



# **JINHUI SHIPPING AND TRANSPORTATION LIMITED**

**Fourth Quarter Report for the  
Quarter Ended 31 December 2020  
and  
Preliminary Annual Results for the  
Year Ended 31 December 2020**

# HIGHLIGHTS

## For the Year Ended 31 December 2020

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➤ Revenue for the year: US\$47 million

➤ Net loss for the year: US\$15 million

➤ Basic loss per share: US\$0.140

➤ Gearing ratio as at 31 December 2020: 15%

## For the Fourth Quarter of 2020

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➤ Revenue for the quarter: US\$15 million

➤ Net profit for the quarter: US\$8 million

➤ Basic earnings per share: US\$0.069

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 year ended 31 December 2020.

## **FOURTH QUARTER AND ANNUAL RESULTS**

Revenue for the fourth quarter of 2020 decreased 24% to US\$15,137,000, comparing to US\$19,790,000 for the corresponding quarter in 2019. The Company recorded a consolidated net profit of US\$7,550,000 for current quarter as compared to a consolidated net profit of US\$5,649,000 for the corresponding quarter in 2019 due to the increase in net gain on financial assets at fair value through profit or loss from US\$2,896,000 for the fourth quarter of 2019 to US\$5,264,000 for the fourth quarter of 2020. Basic earnings per share was US\$0.069 for the fourth quarter of 2020 as compared to basic earnings per share was US\$0.052 for the corresponding quarter in 2019.

Revenue for the year 2020 decreased 25% to US\$47,118,000, comparing to US\$63,160,000 for the year 2019. The Company recorded a consolidated net loss of US\$15,252,000 for the year 2020, while a consolidated net profit of US\$4,495,000 was reported in 2019. The consolidated net loss for the year was mainly attributable to (1) poor business sentiment in early 2020 as affected by the outbreak of the Coronavirus Disease 2019 (“COVID-19”) pandemic leading to a reduction in chartering freight and hire revenue; (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. Basic loss per share for the year was US\$0.140 while basic earnings per share was US\$0.041 for the year 2019.

## **DIVIDENDS**

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2020. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2020.

## **REVIEW OF OPERATIONS**

**Fourth Quarter of 2020.** In the fourth quarter of 2020, the dry bulk freight market continued to benefit from strong demand for iron ore imports activities in China, and the surge of global seaborne trade of grain, soybean and other agricultural commodities pushed market freight rates upward in the quarter. Baltic Dry Index (“BDI”) opened at 1,725 points at the beginning of October and rose to the peak of the quarter at 2,097 points and closed at 1,366 points by the end of December 2020. The average of BDI of the fourth quarter of 2020 was 1,361 points, which compares to 1,562 points in the same quarter in 2019.

Revenue for the fourth quarter of 2020 was US\$15,137,000 representing a decrease of 24% as compared to US\$19,790,000 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 fourth quarter. The average daily time charter equivalent rates (“TCE”) earned by the Group’s owned vessels decreased 17% to US\$9,487 for the fourth quarter of 2020 as compared to US\$11,419 for the corresponding quarter in 2019. Fleet utilization rate of the Group’s owned vessels slightly increased from 98% in the fourth quarter of 2019 to 99% in the fourth quarter of 2020.

	<b>2020 Q4 US\$</b>	2019 Q4 US\$	<b>2020 US\$</b>	2019 US\$
<b>Average daily TCE of owned vessels</b>				
Post-Panamax fleet	<b>11,891</b>	12,122	<b>9,929</b>	9,628
Supramax fleet	<b>9,173</b>	11,336	<b>6,986</b>	9,522
In average	<b>9,487</b>	11,419	<b>7,269</b>	9,533

Other operating income increased from US\$4,046,000 for the fourth quarter of 2019 to US\$8,933,000 for the fourth quarter of 2020 due to the increase in net gain on financial assets at fair value through profit or loss from US\$2,896,000 for the fourth quarter of 2019 to US\$5,264,000 for the fourth quarter of 2020 as Asian financial markets rebounded in the fourth quarter of 2020. In addition, the Group recognized a net gain of US\$881,000 on bunker arising from shipping operations and such income was included in other operating income in the current quarter as compared to a net loss on bunker arising from shipping operations which was included in shipping related expenses for the corresponding quarter in 2019. Other operating income also included reversal of impairment loss on trade receivable of US\$1,351,000 upon recovery of outstanding trade receivable in prior years.

