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## **JINHUI HOLDINGS COMPANY LIMITED**

### **金輝集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

Stock Code : 137

## **OVERSEAS REGULATORY ANNOUNCEMENT**

### **THIRD QUARTER AND NINE MONTHS REPORT FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED**

This overseas regulatory announcement is made by Jinhui Holdings Company Limited (the “Company”) in compliance with Rule 13.09 and 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Please refer to the attached announcement released on 30 November 2016 through the Oslo Stock Exchange by Jinhui Shipping and Transportation Limited (“Jinhui Shipping”), an approximately 54.77% owned subsidiary of the Company, in accordance with the regulations of the Oslo Stock Exchange.

The principal accounting policies and methods of computation used in the preparation of the attached unaudited consolidated results of Jinhui Shipping and its subsidiaries are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Jinhui Holdings Company Limited**  
**Ng Siu Fai**  
*Chairman*

Hong Kong, 30 November 2016

*As at date of this announcement, the Executive Directors of Jinhui Holdings Company Limited are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of Jinhui Holdings Company Limited are Cui Jianhua, Tsui Che Yin Frank and William Yau.*



# **JINHUI SHIPPING AND TRANSPORTATION LIMITED**



**Third Quarter and  
Nine Months Report  
2016**

# HIGHLIGHTS

## For the Nine Months Ended 30 September 2016

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➤ Revenue for the period: US\$44 million

➤ Net loss for the period: US\$68 million included non-cash impairment loss on assets held for sale of US\$38 million

➤ Basic loss per share: US\$0.805

➤ Gearing ratio as at 30 September 2016: 56%

## For the Third Quarter of 2016

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➤ Revenue for the quarter: US\$19 million

➤ Net loss for the quarter: US\$29 million included non-cash impairment loss on assets held for sale of US\$25 million

➤ Basic loss per share: US\$0.339

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 nine months ended 30 September 2016.

### **THIRD QUARTER AND NINE-MONTH RESULTS**

Revenue for the third quarter of 2016 declined 21% to US\$19,000,000, comparing to US\$24,171,000 for the corresponding quarter in 2015. The Company recorded a consolidated net loss of US\$28,507,000 for current quarter as compared to a consolidated net loss of US\$32,389,000 for the corresponding quarter in 2015. Basic loss per share was US\$0.339 for the third quarter of 2016 while basic loss per share was US\$0.385 for the corresponding quarter in 2015.

Revenue for the first nine months of 2016 declined 34% to US\$44,023,000, comparing to US\$66,580,000 for the same period in 2015. The Company recorded a consolidated net loss of US\$67,651,000 for the first nine months of 2016 while a consolidated net loss of US\$40,314,000 was reported in the first nine months of 2015. The substantial consolidated net loss for the first nine months of 2016 was attributable to the exposure to declining freight rates at such unexpected weak shipping market and the impairment loss on assets held for sale of US\$37,582,000 recognized upon reclassification of one Panamax, five Supramaxes and one Handymax for which the Group entered into disposal agreements in the period. The impairment loss on assets held for sale is non-cash in nature and does not have impact on the operating cash flows of the Group. Basic loss per share for the period was US\$0.805 as compared to basic loss per share of US\$0.480 for the first nine months of 2015.

### **INTERIM DIVIDEND**

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 September 2016.

### **REVIEW OF OPERATIONS**

**Third Quarter of 2016.** Dry bulk shipping market had shown a slight improvement when seaborne trading continues to grow and at the same time, there was a continued scrapping of dry bulk carriers which helps the market return to a better condition as the market freight rates had grown marginally in the third quarter. Baltic Dry Index opened at 660 points at the beginning of July and continued to climb to 941 points (the highest point for the first nine months of 2016) and closed at 875 points by the end of September. The overall recovery in dry bulk shipping market require a stronger demand and supply rebalance through slowing fleet growth, layups and scrapping of tonnages.

