JINHUI

JINHUI SHIPPING AND TRANSPORTATION LIMITED

Q1 2020 Results Presentation

29 May 2020

Disclaimer

This presentation 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 presentation 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.

Highlights

Q1 2020 Financial Highlights

- Revenue for the quarter: US$9 million
- Net loss for the quarter: US$18 million
- Basic loss per share: US$0.168
- Gearing ratio as at 31 March 2020: 23%

Highlights

- Consolidated net loss mainly attributable to:
  - 1. poor business sentiment by the outbreak of COVID-19, leading a reduction in chartering revenue and decrease in fleet utilization rate;
  - 2. significant unrealized fair value loss on financial assets at fair value through profit & loss of US$10 million due to adverse global financial markets sell off in Q1 2020;
  - 3. increase in shipping related expenses mainly due to bunker related expenses of US$5 million as a result of both price loss on bunker fuel on-board due to bunker fuel price slump as well as increase in bunker consumption for the positioning of owned vessels in between time charter contracts of vessels.
- During the quarter, the Group drawn new secured bank loans of US$15.9 million and repaid US$20.1 million.
- Increase in interest income was attributable to the interest income generated form loan receivables during the quarter.

Highlights

- Additional US$1.4 million has been paid to the co-investment property project in Shanghai; with total paid amount of US$8.9 million as of Mar 2020.
- We received an update very recently from the Investment Manager of Co-investment in property, that there is risk that the co-investment property project in Shanghai might not close given the changing market dynamics in China/Shanghai and change in lending availability due to multiple negative events happening within a short timescale.
- A proposal was sent to all investors of the Co-investment project, details to be included later in the presentation.

Financial Highlights
For the quarter ended 31 March 2020

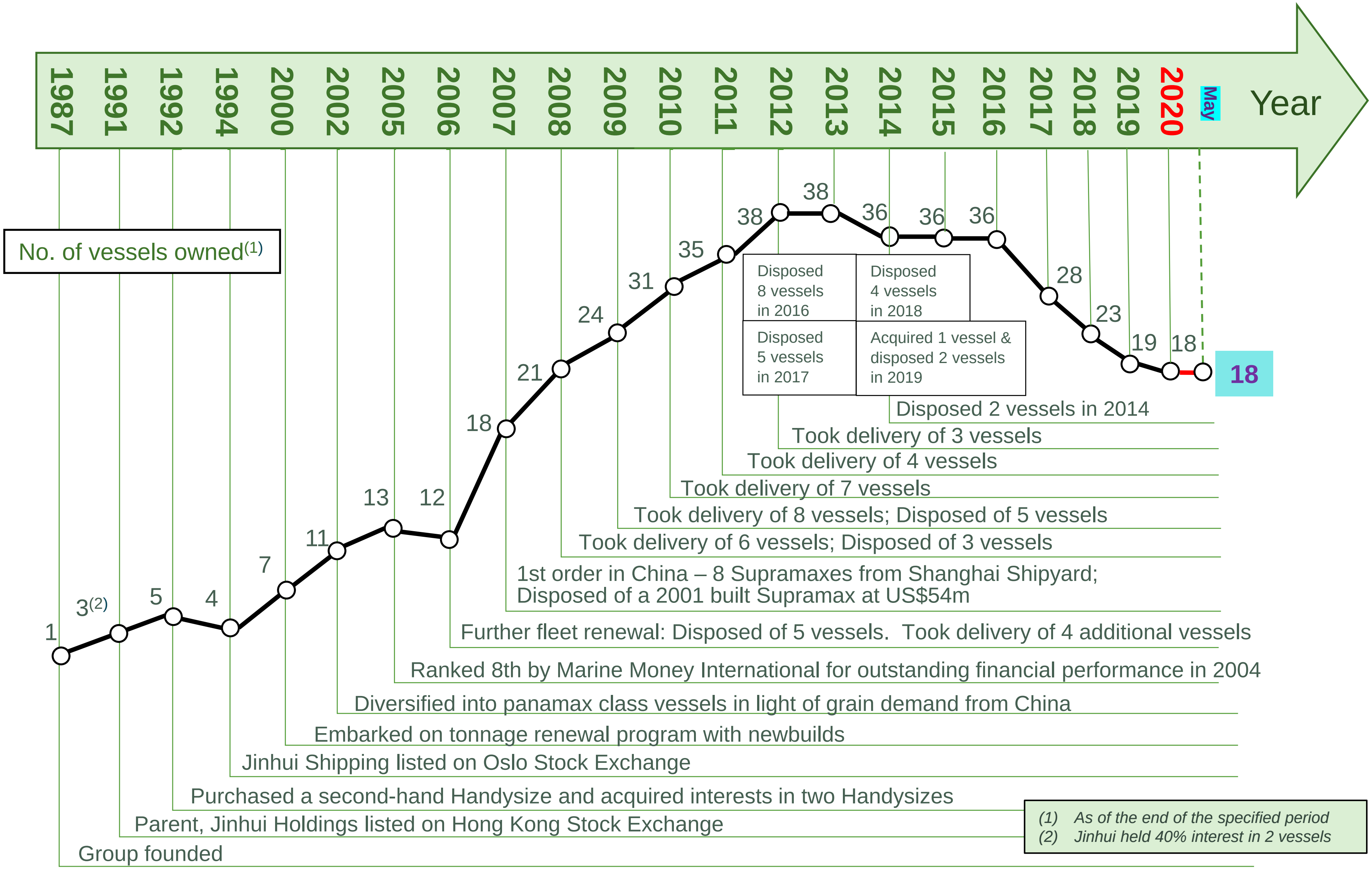
US$'000	Q1 2020 (Unaudited)	Q1 2019 (Unaudited)	QoQ	2019 (Audited)
Revenue	9,214	12,765	-28%	63,160
Operating profit (loss) before depreciation/amortization and finance costs	(13,604)	6,839	-299%	24,180
Operating profit (loss)	(17,278)	2,943	-687%	8,818
Finance costs	(1,093)	(978)	12%	(4,323)
Net profit (loss) for the period / year	(18,371)	1,965	1,033%	4,495
Basic earnings (loss) per share	US$(0.168)	US$0.018	1,033%	US$0.041