Interest income decreased from US\$1,232,000 for the fourth quarter of 2019 to US\$1,073,000 for the current quarter. The decrease in interest income was mainly due to the reduction in investment in debt securities as compared with that of the corresponding quarter in 2019.

Shipping related expenses decreased from US\$9,400,000 for the fourth quarter of 2019 to US\$7,796,000 for the current quarter. Daily vessel running cost decreased to US\$4,271 for the fourth quarter of 2020 as compared to US\$4,467 for the fourth 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.

Other operating expenses increased from US\$1,611,000 for the fourth quarter of 2019 to US\$1,943,000 for the fourth quarter of 2020 due to the increase in revaluation deficit arisen from investment properties from US\$245,000 for the fourth quarter of 2019 to US\$659,000 for the fourth quarter of 2020.

Finance costs dropped from US\$1,115,000 for the fourth quarter of 2019 to US\$541,000 for the fourth quarter of 2020. The decrease was mainly attributable to the decrease in interest rate and the reduction in secured bank loans as compared with that of the corresponding quarter in 2019.

**Year 2020.** Dry bulk shipping market faced another challenging year in 2020 amid the ongoing COVID-19 pandemic that significantly and negatively affected many industries and markets globally. Despite dry bulk shipping market has not been as hard-hit as other industries such as airline or leisure facilities, the lockdown of countries in order to contain COVID-19 transmission had inevitably slowed down most economic activities and industrial production initially in China, then across the globe. This negative backdrop translated to a reduction in demand for dry bulk commodities including iron ore, coal and certain minor bulk cargoes and impacted sentiment in the dry bulk shipping market in early 2020. Given the sudden erosion in business confidence, BDI opened at 1,090 points in January 2020 and declined in the first half of 2020 amid of the outbreak of the COVID-19 pandemic to 393 points in May 2020. In the second half of 2020, the global seaborne trade activities began to recover, driven in particular by iron ore imports by China, as well as limited supply of new vessels and increasing scrapping of old vessels under the new IMO 2020 regulations. BDI continued this positive momentum and continue to pick up in the second half of 2020 and rose to the peak of the year at 2,097 points in October 2020 and closed at 1,366 points by the end of December 2020. The average of BDI for the year 2020 was 1,066 points, which compares to 1,353 points in 2019.

Revenue for the year 2020 decreased 25% to US\$47,118,000, comparing to US\$63,160,000 for the year 2019. Aside of an overall disruption in demand, normal operations were also heavily disrupted by COVID-19 such as time required to load and discharge cargo, from drydocking to periodic crew changing given special protocols and requirements implemented by ports globally which caused challenges in matching timings of future charterparties from expiring charterparties, consequently reducing the number of revenue days. The Company recorded a consolidated net loss of US\$15,252,000 for the year 2020, while a consolidated net profit of US\$4,495,000 was reported in 2019. The average daily TCE earned by the Group's owned vessels decreased 24% to US\$7,269 for the year 2020 as compared to US\$9,533 for the year 2019. Basic loss per share for the year was US\$0.140 while basic earnings per share was US\$0.041 for the year 2019.

In early 2020, the Group entered into voyage charters to maximize potential business opportunity and freight income earned for the year was US\$2,088,000. These voyage charters were carried out by certain chartered-in vessels which were leased in under short-term leases less than 12 months and all these leases were completed in April 2020.

Other operating income decreased from US\$7,855,000 for the year 2019 to US\$6,753,000 for the year 2020. The decrease in other operating income mainly attributable to the decrease in dividend income due to the reduction in investment in equity securities and the decrease in settlement income from a charterer in relation to repudiation claims. In addition, the Group recognized a net gain of US\$1,498,000 on financial assets at fair value through profit or loss in 2019; however, a net loss of US\$3,900,000 on financial assets at fair value through profit or loss was included in other operating expenses in current year. The decrease in other operating income was partially offset by the recognition of reversal of impairment loss on trade receivable of US\$1,351,000 upon recovery of outstanding trade receivable in prior years.

Interest income for the year 2020 increased to US\$4,957,000, comparing to US\$3,694,000 for the year 2019. The increase was attributable to the interest income arising from stable interest income generated from loan receivables which were asset-based financing that help mitigate cyclicity from core shipping business.