Revenue for the third quarter of 2016 was US\$19,000,000, representing a decrease of 21% as compared to US\$24,171,000 for the third quarter of 2015. The drop in revenue was mainly due to the large exposure to spot market as freight rates remained at low level. The average daily time charter equivalent rates (“TCE”) earned by the Group’s fleet dropped 12% to US\$6,195 for the third quarter of 2016 as compared to US\$7,027 for the corresponding quarter in 2015, details as follows:

	<b>2016 Q3 US\$</b>	2015 Q3 US\$	<b>2016 1st nine months US\$</b>	2015 1st nine months US\$	2015 US\$
<b>Average daily TCE</b>					
Post-Panamax / Panamax fleet	<b>5,285</b>	7,228	<b>4,066</b>	5,457	5,456
Supramax / Handymax / Handysize fleet	<b>6,319</b>	7,006	<b>4,681</b>	6,797	6,519
In average	<b>6,195</b>	7,027	<b>4,609</b>	6,667	6,412

Shipping related expenses dropped from US\$20,841,000 for the third quarter in 2015 to US\$12,495,000 for the current quarter. The decrease was mainly attributable to no voyage-related direct costs incurred as no voyage charter engaged in the quarter, coupled with the reduction in vessels’ running costs under the Group’s continuing effort on cost reduction strategy in order to remain competitive in the current tough market environment.

The freight rates in the first nine months of 2016 have been extremely volatile and at times, below the Company’s operating costs. The start of this year has been the worst for dry bulk shipping market as asset prices have gone in a downward spiral given the literal meltdown of confidence. The market has since rebounded significantly from its trough but while we believe the market will continue to recover where a better balance of demand and supply of vessels, we continue to see uncertainties with respect to the global economic outlook, particularly the freight market as well as the financial, commodity and currency markets going forward. This will inevitably introduce volatility to our business performance, as well as the carrying value of our shipping assets and financial assets, and hence we believe it will be prudent to periodically reduce indebtedness and enhance our liquidity when such opportunities arise.

For the first nine months of 2016, the Group took the opportunity to enter into seven memorandums of agreement to dispose one Panamax, five Supramaxes and one Handymax at a total consideration of US\$54,500,000. The Directors believe that the disposal of the vessels would enable the Group to enhance its working capital position and to strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio as well as keeping our strategy to maintain a young and modern fleet by reducing the Group’s average fleet age. For financial reporting purposes, these seven vessels were reclassified to “Assets held for sale” in accordance with IFRS 5 and HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, with a total impairment loss on assets held for sale of US\$25,030,000 and US\$37,582,000 were recognized in the third quarter and in the first nine months of 2016 respectively upon reclassification. One of these vessels was delivered to the purchaser in May 2016 and three vessels were delivered to the purchasers in the third quarter of 2016. The three remaining vessels were subsequently delivered to the purchasers in October and November 2016. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group’s fleet profile as appropriate.

The Directors consider that the disposal of the vessels during the nine months ended 30 September 2016 represents an opportunity for the Group to readjust its fleet profile and reduce our operational risk exposures in current high-risk volatile markets and the disposal of the vessels will reduce the indebtedness of the Group, as well as improving the liquidity position of the Group. The current net book values of vessels were considered to be the long term intrinsic values as of the Group's last review of our assets. However, the overall unexpected volatility in the macro environment has caused a disruption in many markets including the dry bulk shipping market, which has gone through extreme wild swings within a very short timescale. Long term financial stability is more important and defensive actions in reducing indebtedness and further increase of liquidity will ensure the Group to safely sail through any unexpected volatilities in the market going forward. The Directors consider the terms and conditions of the disposals were fair and reasonable and believe that the disposal of the vessels during the period is in the best long term interests of the Company and its shareholders as a whole.

Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position, maintaining a young and modern fleet, not ruling out a reduction in fleet size in order to sail through the current storm by placing further emphasis on prudence and stability as our core objectives going forward.

## **FINANCIAL REVIEW**

As at 30 September 2016, the total of the Group's equity and debt securities, bank balances and cash decreased to US\$70,711,000 (31/12/2015: US\$121,195,000) and bank borrowings decreased to US\$264,192,000 (31/12/2015: US\$317,483,000). 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 56% (31/12/2015: 47%) as at 30 September 2016. 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 September 2016, the Group is able to service its debt obligations, including principal and interest payments. In order to preserve the Group's liquidity and financial resources to weather the unprecedented storm in dry bulk shipping market, the Group has decided to manage liquidity risk ahead and initiated rescheduling of indebtedness arrangement discussion with its lenders. Such discussions are currently at the documentation stage. We will continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate and make adjustments to its capital structure in the light of changes in economic conditions, recent market values of the Group's assets as well as the risk characteristics of the underlying assets.

During the nine months ended 30 September 2016, capital expenditure on additions of property, plant and equipment was US\$3,393,000 (30/9/2015: US\$7,940,000) and on investment properties was US\$855,000 (30/9/2015: US\$450,000). As at 30 September 2016, there was no capital expenditure commitments contracted by the Group but not provided for.