Key Financial Ratios
As at 31 March 2020

	Q1 2020 (Unaudited)	Q1 2019 (Unaudited)	2019 (Audited)
Total assets (US$'000)	383,390	390,487	406,433
Secured bank loans (US$'000)	129,722	116,627	133,915
Current ratio[1]	1.22 : 1	1.88 : 1	1.39 : 1
Net gearing[2]	23%	-	14%
Working Capital (US$'000)	18,244	65,232	34,458
Available liquidity (US$'000)[3]	76,952	118,992	97,662

1. Current ratio is calculated based on current assets divided by current liabilities.
2. Net gearing is calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity. Net gearing for Q1 2019 is not presented due to the increase in liquid assets that led to net debts dropped below zero.
3. Available liquidity included bank and cash balances, equity and debt securities as of reporting date.

Our Fleet Development



(1) As of the end of the specified period
(2) Jinhui held 40% interest in 2 vessels

Competitive Fleet with High Cargo Flexibility

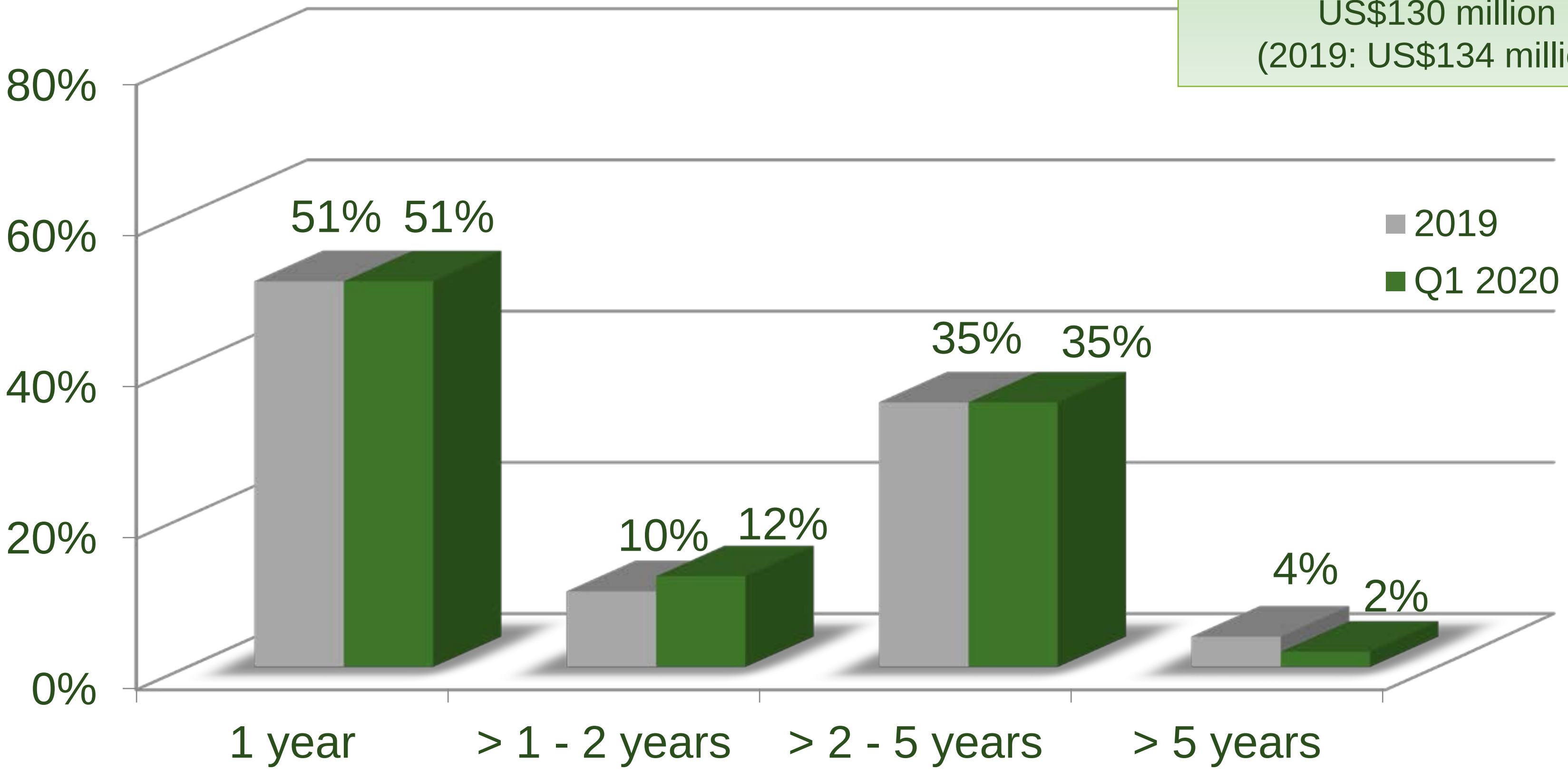
	Fleet	Type	Size (dwt)	Year built	Status	Shipyard	Installation of ballast water treatment systems
1	Jin Lang	Post-Panamax	93,279	2010	Owned	Jiangsu New Yangzi	Year 2022
2	Jin Mei	Post-Panamax	93,204	2010	Owned	Jiangsu New Yangzi	Year 2022
3	Jin Xiang	Supramax	61,414	2012	Owned	Oshima	Year 2020
4	Jin Hong	Supramax	61,414	2011	Owned	Oshima	Year 2020
5	Jin Yue	Supramax	56,934	2010	Owned	Shanghai Shipyard	Year 2021
6	Jin Ao	Supramax	56,920	2010	Owned	Shanghai Shipyard	Year 2022
7	Jin Gang	Supramax	56,927	2009	Owned	Shanghai Shipyard	Year 2024
8	Jin Ji	Supramax	56,913	2009	Owned	Shanghai Shipyard	Year 2021
9	Jin Wan	Supramax	56,897	2009	Owned	Shanghai Shipyard	Year 2021
10	Jin Jun	Supramax	56,887	2009	Owned	Shanghai Shipyard	Year 2021
11	Jin Sui	Supramax	56,968	2008	Owned	Shanghai Shipyard	Year 2023
12	Jin Tong	Supramax	56,952	2008	Owned	Shanghai Shipyard	Year 2021
13	Jin Yuan	Supramax	55,496	2007	Owned	Oshima	Year 2022
14	Jin Yi	Supramax	55,496	2007	Owned	Oshima	Year 2022
15	Jin Xing	Supramax	55,496	2007	Owned	Oshima	Year 2022
16	Jin Sheng	Supramax	52,050	2006	Owned	IHI	Year 2022
17	Jin Yao	Supramax	52,050	2004	Owned	IHI	Year 2021
18	Jin Ping	Supramax	50,777	2002	Owned	Oshima	Year 2022

- As of 28 May 2020, we operated 18 motor vessels with total capacity of deadweight 1,086,074 metric tons and average age of 11.78 years.