Shipping related expenses increased from US\$32,684,000 for the year 2019 to US\$34,493,000 for the current year mainly attributable to the increase in bunker consumption due to positioning of owned vessels in between time charter contracts of vessels and bunker related expenses increased from approximately US\$2 million for the year 2019 to approximately US\$5 million for the year 2020. Daily vessel running cost slightly decreased 2% from US\$3,927 for the year 2019 to US\$3,851 for the year 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 for the year 2020 included a net loss of US\$3,900,000 on financial assets at fair value through profit or loss whereas net gain of US\$1,498,000 on financial assets at fair value through profit or loss was recognized in 2019 and was included in other operating income. The net loss of US\$3,900,000 on financial assets at fair value through profit or loss comprised of a realized gain of US\$1,159,000 upon disposal of certain equity and debt securities during the year, and an unrealized fair value loss of US\$5,059,000 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. Such unrealized fair value loss was partially offset when Asian financial markets rebounded moderately in the late 2020.

Finance costs decreased to US\$3,117,000 for the year 2020, as compared to US\$4,323,000 for the year 2019 mainly due to the decrease in interest rate and the reduction in secured bank loans as compared with that of the year 2019.

## **FINANCIAL REVIEW**

During the year, capital expenditure on additions of property, plant and equipment was US\$8,890,000 (2019: US\$8,942,000). During the year 2019, capital expenditure on additions of investment properties was US\$5,195,000.

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”) of US\$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. During the year, the Co-Investor paid US\$2,123,000 (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\$372,000 (2019: US\$2,495,000). The Co-Investor further provided additional US\$4,276,915 (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. The acquisition was eventually completed in early December 2020.

The Group 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 also entered into an agreement on 15 December 2020 in respect of the disposal of a Supramax of deadweight 50,777 metric tons at a consideration of US\$5,500,000, which was delivered to the purchaser in January 2021. Despite the recent improvement in shipping market, we continue to see uncertainty and market volatility remaining as an operational risk to the Group. In order to further reduce operational risk and liquidity risk, we believe it is prudent for the Group to readjust the fleet size according to the age profile and it is also important to remain financially nimble in today's ever-changing market environment. We will continuously monitor the market as well as our operations going forward and look out for opportunities to maintain a reasonably modern and competitive fleet, not ruling out any future disposal or acquisition of vessels and will make such decisions on an ad hoc basis to maintain a high financial flexibility and operational competitiveness.

The Group entered into an agreement in respect of the acquisition of an investment property at a consideration of HK\$19,500,000 (approximately US\$2,500,000) on 29 July 2020 with expected completion of the acquisition in late October 2020. Upon advice from the solicitors on title, the purchaser, a wholly owned subsidiary of the Company, and the vendor of the property had duly signed a cancellation agreement on 29 October 2020 to cancel the proposed transaction for the acquisition of the property and the initial deposit of HK\$800,000 (approximately US\$103,000) and the further deposit of HK\$1,150,000 (approximately US\$147,000) had been refunded to the Group.

The Group's total secured bank loans decreased from US\$133,915,000 as of 31 December 2019 to US\$108,345,000 as at 31 December 2020, of which 52%, 13% and 35% are repayable respectively within one year, one to two years and two to five years. During the year, the Group had drawn new revolving loans and term loan of US\$19,113,000 (2019: US\$79,752,000) and repaid US\$44,683,000 (2019: US\$36,020,000). 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 year, cash used in operations before changes in working capital was US\$3,223,000 (2019: cash generated from operations before changes in working capital was US\$18,316,000) and the net cash generated from operating activities after working capital changes was US\$27,290,000 (2019: net cash used in operating activities after working capital changes was US\$44,098,000). 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 year 2020, the Group's net loss on financial assets at fair value through profit or loss was US\$3,900,000 (2019: net gain of US\$1,498,000 on financial assets at fair value through profit or loss). The net loss of US\$3,900,000 on financial assets at fair value through profit or loss comprised of a realized gain of US\$1,159,000 upon disposal of certain equity and debt securities during the year, and an unrealized fair value loss of US\$5,059,000 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. Such unrealized fair value loss was partially offset when Asian financial markets rebounded moderately in late 2020. The aggregate interest income and dividend income from financial assets was US\$6,206,000 (2019: US\$5,623,000). 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 31 December 2020, the Group maintained positive working capital position of US\$28,503,000 (2019: US\$34,458,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to US\$73,220,000 (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 15% (2019: 14%) as at 31 December 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 31 December 2020, the Group is able to service its debt obligations, including principal and interest payments.