## FLEET

### Owned Vessels

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers.

As at 30 September 2016, the Group had thirty two owned vessels which included two Panamaxs and two Supramaxes which were subsequently delivered to the purchasers in October and November 2016 as scheduled. As at 29 November 2016, the Group had twenty eight owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	25
Handysize fleet	1
<b>Total fleet</b>	<b>28</b>

## 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, 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 rates in the first nine months of 2016 have been extremely volatile and at times, below the Company's operating costs. Similarly, asset prices have gone through a roller coaster ride driven by extreme lack of confidence, which have since rebounded significantly from its trough. We believe the current tough market cannot be sustainable in the long term, but the journey to recovery and equilibrium will continue to be tough and challenging.

A number of factors will continue to determine the pace of dry bulk market recovery: (1) continued positive demand growth in key dry bulk commodities importing activities from China; (2) a continue recovery or stabilization of dry bulk commodity prices; and most importantly in our view (3) the reduction in shipbuilding capacity to a level where irrational order and hence oversupply will be discouraged for a period of time at least.

The difficulties faced by shipping capacity suppliers, buyers and financiers are all pointing towards a much reduced fleet growth in 2016 and beyond. The excess newbuilding orders driven by irrational expectations of financial return by parties with limited operating experience, with investment rationale driven mainly by their ability to access cheap funding in both the money and capital markets, and fee driven intermediaries have backfired. Delays, conversions of bulk newbuilding orders to other vessel types, cancellations, and shipyard defaults are leading to much fewer actual deliveries than previously scheduled and we believe this will continue. Many ship owners are running out of liquidity for their operations and not to mention, for any outstanding capex requirements. Financiers seem to have had enough on this front, and have been avoiding additional exposure to the sector. Asset based financing, in particular with respect to maritime assets will be harder and harder to come by going forward under new global banking regulatory requirements.

We continue to see uncertainties with respect to the global economic outlook, particularly the freight market as well as the financial, commodity and currency markets. This will inevitably introduce volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We will continue to refrain from using freight, bunker, currencies or interest rate derivatives to minimize any unnecessary business risks.

We are in a relatively fortunate position where we have no capital expenditure commitment in relation to newbuilding contracts, as well as no charter-in contracts at this juncture. Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position, maintaining a young and modern fleet, not ruling out a reduction in fleet size in order to sail through the current storm by placing further emphasis on prudence and stability as our core objectives going forward.

In order to maximize our liquidity position and relax our debt obligations, the Company has reached principal agreement with majority of our lenders who are lenders with the super majority of our existing fleet, the key and critical terms of a restructuring of debt, expecting to execute and conclude the formal agreements before the end of the year. We will inform shareholders accordingly in coming weeks. We would like to extend our sincere and heartfelt appreciation to all our lenders who have all been very patient, understanding and supportive.



We will intimately monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, secure and maximize income including potential recoveries from outstanding charter disputes, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins in order to remain competitive beyond the current crisis.

We will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios. We will exercise our best efforts to be one of the survivors, a trustworthy partner to those who support us, and be a long term preferred vessel provider to our customers.

## **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 blue ink, appearing to be "Ng Siu Fai", written over a horizontal line.