Debt Maturity Profile

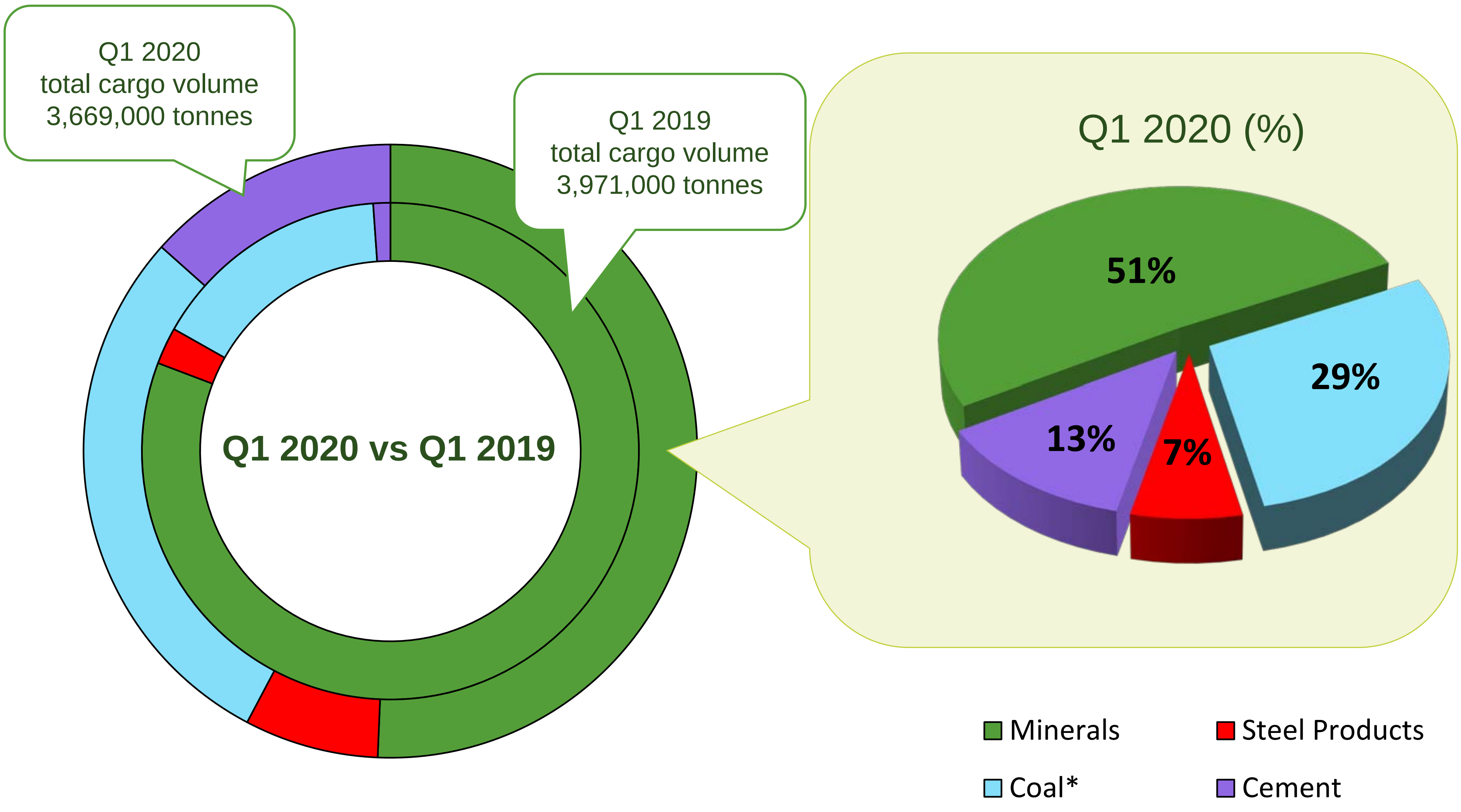
(Based on information up to 31 March 2020)

Total debt as of
31 March 2020:
US$130 million
(2019: US$134 million)