## FLEET

### Owned Vessels

As at 31 December 2020, the Group had nineteen owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	17
<b>Total fleet</b>	<b>19</b>

The Group 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.

In December 2020, the Group entered into an agreement to dispose of a Supramax of deadweight 50,777 metric tons at a consideration of US\$5,500,000, which was subsequently delivered to the purchaser in January 2021.



## **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 2020 has been challenging due to a slowdown in global economic activity, which was further amplified by the COVID-19 global pandemic. Our operations from loading and discharging of cargoes, to periodic crew changing had taken more time and had been complicated given the various necessary testing and quarantine protocols implemented by ports globally to prevent and control the spreading of the virus.

On a positive note, we see increasing activities in 2021. The global public health concern worldwide meant market participants of all industries had to be careful and conservative. We see an easing of this negative sentiment, and expect further increase in activity in the dry bulk freight market as business confidence recover. We see the likelihood of strategic reserves of various energy to agriculture commodities to be restocked by many nations given the disruptions in the past year. The relaxation of national lockdowns, availability of vaccines and other measures to contain the spread of the virus have begun in many 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 in 2021.

China continues to be the biggest importer of raw materials by far given its important role in the global manufacturing supply chain, which is evident in the outbound container throughputs statistics of Chinese ports. We remain cautiously optimistic that business and industrial activity will continue to pick up in China.

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, and will continue to focus on taking sensible and decisive actions to maintain a strong financial position.

On behalf of the Board of Directors of the Company, I would like to first express our heartfelt appreciation to the 400 seafarers who have continued to remain professional under an extremely challenging environment, as well as 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](http://www.jinhuiship.com) and the NewsWeb of the Oslo Stock Exchange at [www.newsweb.no](http://www.newsweb.no).

By Order of the Board

A handwritten signature in black ink, appearing to be "Ng Siu Fai", written over a horizontal line.

**Ng Siu Fai**  
*Chairman*

25 February 2021

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (PRELIMINARY)

		<b>3 months ended 31/12/2020 (Unaudited) US\$'000</b>	3 months ended 31/12/2019 (Unaudited) US\$'000	<b>Year ended 31/12/2020 (Unaudited) US\$'000</b>	Year ended 31/12/2019 (Audited) US\$'000
	<i>Note</i>				
<b>Revenue</b>	2	<b>15,137</b>	19,790	<b>47,118</b>	63,160
Net gain on disposal of owned vessels		-	90	-	90
Other operating income	3	<b>8,933</b>	4,046	<b>6,753</b>	7,855
Interest income	4	<b>1,073</b>	1,232	<b>4,957</b>	3,694
Shipping related expenses		<b>(7,796)</b>	(9,400)	<b>(34,493)</b>	(32,684)
Staff costs		<b>(3,230)</b>	(3,579)	<b>(12,032)</b>	(12,339)
Other operating expenses		<b>(1,943)</b>	(1,611)	<b>(9,037)</b>	(5,596)
<b>Operating profit before depreciation and amortization</b>		<b>12,174</b>	10,568	<b>3,266</b>	24,180
Depreciation and amortization		<b>(3,850)</b>	(3,804)	<b>(15,168)</b>	(15,362)
<b>Operating profit (loss)</b>		<b>8,324</b>	6,764	<b>(11,902)</b>	8,818
Finance costs		<b>(541)</b>	(1,115)	<b>(3,117)</b>	(4,323)
<b>Profit (Loss) before taxation</b>		<b>7,783</b>	5,649	<b>(15,019)</b>	4,495
Taxation	7	<b>(233)</b>	-	<b>(233)</b>	-
<b>Net profit (loss) for the period / year</b>		<b>7,550</b>	5,649	<b>(15,252)</b>	4,495
<b>Other comprehensive income (loss) Items that will not be reclassified to profit or loss:</b>					
Change in fair value of financial assets at fair value through OCI (non-recycling)		<b>2,086</b>	(412)	<b>1,705</b>	(684)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties		-	476	-	476
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Change in fair value of financial assets at fair value through OCI (recycling)		<b>5</b>	(25)	<b>5</b>	(25)
<b>Total comprehensive income (loss) for the period / year attributable to shareholders of the Company</b>		<b>9,641</b>	5,688	<b>(13,542)</b>	4,262
<b>Earnings (Loss) per share</b>	8				
- Basic and diluted		<b>US\$0.069</b>	US\$0.052	<b>US\$(0.140)</b>	US\$0.041