**Ng Siu Fai**  
*Chairman*

30 November 2016

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

		<b>3 months ended 30/9/2016 (Unaudited) US\$'000</b>	3 months ended 30/9/2015 (Unaudited) US\$'000	<b>9 months ended 30/9/2016 (Unaudited) US\$'000</b>	9 months ended 30/9/2015 (Unaudited) US\$'000	Year ended 31/12/2015 (Audited) US\$'000
	<i>Note</i>					
<b>Revenue</b>	2	<b>19,000</b>	24,171	<b>44,023</b>	66,580	86,303
Other operating income		<b>3,217</b>	4,949	<b>9,877</b>	28,935	33,103
Interest income		<b>479</b>	919	<b>1,651</b>	3,428	4,198
Shipping related expenses		<b>(12,495)</b>	(20,841)	<b>(41,512)</b>	(58,298)	(78,749)
Staff costs		<b>(1,844)</b>	(2,791)	<b>(7,133)</b>	(8,417)	(10,989)
Impairment loss on assets held for sale	11	<b>(25,030)</b>	-	<b>(37,582)</b>	-	-
Impairment loss on owned vessels		-	-	-	-	(325,011)
Other operating expenses		<b>(1,922)</b>	(23,826)	<b>(5,941)</b>	(28,412)	(28,585)
<b>Operating profit (loss) before depreciation and amortization</b>		<b>(18,595)</b>	(17,419)	<b>(36,617)</b>	3,816	(319,730)
Depreciation and amortization		<b>(8,563)</b>	(13,730)	<b>(27,251)</b>	(40,435)	(54,167)
<b>Operating loss</b>		<b>(27,158)</b>	(31,149)	<b>(63,868)</b>	(36,619)	(373,897)
Finance costs		<b>(1,349)</b>	(1,240)	<b>(3,783)</b>	(3,695)	(4,846)
<b>Loss before taxation</b>		<b>(28,507)</b>	(32,389)	<b>(67,651)</b>	(40,314)	(378,743)
Taxation	5	-	-	-	-	-
<b>Net loss for the period / year</b>		<b>(28,507)</b>	(32,389)	<b>(67,651)</b>	(40,314)	(378,743)
<b>Other comprehensive loss Items that may be reclassified subsequently to profit or loss:</b>						
Change in fair value of available-for-sale financial assets		-	-	<b>(17)</b>	-	-
<b>Total comprehensive loss for the period / year attributable to shareholders of the Company</b>		<b>(28,507)</b>	(32,389)	<b>(67,668)</b>	(40,314)	(378,743)
<b>Loss per share</b>	6					
- Basic and diluted		<b>US\$(0.339)</b>	US\$(0.385)	<b>US\$(0.805)</b>	US\$(0.480)	US\$(4.506)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30/9/2016 (Unaudited) US\$'000	30/9/2015 (Unaudited) US\$'000	31/12/2015 (Audited) US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		483,612	932,536	598,179
Investment properties	8	10,252	8,996	9,397
Available-for-sale financial assets	9	369	373	386
		<b>494,233</b>	941,905	607,962
<b>Current assets</b>				
Inventories		201	1,797	1,917
Trade and other receivables		18,042	20,200	17,954
Financial assets at fair value through profit or loss	10	46,997	102,984	87,077
Pledged deposits		11,385	22,685	10,376
Bank balances and cash		23,714	43,769	34,118
		<b>100,339</b>	191,435	151,442
Assets held for sale	11	40,331	-	-
		<b>140,670</b>	191,435	151,442
<b>Total assets</b>		<b>634,903</b>	1,133,340	759,404
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Issued capital		4,202	4,202	4,202
Reserves		341,537	747,634	409,205
<b>Total equity</b>		<b>345,739</b>	751,836	413,407
<b>Non-current liabilities</b>				
Secured bank loans		156,161	271,688	234,141
<b>Current liabilities</b>				
Trade and other payables		24,938	32,558	28,456
Amount due to holding company		34	83	58
Secured bank loans		108,031	77,175	83,342
		<b>133,003</b>	109,816	111,856
<b>Total equity and liabilities</b>		<b>634,903</b>	1,133,340	759,404