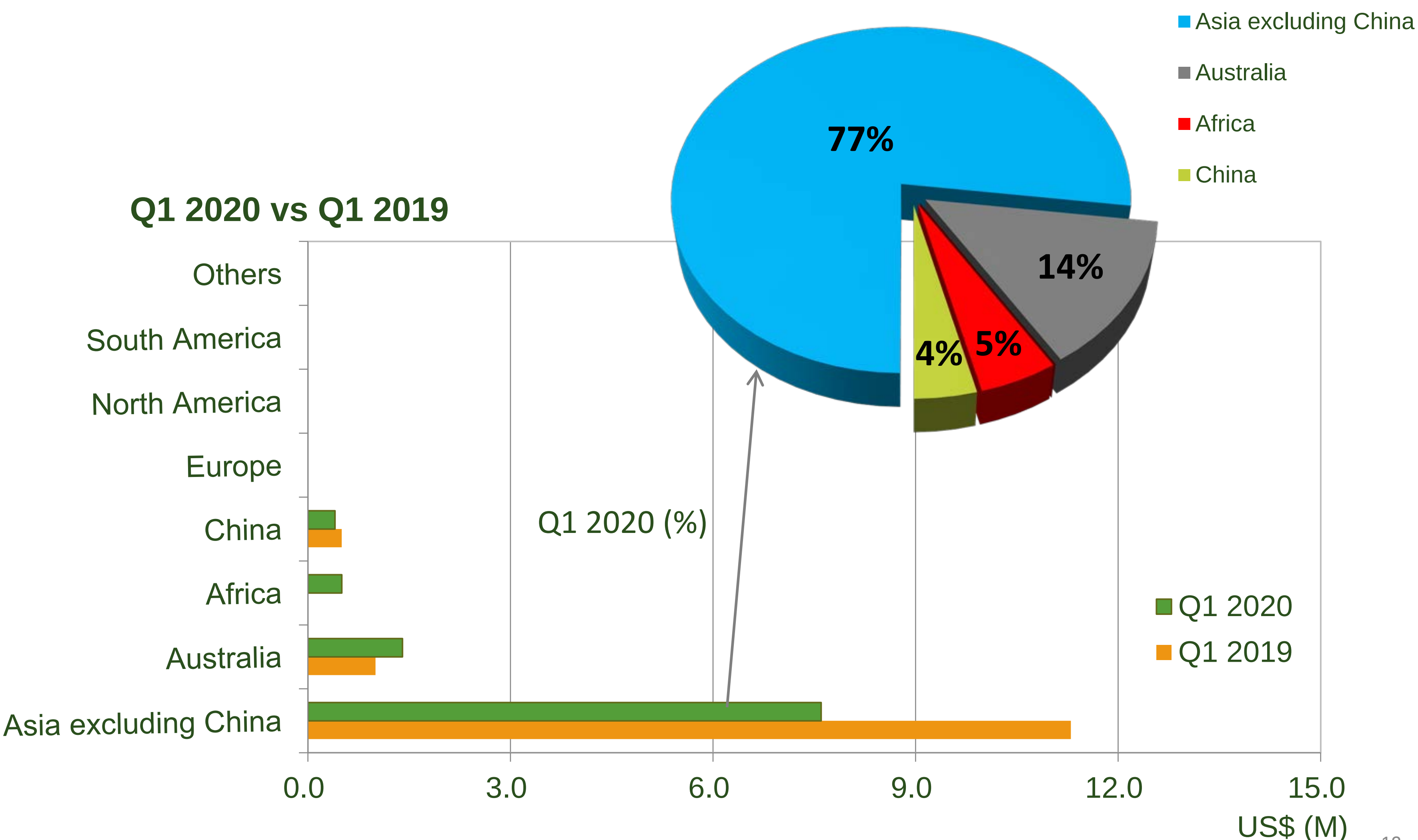
- Secured bank loans represented vessel mortgage loans, revolving loans, term loans and property mortgage loans which were secured by the Group's motor vessels, land & buildings, investment properties, financial assets at fair value through profit or loss and loan receivables to secure credit facilities utilized by the Group.
- The increase in finance costs for current quarter was mainly attributable to the rising interest rate and increase in new secured bank loans as compared with corresponding quarter in 2019.

