-**	-	(245)
	30,138	28,663	30,138

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.

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.

11. Financial assets at fair value through OCI

	30/6/2020	30/6/2019	31/12/2019
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Unlisted equity investments			
Co-investment in a property project			
At 1 January	**6,545**	4,551	4,551
Additions	**1,420**	2,678	2,678
Addition of investment under Special Capital Call[3]	**4,277**	-	-
Disposal of investment under share repurchase scheme[4]	**(4,277)**	-	-
Change in fair value[1]	**(293)**	129	(684)
	7,672	7,358	6,545
Unlisted club membership			
At 1 January	**365**	390	390
Change in fair value[2]	**-**	-	(25)
	365	390	365
	8,037	7,748	6,910

Notes:

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

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

3. A wholly-owned subsidiary of the Company (the "Co-Investor") provided additional US$4,276,915 (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 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. During the first half of 2020, the Co-Investor paid US$1,420,000 (30/6/2019: US$2,678,000) 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 (31/12/2019: US$2,495,000).

The Co-Investor received updates from Phoenix Property Investors Limited (the "Investment Manager") in May 2020 in relation to the status of the co-investment as announced by the Company on 28 May 2020. Due to unexpected COVID-19 pandemic that has broadly affected different economic sectors, the Investment Manager advised the Co-Investor on 21 August 2020 that the vendor of Tower A has agreed on the extension of the closing of the acquisition 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 IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the periods / year.

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

12. Loan receivables

	30/6/2020	30/6/2019	31/12/2019
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
At 1 January	**44,935**	-	-
Gross new loan originated	**-**	4,381	46,381
Repayment	**(2,408)**	(366)	(1,446)
Provision of individual impairment	**-**	-	-
Loan receivables, net of provision	**42,527**	4,015	44,935
Less: Amount receivable within one year	**(11,843)**	(1,460)	(4,891)
Amount receivable after one year	**30,684**	2,555	40,044

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.

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.

13. Financial assets at fair value through profit or loss

	30/6/2020	30/6/2019	31/12/2019
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Held for trading			
Listed equity securities	**29,309**	51,243	41,536
Listed debt securities	**9,032**	25,512	22,535
	38,341	76,755	64,071
Designated as such upon initial recognition:			
Investment funds	**231**	-	-
	38,572	76,755	64,071

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

14. Secured bank loans

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

	30/6/2020	30/6/2019	31/12/2019
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Within one year	**60,789**	56,674	69,046
In the second year	**15,282**	8,607	13,880
In the third to fifth year	**45,538**	42,753	46,213
Wholly repayable within five years	**121,609**	108,034	129,139
After the fifth year	**-**	10,185	4,776
Total secured bank loans	**121,609**	118,219	133,915
Less: Amount repayable within one year	**(60,789)**	(56,674)	(69,046)
Amount repayable after one year	**60,820**	61,545	64,869

During the six months ended 30 June 2020, the Group had drawn new revolving loans and term loan of US$19,113,000 (30/6/2019: US$49,009,000) and repaid US$31,419,000 (30/6/2019: US$20,973,000).

15. Capital expenditures and commitments

During the first half of 2020, capital expenditure on additions of property, plant and equipment was US$3,521,000 (30/6/2019: US$7,333,000). During the first half of 2019, there was also capital expenditure on additions of investment properties of US$4,330,000.

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. During the six months ended 30 June 2020, the Co-Investor paid US$1,420,000 (30/6/2019: US$2,678,000) 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 (31/12/2019: US$2,495,000).

16. Related party transactions

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

	3 months ended 30/6/2020	3 months ended 30/6/2019	**6 months ended 30/6/2020**	6 months ended 30/6/2019	Year ended 31/12/2019
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Salaries and other benefits	**1,941**	1,941	**3,883**	3,890	8,127
Contributions to retirement benefits schemes	**111**	111	**222**	222	443
	2,052	2,052	**4,105**	4,112	8,570

17. 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, 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, approximately US$2,500,000 for investment purpose. The completion of the acquisition of the property will take place on or before 29 October 2020.

18. Comparative figures

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

Independent auditor's report on review of condensed consolidated interim financial information
To the Board of Directors of Jinhui Shipping and Transportation Limited
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements of Jinhui Shipping and Transportation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 11 to 23, 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 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" issued by the Hong Kong Institute of Certified Public Accountants and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

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.

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" and International Accounting Standard 34 "Interim Financial Reporting".

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

25 August 2020

Kwong Kam Wing Kelvin
Practising Certificate No.: P05373

JINHUI

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