## 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	Employee share-based compensation reserve (Unaudited) US\$'000	Reserve for available- for-sale financial assets (Unaudited) US\$'000	Retained profits (Unaudited) US\$'000	Total equity (Unaudited) US\$'000
At 1 January 2015	4,202	72,087	719	16,297	4,758	48	694,039	792,150
Net loss and total comprehensive loss for the period	-	-	-	-	-	-	(40,314)	(40,314)
<b>At 30 September 2015</b>	<b>4,202</b>	<b>72,087</b>	<b>719</b>	<b>16,297</b>	<b>4,758</b>	<b>48</b>	<b>653,725</b>	<b>751,836</b>
At 1 January 2016	4,202	72,087	719	16,297	4,758	48	315,296	413,407
Net loss for the period	-	-	-	-	-	-	(67,651)	(67,651)
Other comprehensive loss for the period	-	-	-	-	-	(17)	-	(17)
Total comprehensive loss for the period	-	-	-	-	-	(17)	(67,651)	(67,668)
<b>At 30 September 2016</b>	<b>4,202</b>	<b>72,087</b>	<b>719</b>	<b>16,297</b>	<b>4,758</b>	<b>31</b>	<b>247,645</b>	<b>345,739</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>9 months ended 30/9/2016 (Unaudited) US\$'000</b>	9 months ended 30/9/2015 (Unaudited) US\$'000	Year ended 31/12/2015 (Audited) US\$'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	36,355	33,669	47,612
Interest paid	(3,732)	(3,746)	(4,902)
<b>Net cash from operating activities</b>	<b>32,623</b>	29,923	42,710
<b>INVESTING ACTIVITIES</b>			
Interest received	2,216	3,935	4,560
Decrease in bank deposits with more than three months to maturity when placed	-	14,408	14,408
Dividend income received	441	1,421	1,815
Purchase of property, plant and equipment	(3,393)	(7,921)	(12,307)
Purchase of investment properties	(855)	(450)	(450)
Proceeds from disposal of property, plant and equipment	68	-	-
Proceeds from disposal of assets held for sale	12,796	-	-
<b>Net cash from investing activities</b>	<b>11,273</b>	11,393	8,026
<b>FINANCING ACTIVITIES</b>			
New secured bank loans	-	1,683	1,683
Repayment of secured bank loans	(53,291)	(55,318)	(86,698)
Decrease (Increase) in pledged deposits	(1,009)	(68)	12,241
<b>Net cash used in financing activities</b>	<b>(54,300)</b>	(53,703)	(72,774)
<b>Net decrease in cash and cash equivalents</b>	<b>(10,404)</b>	(12,387)	(22,038)
<b>Cash and cash equivalents at beginning of the period / year</b>	<b>34,118</b>	56,156	56,156
<b>Cash and cash equivalents at end of the period / year</b>	<b>23,714</b>	43,769	34,118

**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 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 2015. Amendments to International Financial Reporting Standards (“IFRS”) and Hong Kong Financial Reporting Standards (“HKFRS”) effective for the financial year ending 31 December 2016 do not have any material impact on the interim financial statements of the Group.

**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 vessels. Revenue recognized during the periods / year are as follows:

	<b>3 months ended 30/9/2016 (Unaudited) US\$'000</b>	3 months ended 30/9/2015 (Unaudited) US\$'000	<b>9 months ended 30/9/2016 (Unaudited) US\$'000</b>	9 months ended 30/9/2015 (Unaudited) US\$'000	Year ended 31/12/2015 (Audited) US\$'000
Chartering freight and hire income:					
Hire income under time charters	<b>19,000</b>	19,182	<b>42,723</b>	57,082	71,477
Freight income under voyage charters	-	4,989	<b>1,300</b>	9,498	14,826
	<b>19,000</b>	24,171	<b>44,023</b>	66,580	86,303

**3. Other operating income**

Other operating income for the nine months ended 30 September 2016 mainly included settlement income of US\$4,393,000 from charterers in relation to repudiation claims.

Other operating income for the nine months ended 30 September 2015 and year 2015 mainly included settlement income of US\$21,396,000 for the nine months ended 30 September 2015 and US\$23,496,000 for year 2015 from charterers in relation to repudiation claims.

#### 4. Operating profit (loss) before depreciation and amortization

This is stated after charging / (crediting):

	<b>3 months ended 30/9/2016 (Unaudited) US\$'000</b>	3 months ended 30/9/2015 (Unaudited) US\$'000	<b>9 months ended 30/9/2016 (Unaudited) US\$'000</b>	9 months ended 30/9/2015 (Unaudited) US\$'000	Year ended 31/12/2015 (Audited) US\$'000
Realized loss (gain) on financial assets at fair value through profit or loss	<b>(5)</b>	4,393	<b>1,710</b>	(802)	5,767
Unrealized loss (gain) on financial assets at fair value through profit or loss	<b>(1,091)</b>	17,524	<b>(478)</b>	21,782	13,510
Net loss (gain) on financial assets at fair value through profit or loss	<b>(1,096)</b>	21,917	<b>1,232</b>	20,980	19,277
Impairment loss (Reversal of impairment loss) on trade receivables	<b>(23)</b>	(12)	<b>(50)</b>	(357)	701
Dividend income	<b>(189)</b>	(1,113)	<b>(461)</b>	(1,663)	(2,069)
Loss on write-off of vessel under construction	-	-	-	2,910	2,910

#### 5. Taxation

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

#### 6. Loss per share

Basic and diluted loss per share for the quarter and nine months ended 30 September 2016 were calculated on the respective net loss of US\$28,507,000 for the quarter and US\$67,651,000 for the nine months ended 30 September 2016 and the weighted average number of 84,045,341 ordinary shares in issue during the quarter / period.