Cargo Volume Analysis Q1 2020

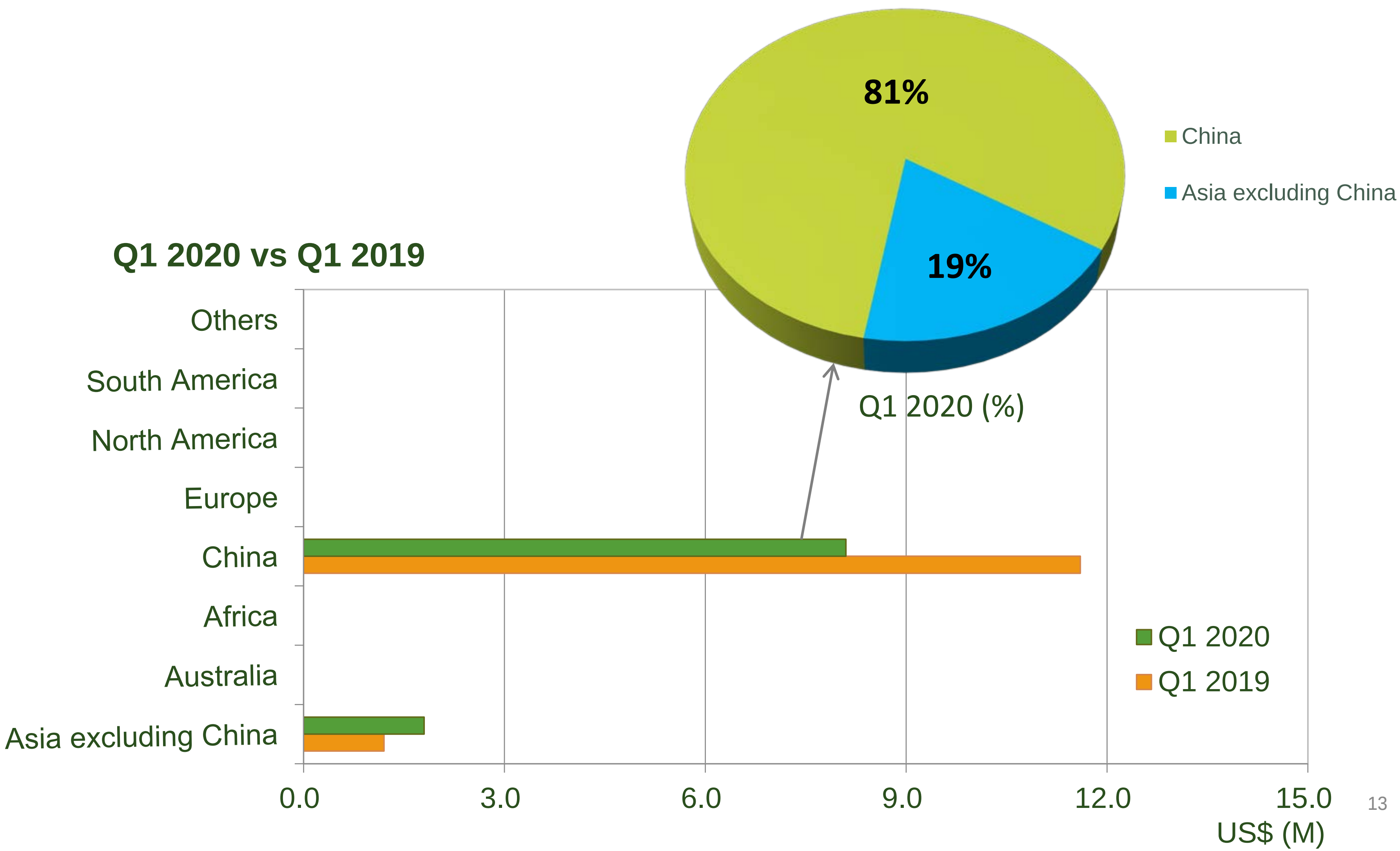


* *Including steaming coal and coking coal*

Loading Port Analysis Q1 2020
Chartering revenue expressed by loading ports



Discharging Port Analysis Q1 2020
Chartering revenue expressed by discharging ports