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)**

	Note	31/12/2020 (Unaudited) US\$'000	31/12/2019 (Audited) US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		194,093	206,021
Investment properties	10	29,479	30,138
Financial assets at fair value through OCI	11	10,743	6,910
Loan receivables	12	28,131	40,044
		<b>262,446</b>	283,113
<b>Current assets</b>			
Inventories		780	1,613
Loan receivables	12	5,227	4,891
Trade and other receivables		12,919	10,717
Financial assets at fair value through profit or loss	13	40,033	64,071
Pledged deposits		5,941	8,437
Bank balances and cash		33,438	33,591
Assets held for sale		5,380	-
		<b>103,718</b>	123,320
<b>Total assets</b>		<b>366,164</b>	406,433
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital		5,463	5,463
Reserves		233,697	247,239
<b>Total equity</b>		<b>239,160</b>	252,702
<b>Non-current liabilities</b>			
Secured bank loans	15	51,789	64,869
<b>Current liabilities</b>			
Trade and other payables		18,510	19,689
Amount due to holding company		149	127
Secured bank loans	15	56,556	69,046
		<b>75,215</b>	88,862
<b>Total equity and liabilities</b>		<b>366,164</b>	406,433

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRELIMINARY)

	Issued capital (Audited) US\$'000	Share premium (Audited) US\$'000	Capital redemption reserve (Audited) US\$'000	Contributed surplus (Audited) US\$'000	Revaluation reserve (Audited) US\$'000	Reserve for financial assets at fair value through OCI (Audited) US\$'000	Retained profits (Audited) US\$'000	Total equity (Audited) US\$'000
At 1 January 2019	5,463	95,585	719	16,297	-	(243)	133,132	250,953
<b>Comprehensive income</b>								
Net profit for the year	-	-	-	-	-	-	4,495	4,495
<b>Other comprehensive income (loss)</b>								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	(709)	-	(709)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties	-	-	-	-	476	-	-	476
<b>Total comprehensive income for the year</b>	-	-	-	-	476	(709)	4,495	4,262
2018 final dividend paid	-	-	-	-	-	-	(2,513)	(2,513)
At 31 December 2019	5,463	95,585	719	16,297	476	(952)	135,114	252,702
	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000
At 1 January 2020	5,463	95,585	719	16,297	476	(952)	135,114	252,702
<b>Comprehensive loss</b>								
Net loss for the year	-	-	-	-	-	-	(15,252)	(15,252)
<b>Other comprehensive income</b>								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	1,710	-	1,710
<b>Total comprehensive loss for the year</b>	-	-	-	-	-	1,710	(15,252)	(13,542)
At 31 December 2020	5,463	95,585	719	16,297	476	758	119,862	239,160

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (PRELIMINARY)**

	Year ended 31/12/2020 (Unaudited) US\$'000	Year ended 31/12/2019 (Audited) US\$'000
<b>OPERATING ACTIVITIES</b>		
Cash generated from (used in) operations before changes in working capital	(3,223)	18,316
Decrease (Increase) in working capital	33,812	(58,067)
Cash generated from (used in) operations	30,589	(39,751)
Interest paid	(3,299)	(4,347)
<b>Net cash from (used in) operating activities</b>	<b>27,290</b>	<b>(44,098)</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	5,466	2,722
Dividend income received	1,178	1,862
Purchase of property, plant and equipment	(8,890)	(8,942)
Purchase of investment properties	-	(5,195)
Payment of unlisted equity investments	(2,123)	(2,678)
Proceeds from disposal of property, plant and equipment, net	-	1,454
Proceeds from disposal of assets held for sale, net	-	2,990
<b>Net cash used in investing activities</b>	<b>(4,369)</b>	<b>(7,787)</b>
<b>FINANCING ACTIVITIES</b>		
New secured bank loans	19,113	79,752
Repayment of secured bank loans	(44,683)	(36,020)
Decrease (Increase) in pledged deposits	2,496	(5,011)
Dividends paid to shareholders of the Company	-	(2,513)
<b>Net cash from (used in) financing activities</b>	<b>(23,074)</b>	<b>36,208</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(153)</b>	<b>(15,677)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>33,591</b>	<b>49,268</b>
<b>Cash and cash equivalents at 31 December</b>	<b>33,438</b>	<b>33,591</b>