Basic and diluted loss per share for the quarter and nine months ended 30 September 2015 were calculated on the respective net loss of US\$32,389,000 for the quarter and US\$40,314,000 for the nine months ended 30 September 2015 and the weighted average number of 84,045,341 ordinary shares in issue during the quarter / period.

Basic and diluted loss per share for the year 2015 were calculated on the net loss of US\$378,743,000 for the year 2015 and the weighted average number of 84,045,341 ordinary shares in issue during the year.

#### 7. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 September 2016 (30/9/2015: nil).

## 8. Investment properties

	<b>30/9/2016</b>	30/9/2015	31/12/2015
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
At 1 January	<b>9,397</b>	8,546	8,546
Additions	<b>855</b>	450	450
Change in fair value	<b>-</b>	-	401
	<b>10,252</b>	8,996	9,397

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 September 2016 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 2015. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

## 9. Available-for-sale financial assets

	<b>30/9/2016</b>	30/9/2015	31/12/2015
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
Unlisted club membership, at fair value	<b>199</b>	203	216
Unlisted club membership, at cost	<b>170</b>	170	170
	<b>369</b>	373	386

Unlisted club membership stated at fair value represented investment in club membership which its fair value can be determined directly by reference to published price quotation in active market. At the reporting date, the fair value measurement of this unlisted club membership was 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.

For the unlisted club membership stated at cost, as there is no quoted market price in active market, the range of reasonable fair value estimates can be varied significantly that its fair value cannot be measured reliably.



## 10. Financial assets at fair value through profit or loss

	<b>30/9/2016</b>	30/9/2015	31/12/2015
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
<i>Held for trading or not qualifying as hedges</i>			
Listed equity securities	<b>15,792</b>	53,654	39,119
Listed debt securities	<b>31,205</b>	49,330	47,958
	<b>46,997</b>	102,984	87,077

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 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.

## 11. Assets held for sale

For the first nine months of 2016, the Group took the opportunity to enter into seven memorandums of agreement to dispose one Panamax, five Supramaxes and one Handymax at a total consideration of US\$54,500,000. The disposal of the vessels would enable the Group to enhance its working capital position and to strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio as well as keeping our strategy to maintain a young and modern fleet by reducing the Group's average fleet age. For financial reporting purposes, these seven vessels were reclassified to "Assets held for sale" in accordance with IFRS 5 and HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with a total impairment loss on assets held for sale of US\$25,030,000 and US\$37,582,000 were recognized in the third quarter and in the first nine months of 2016 respectively upon reclassification. One of these vessels was delivered to the purchaser in May 2016 and three vessels were delivered to the purchasers in the third quarter of 2016. The three remaining vessels were subsequently delivered to the purchasers in October and November 2016. As at 30 September 2016, the carrying amount of "Assets held for sale" of US\$40,331,000 under "Current Assets" represented the three remaining vessels that have yet been delivered to the purchasers.

## 12. Capital expenditures and commitments

During the nine months ended 30 September 2016, capital expenditure on additions of property, plant and equipment was US\$3,393,000 (30/9/2015: US\$7,940,000) and on investment properties was US\$855,000 (30/9/2015: US\$450,000). At the reporting date, there was no capital expenditure commitments contracted by the Group but not provided for.

### 13. Related party transactions

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

	<b>3 months ended 30/9/2016 (Unaudited) US\$'000</b>	3 months ended 30/9/2015 (Unaudited) US\$'000	<b>9 months ended 30/9/2016 (Unaudited) US\$'000</b>	9 months ended 30/9/2015 (Unaudited) US\$'000	Year ended 31/12/2015 (Audited) US\$'000
Salaries and other benefits	<b>998</b>	1,594	<b>4,270</b>	4,782	6,951
Contributions to retirement benefits schemes	<b>50</b>	91	<b>232</b>	273	363
	<b>1,048</b>	1,685	<b>4,502</b>	5,055	7,314

### 14. Events after the reporting date

Subsequent to the reporting date, three vessels classified as “Assets held for sale” with carrying amount of US\$40,331,000 were delivered to the purchasers, and the disposals of the vessels were completed in October and November 2016 as scheduled.

In October 2016, the Group entered into a memorandum of agreement to dispose one 2009-built Panamax at a consideration of US\$10,600,000. The vessel would be 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 of US\$7,880,000 would be recognized in the fourth quarter of 2016 upon reclassification. The vessel was delivered to the purchaser in November 2016.



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