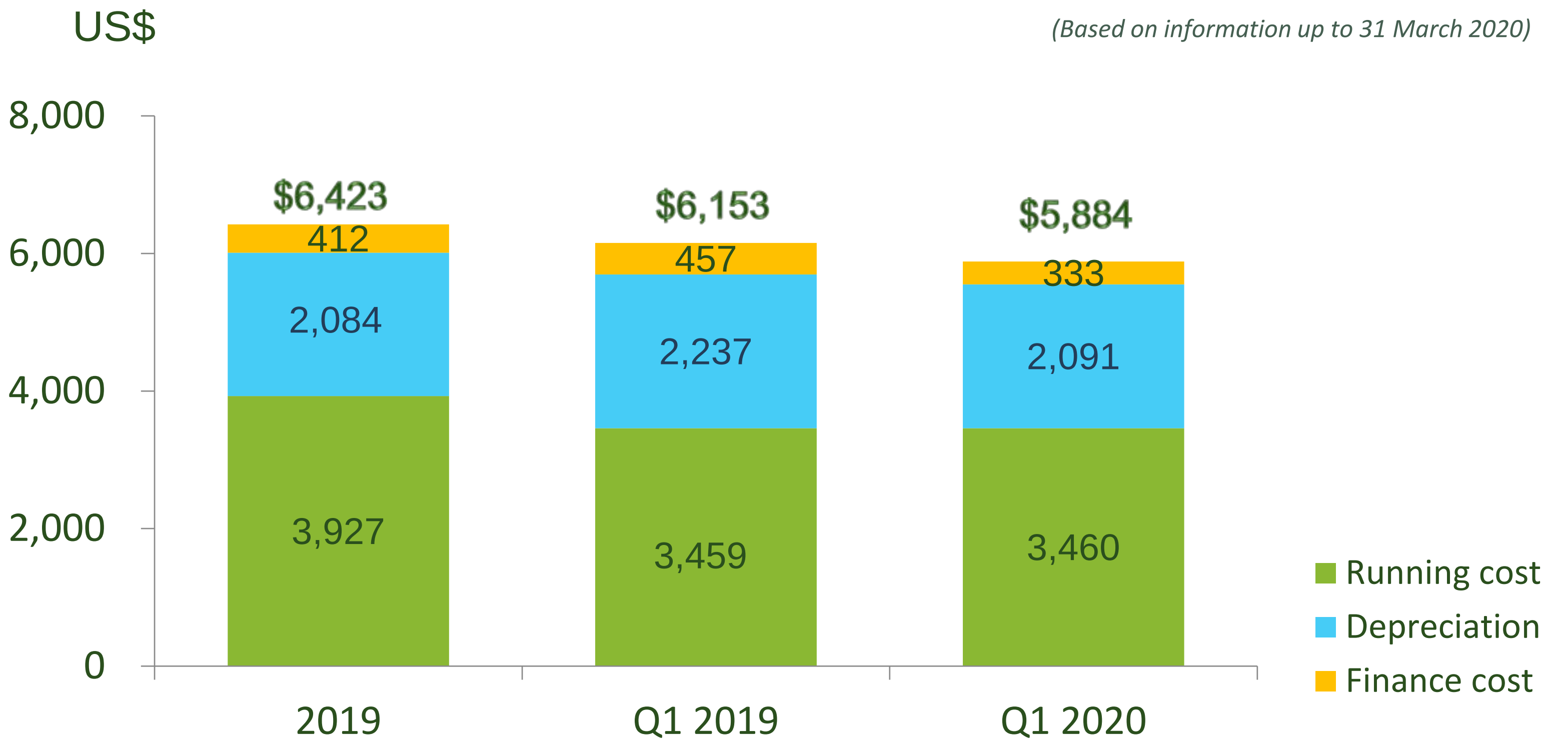


TCE of Jinhui Shipping's Owned Vessels

(Based on information up to 31 March 2020)

Average daily time charter equivalent rate (TCE)	Q1 2020	Q1 2019	2019
	US$	US$	US$
Post-Panamax Fleet	8,223	6,262	9,628
Supramax Fleet	5,007	7,827	9,522
In average	5,349	7,658	9,533