## NOTES (PRELIMINARY):

### 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 not 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 / years are as follows:

	<b>3 months ended 31/12/2020 (Unaudited) US\$’000</b>	3 months ended 31/12/2019 (Unaudited) US\$’000	<b>Year ended 31/12/2020 (Unaudited) US\$’000</b>	Year ended 31/12/2019 (Audited) US\$’000
Chartering freight and hire income:				
Hire income under time charters <sup>1</sup>	<b>15,137</b>	19,790	<b>45,030</b>	63,160
Freight income under voyage charters <sup>2</sup>	-	-	<b>2,088</b>	-
	<b>15,137</b>	19,790	<b>47,118</b>	63,160

Notes:

- 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.
- 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.

In early 2020, the Group entered into voyage charters to maximize potential business opportunity and freight income earned for the year was US\$2,088,000. These voyage charters were carried out by certain chartered-in vessels which were leased in under short-term leases less than 12 months and all these leases were completed in April 2020.

### 3. Other operating income

	<b>3 months ended 31/12/2020 (Unaudited) US\$'000</b>	3 months ended 31/12/2019 (Unaudited) US\$'000	<b>Year ended 31/12/2020 (Unaudited) US\$'000</b>	Year ended 31/12/2019 (Audited) US\$'000
Net gain on financial assets at fair value through profit or loss	5,264	2,896	-	1,498
Other shipping operating income	437	694	2,663	2,327
Gross rental income from operating leases on investment properties	136	148	556	435
Dividend income	349	107	1,249	1,929
Settlement income in relation to repudiation claims	205	-	205	614
Reversal of impairment loss on trade and other receivables, net	1,351	-	1,351	2
Net gain on bunker arising from shipping operations	881	-	-	-
Net gain on disposal of assets held for sale	-	-	-	608
COVID-19 related government subsidies	152	-	454	-
Sundry income	158	201	275	442
	<b>8,933</b>	4,046	<b>6,753</b>	7,855

### 4. Interest income

	<b>3 months ended 31/12/2020 (Unaudited) US\$'000</b>	3 months ended 31/12/2019 (Unaudited) US\$'000	<b>Year ended 31/12/2020 (Unaudited) US\$'000</b>	Year ended 31/12/2019 (Audited) US\$'000
Interest income in respect of:				
Financial assets at fair value through profit or loss	310	474	1,287	2,179
Deposits with banks and other financial institutions	14	81	173	613
Interest-bearing note and loan receivables	749	677	3,497	902
	<b>1,073</b>	1,232	<b>4,957</b>	3,694



## 5. Other operating expenses

Other operating expenses for the year 2020 mainly included net loss of US\$3,900,000 on financial assets at fair value through profit or loss (2019: net gain of US\$1,498,000 included in other operating income), directors' fee of US\$777,000, professional fee of US\$730,000, change in fair value of investment properties of US\$659,000, impairment loss on assets held for sale (disposed vessel) of US\$270,000 recognized upon reclassification to assets held for sale in December 2020, auditor's remuneration related to audit services of US\$151,000, bad debts written off in respect of trade receivables of US\$139,000 and remaining are various office administrative expenses.

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, auditor's remuneration related to audit services of US\$157,000, bad debts written off in respect of trade receivables of US\$214,000 and remaining are various office administrative expenses.

## 6. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	<b>3 months ended 31/12/2020 (Unaudited) US\$'000</b>	3 months ended 31/12/2019 (Unaudited) US\$'000	<b>Year ended 31/12/2020 (Unaudited) US\$'000</b>	Year ended 31/12/2019 (Audited) US\$'000
Realized gain on financial assets at fair value through profit or loss	<b>(476)</b>	(310)	<b>(1,159)</b>	(568)
Unrealized loss (gain) on financial assets at fair value through profit or loss	<b>(4,788)</b>	(2,586)	<b>5,059</b>	(930)
Net loss (gain) on financial assets at fair value through profit or loss	<b>(5,264)</b>	(2,896)	<b>3,900</b>	(1,498)
Change in fair value of investment properties	<b>659</b>	245	<b>659</b>	245
Impairment loss on assets held for sale	<b>270</b>	-	<b>270</b>	-

## 7. Taxation

Taxation has been provided on the estimated assessable profits arising in Hong Kong from a wholly owned subsidiary of the Company which is a qualifying corporation in accordance with the two-tiered profits tax rates regime in Hong Kong. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (approximately US\$256,000) of assessable profits of the qualifying corporation are taxed at 8.25%, and the assessable profits above HK\$2,000,000 (approximately US\$256,000) are taxed at 16.5%. Apart from the estimated assessable profits arising in Hong Kong from that subsidiary, in the opinion of the Directors, the Group is not subject to taxation in any other jurisdictions in which the Group operates. Taxation had not been provided in 2019 as the Group had no assessable profit for the prior period / year.