Daily Vessel Running Costs of Owned Vessels



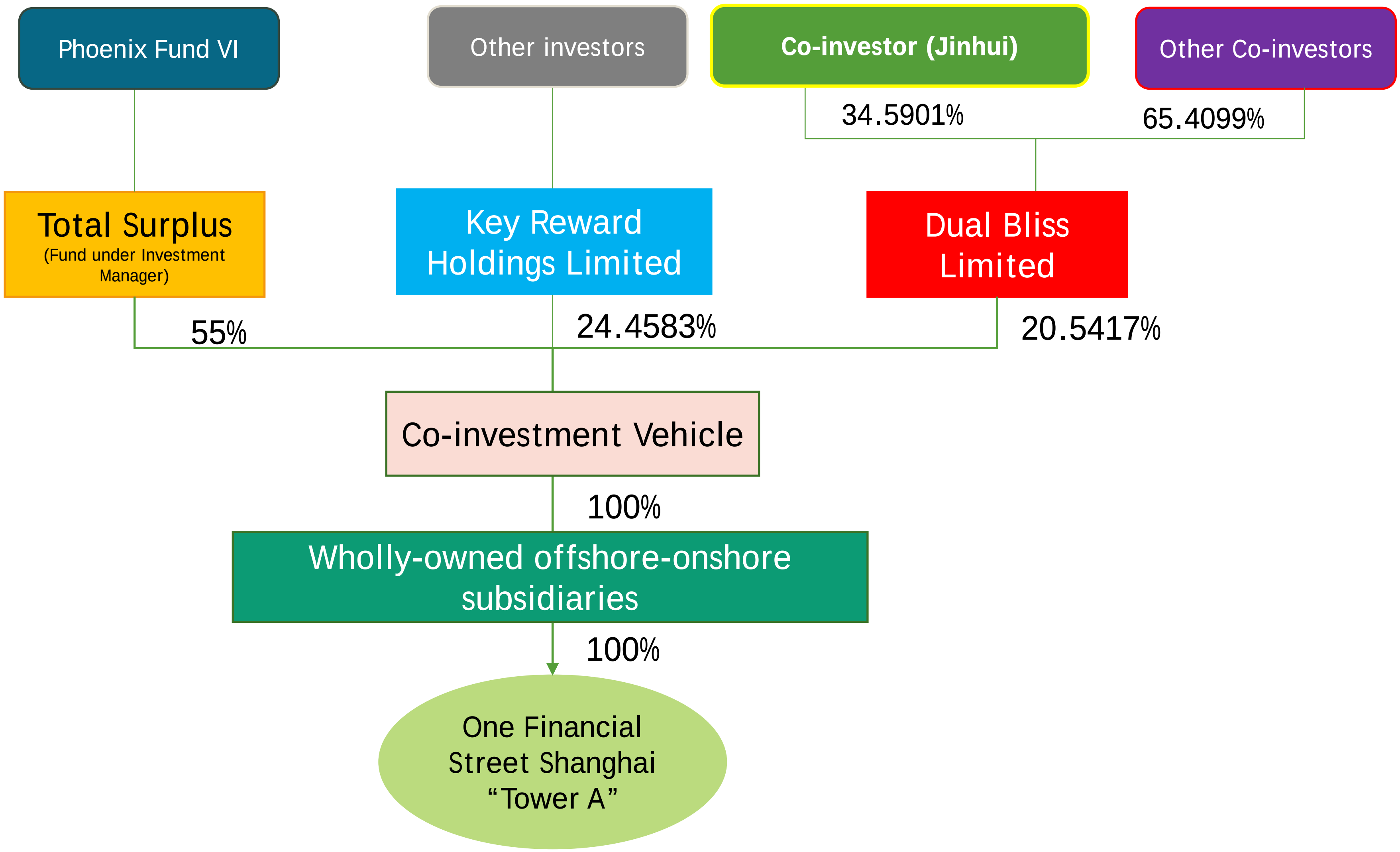
Daily vessel running cost is calculated as the aggregate of crew expenses, insurance, consumable stores, spare parts, repairs and maintenance and other vessels' miscellaneous expenses divided by ownership days during the period.