There was no Bermuda income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company for the periods / years.

The Company has received from the Minister of Finance of Bermuda under The Exempted Undertakings Tax Protection Act 1966, as amended, an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital asset gain or appreciation or any tax in the nature of estate duty or inheritance tax, the imposition of such tax shall not until 31 March 2035 be applicable to the Company or to any of its operations, or to the shares, debentures or other obligations of the Company.

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

	<b>3 months ended 31/12/2020 (Unaudited) US\$'000</b>	3 months ended 31/12/2019 (Unaudited) US\$'000	<b>Year ended 31/12/2020 (Unaudited) US\$'000</b>	Year ended 31/12/2019 (Audited) US\$'000
Hong Kong Profits Tax	<b>233</b>	-	<b>233</b>	-

## 8. Earnings (Loss) per share

	<b>3 months ended 31/12/2020 (Unaudited)</b>	3 months ended 31/12/2019 (Unaudited)	<b>Year ended 31/12/2020 (Unaudited)</b>	Year ended 31/12/2019 (Audited)
Weighted average number of ordinary shares in issue	<b>109,258,943</b>	109,258,943	<b>109,258,943</b>	109,258,943
Net profit (loss) attributable to shareholders of the Company (US\$'000)	<b>7,550</b>	5,649	<b>(15,252)</b>	4,495
Basic and diluted earnings (loss) per share	<b>US\$0.069</b>	US\$0.052	<b>US\$(0.140)</b>	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 / years presented.

## 9. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2020 (2019: nil).

## 10. Investment properties

	<b>31/12/2020</b>	31/12/2019
	<b>(Unaudited)</b>	(Audited)
	<b>US\$'000</b>	US\$'000
At 1 January	<b>30,138</b>	24,333
Additions	-	5,195
Reclassification from leasehold land and buildings	-	855
Change in fair value	<b>(659)</b>	(245)
	<b>29,479</b>	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 Group entered into an agreement in respect of the acquisition of an investment property at a consideration of HK\$19,500,000 (approximately US\$2,500,000) on 29 July 2020 with expected completion of the acquisition in late October 2020. Upon advice from the solicitors on title, the purchaser, a wholly owned subsidiary of the Company, and the vendor of the property had duly signed a cancellation agreement on 29 October 2020 to cancel the proposed transaction for the acquisition of the property and the initial deposit of HK\$800,000 (approximately US\$103,000) and the further deposit of HK\$1,150,000 (approximately US\$147,000) had been refunded to the Group. The termination of the acquisition of the investment property did not have any material adverse effect on the financial position and operations of the Group.

At the reporting date, the fair values of the Group's investment properties were determined by Centaline Surveyors Limited, an independent qualified professional valuer, on direct comparison approach on annually basis with reference to comparable transactions available in the relevant locality. In estimating the fair value of investment properties, the highest and best use of the properties is their current use. The fair value measurement of these investment properties was categorized as Level 3 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

**11. Financial assets at fair value through OCI**

	<b>31/12/2020</b>	31/12/2019
	<b>(Unaudited)</b>	(Audited)
	<b>US\$'000</b>	US\$'000
Unlisted equity investments		
Co-investment in a property project		
At 1 January	<b>6,545</b>	4,551
Additions	<b>2,123</b>	2,678
Addition of investment under Special Capital Call <sup>3</sup>	<b>4,277</b>	-
Disposal of investment under share repurchase scheme <sup>4</sup>	<b>(4,277)</b>	-
Change in fair value <sup>1</sup>	<b>1,705</b>	(684)
	<b>10,373</b>	6,545
Unlisted club membership		
At 1 January	<b>365</b>	390
Change in fair value <sup>2</sup>	<b>5</b>	(25)
	<b>370</b>	365
	<b>10,743</b>	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 (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 of US\$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. During the year, the Co-Investor paid US\$2,123,000 (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\$372,000 (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. The acquisition was eventually completed in early December 2020.