Daily vessel finance cost is calculated as the aggregate of vessels' finance costs divided by ownership days during the period.

Decrease in daily finance cost mainly due to repayment of vessel mortgage loan during the quarter.

Daily vessel running cost was kept at US$3,460 for current quarter, the Group will continue the cost reduction effort in order to maintain a highly competitive cost structure.

Update on Co-investment Property



Co-investor (Jinhui) effective interest in Tower A**: 7.1054%** (base on US$10mm investment)

Update on Co-investment Property

- On 19 and 26 May 2020, Co-investor received updates from the Investment Manager of the Co-investment in property, advised that the property project in Tower A run into challenge in closing the acquisition:

1) US–China Trade War	2) COVID –19	3) Potential Conflict
• The US-China Trade War has intensified and continues to slow down the Chinese economy	• Between Jan and Apr 2020, China was virtually shut down due to the COVID-19 outbreak. • Q1 2020 GDP growth in China was -6.8%, the full year growth is likely to record a significant drop	• If the conflict between US and China further intensifies, the business environment globally will pose further challenges and will affect all industries

- As a result the supply-demand dynamic of grade A office has shifted unfavorably;
- Lending market and credit availability in China has been impacted;
- Banks are also requiring guarantees on loans instead of pure asset back financing as before.

Update on Co-investment Property

- This results in a funding gap which requires new equity injection is not economically feasible based on low projected return due to drastically changed in expectations given multiple unforeseen events;
- Sister-project Tower B, which is owned by Tower B investors led by another fund under the Investment Manager;
- Due to tightening of the capital markets cause banks to reduce its lending and the difficulties in refinancing the offshore bridge loans given China's domestic assets, both Tower A investors and Tower B investors may not able to close the Tower A and Tower B acquisitions and may run towards purchaser default situations;
- If this occurs, Tower A investors contractually required to forfeit 20% of the Tower A's purchase price;
- Investment Manager proposed an option to procure a new buyer to acquire 100% of either Tower A and Tower B or both and in the event that, if only one tower is sold, the proceeds will be used to pay down the existing loan of the sold tower, with the remaining proceeds rolled over to the other project, acquiring the remaining unpaid-for-portion of the remaining tower to reduce the funding gap.

Update on Co-investment Property

- The proposal will require the virtually unanimous approvals of all Tower A investors and Tower B investors, and the interest of the remaining tower's investors will be diluted;
- If the Investment Manager is unable to obtain the required approval or unable to procure a buyer and bank financing nor new equity injection are not economically available, a default contract scenario would happen;
- Investors of Tower A are obliged to pay a maximum compensation of 20% of the purchase price and result a 74% loss on invested equity;
- Should new buyer of Tower A and Tower B cannot be found, we expect an impairment loss of approximately US$7.4 million will be recognized in the second quarter of 2020;
- We have not decided to vote for or against the proposal at present while liaising with the Investment Manager to understand further details;
- We will keep shareholders and investors update of the situation in due course.

Outlook

- Global economy has been negatively affected by US-China relations, worsened by an unexpected Pandemic;
- Recovery will hinged on how various countries handle the end of “lockdowns”, and whether a concerted effort to return to normalization will be implemented;
- While much uncertainty remains in financial markets and geopolitics, the risk of overinvestment in maritime assets remain low;
- Given the overall supply for dry bulk shipping remains at historical low, we remain cautiously optimistic under a pick up in global economy in terms of volume of dry commodities sea borne trade.