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 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 year.

## 12. Loan receivables

	<b>31/12/2020</b>	31/12/2019
	<b>(Unaudited)</b>	(Audited)
	<b>US\$'000</b>	US\$'000
At 1 January	<b>44,935</b>	-
Gross new loan originated	-	46,381
Repayment	<b>(11,577)</b>	(1,446)
Provision of individual impairment	-	-
Loan receivables, net of provision	<b>33,358</b>	44,935
Less: Amount receivable within one year	<b>(5,227)</b>	(4,891)
Amount receivable after one year	<b>28,131</b>	40,044

In 2019, the Group entered into two agreements to dispose of two vessels to two purchasers with the payment terms of the balance of approximately US\$4.4 million and US\$4 million which would be repayable in three years. To secure the purchasers' performance and observance of and compliance with all of the covenants, the purchasers provided first priority ship mortgage of the vessels in favour of the Group. In 2019, the Group also entered into six facility agreements, pursuant to which the Group agreed to provide six loans of US\$38 million which bear interest ranged from 8% to 10% per annum and are repayable in three years to five years.

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, 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 which were appraised by independent qualified appraisal firms.

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. 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 led to an increase in repayment during the year and a decrease in loan receivables at the reporting date. 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**

	<b>31/12/2020</b>	31/12/2019
	<b>(Unaudited)</b>	(Audited)
	<b>US\$'000</b>	US\$'000
<i>Held for trading</i>		
Listed equity securities	<b>34,041</b>	41,536
Listed debt securities	<b>5,741</b>	22,535
	<b>39,782</b>	64,071
<i>Designated as such upon initial recognition:</i>		
Investment funds	<b>251</b>	-
	<b>40,033</b>	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 year.

**14. Assets held for sale**

On 15 December 2020, the Group entered into an agreement for the disposal of a Supramax of deadweight 50,777 metric tons at a consideration of US\$5,500,000 which was subsequently delivered to the purchaser in January 2021. For financial reporting purposes, the disposed vessel was reclassified to "Assets held for sale" in accordance with IFRS 5 and HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with an impairment loss on assets held for sale (disposed vessel) of US\$270,000 was recognized in 2020 upon reclassification to assets held for sale and such impairment loss was included in other operating expenses for the year.

## 15. Secured bank loans

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

	<b>31/12/2020</b>	31/12/2019
	<b>(Unaudited)</b>	(Audited)
	<b>US\$'000</b>	US\$'000
Within one year	<b>56,556</b>	69,046
In the second year	<b>14,320</b>	13,880
In the third to fifth year	<b>37,469</b>	46,213
Wholly repayable within five years	<b>108,345</b>	129,139
After the fifth year	-	4,776
Total secured bank loans	<b>108,345</b>	133,915
Less: Amount repayable within one year	<b>(56,556)</b>	(69,046)
Amount repayable after one year	<b>51,789</b>	64,869

During the year, the Group had drawn new revolving loans and term loan of US\$19,113,000 (2019: US\$79,752,000) and repaid US\$44,683,000 (2019: US\$36,020,000).

## 16. Capital expenditures and commitments

During the year, capital expenditure on additions of property, plant and equipment was US\$8,890,000 (2019: US\$8,942,000). During the year 2019, there was also capital expenditure on additions of investment properties of US\$5,195,000.

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss of US\$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. During the year, the Co-Investor paid US\$2,123,000 (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\$372,000 (2019: US\$2,495,000).

Save as disclosed above, there was no other significant capital expenditure commitments contracted by the Group but not provided for as at the reporting date.



## 17. Related party transactions

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

	<b>3 months ended 31/12/2020 (Unaudited) US\$'000</b>	3 months ended 31/12/2019 (Unaudited) US\$'000	<b>Year ended 31/12/2020 (Unaudited) US\$'000</b>	Year ended 31/12/2019 (Audited) US\$'000
Salaries and other benefits	<b>1,956</b>	2,295	<b>7,781</b>	8,127
Contributions to retirement benefits schemes	<b>111</b>	111	<b>443</b>	443
	<b>2,067</b>	2,406	<b>8,224</b>	8,570



## **Jinhui Shipping and Transportation Limited**

Registered office:

Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

Correspondence address:

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

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

Fax: (852) 2541 9794      Website: [www.jinhuiship.com](http://www.jinhuiship.com)