



# JINHUI SHIPPING AND TRANSPORTATION LIMITED



**Second Quarter and  
Half Yearly Report  
2016**

# HIGHLIGHTS

## For the First Half of 2016

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➤ Revenue for the period: US\$25 million

➤ Net loss for the period: US\$39 million included non-cash impairment loss on assets held for sale of US\$13 million

➤ Basic loss per share: US\$0.466

➤ Gearing ratio as at 30 June 2016: 54%

## For the Second Quarter of 2016

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➤ Revenue for the quarter : US\$15 million

➤ Net loss for the quarter: US\$21 million included non-cash impairment loss on assets held for sale of US\$13 million

➤ Basic loss per share: US\$0.246

The Board of **Jinhui Shipping and Transportation Limited** (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the quarter and six months ended 30 June 2016.

## **SECOND QUARTER RESULTS**

Revenue for the second quarter of 2016 declined 25% to US\$15,064,000, comparing to US\$20,201,000 for the corresponding quarter in 2015. The Company recorded a consolidated net loss of US\$20,667,000 for current quarter as compared to a consolidated net loss of US\$12,611,000 for the corresponding quarter in 2015. Basic loss per share was US\$0.246 for the second quarter of 2016 while basic loss per share was US\$0.150 for the corresponding quarter in 2015.

## **HALF YEARLY RESULTS**

Revenue for the first half of 2016 declined 41% to US\$25,023,000, comparing to US\$42,409,000 for the same period in 2015. The Company recorded a consolidated net loss of US\$39,144,000 for the first half of 2016 while a consolidated net loss of US\$7,925,000 was reported in the first half of 2015. The substantial consolidated net loss for the first half 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\$12,552,000 recognized upon reclassification of three 2000-built Supramaxes 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\$0.466 as compared to basic loss per share of US\$0.094 for the first half of 2015.

## **INTERIM DIVIDEND**

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

## **REVIEW OF OPERATIONS**

**Second Quarter of 2016.** Dry bulk shipping market remained under pressure by the depressed market freight rates as the global economic recovery remained slow. Comparing to the notably weak dry bulk shipping market conditions of the first quarter, the dry bulk shipping market had shown a slight improvement as the market freight rates had grown marginally. Baltic Dry Index opened at 429 points at the beginning of April and continued to climb to 715 points in late April and closed at 660 points by the end of June. Despite there was a small uptick in freight rates in second quarter of 2016, the overall recovery in dry bulk shipping market require a strong demand and supply rebalance through slowing fleet growth, layups and scrapping of tonnages.

Revenue for the second quarter of 2016 was US\$15,064,000, representing a decrease of 25% as compared to US\$20,201,000 for the second quarter of 2015. The drop in revenue was mainly due to the large exposure to spot market as freight rates kept declining to unexpectedly low level since the fourth quarter of 2015. The average daily time charter equivalent rates (“TCE”) earned by the Group’s fleet dropped 23% to US\$4,781 for the second quarter of 2016 as compared to US\$6,234 for the corresponding quarter in 2015, details as follows:

	<b>2016</b>	2015	<b>2016</b>	2015	
	<b>Q2</b>	Q2	<b>1st half</b>	1st half	2015
<b>Average daily TCE</b>	<b>US\$</b>	US\$	<b>US\$</b>	US\$	US\$
Post-Panamax / Panamax fleet	<b>4,905</b>	5,153	<b>3,450</b>	4,587	5,456
Supramax / Handymax / Handysize fleet	<b>4,764</b>	6,352	<b>3,891</b>	6,692	6,519
In average	<b>4,781</b>	6,234	<b>3,841</b>	6,486	6,412

Shipping related expenses dropped from US\$16,256,000 for the second quarter in 2015 to US\$14,125,000 for the current quarter. The decrease was mainly attributable to the lower direct costs on voyage charters due to less voyage charters were 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.

During the second quarter of 2016, the Group entered into two memorandums of agreement to dispose two 2000-built Supramaxes which were subsequently delivered to the purchasers in August 2016. Details of the disposals are set out in later paragraphs.

**First Half of 2016.** With the backdrop of a prolonged oversupply in tonnages, the dry bulk shipping market was extremely tough in the early months of 2016 due to an unexpected fall of global seaborne activities. Baltic Dry Index as well as Baltic Supramax Index hit new historical lows in February 2016 and freight rates were bottoming below ship owners' operating costs. The dry bulk commodities market and shipping market have regained some momentums since March 2016 and it is widely believed that the dry bulk shipping market is bottoming out as both freight rates and vessels values tend to move in an upward trend. We remain positive in the longer term outlook as the supply side of dry bulk vessels would be limited, but it would take more years to prove a sustainable rebound. 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 first half of 2016 dropped 41% to US\$25,023,000, comparing to US\$42,409,000 for the first half of 2015. The net loss of US\$39,144,000 for the first half of 2016 was primarily attributable to the reduced revenue earned by the Group's fleet in prevailing weak freight market environment. The average daily TCE earned by the Group's fleet dropped 41% to US\$3,841 for the first half of 2016 as compared to US\$6,486 for the corresponding period in 2015 when certain charter contracts were entered into with charterers at relatively low freight rates at spot market. Basic loss per share for the period was US\$0.466 as compared to basic loss per share of US\$0.094 for the first half of 2015.

Other operating income decreased from US\$24,943,000 for the first half of 2015 to US\$7,758,000 for the first half of 2016 due to the reduced settlement income received from charterers in relation to repudiation claims from US\$18,500,000 in the first half of 2015 to US\$4,393,000 in the first half of 2016. The Group will continue to seek all legal means to recover the amounts granted in the arbitration awards.

Shipping related expenses for the period reduced from US\$37,457,000 for the first half of 2015 to US\$29,017,000 for the first half of 2016 due to reduced voyage-related direct costs, including bunker expenses, when less voyage charters were engaged in current period. The decrease was also attributable to 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.

During the first half of 2016, the Group took the opportunity to enter into three memorandums of agreement to dispose three 2000-built Supramaxes, at a total consideration of US\$9,700,000. The disposals would enable the Group to enhance its working capital position and to strengthen its liquidity, and optimize the fleet size 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 three 2000-built Supramaxes were reclassified to "Assets held for sale" with a total impairment loss on assets held for sale of US\$12,552,000 was recognized in the first half of 2016 upon reclassification. One of these vessels was delivered to the purchaser in May 2016 while the two remaining vessels were subsequently delivered to the purchasers in August 2016. As at 30 June 2016, the carrying amounts of "Assets held for sale" under "Current Assets" represented the two remaining vessels that have yet been delivered to the purchasers.

## FINANCIAL REVIEW

As at 30 June 2016, the total of the Group's equity and debt securities, bank balances and cash decreased to US\$89,958,000 (31/12/2015: US\$121,195,000) and bank borrowings decreased to US\$293,525,000 (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 54% (31/12/2015: 47%) as at 30 June 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 June 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 six months ended 30 June 2016, capital expenditure on additions of property, plant and equipment was US\$2,228,000 (30/6/2015: US\$4,310,000). As at 30 June 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 June 2016, the Group had thirty five owned vessels which included two Supramaxes which were subsequently delivered to the purchasers in August 2016 as scheduled. As at 30 August 2016, the Group had thirty three owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Panamax fleet	2
Supramax / Handymax fleet	28
Handysize fleet	1
<b>Total fleet</b>	<b>33</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 rate in the first half of 2016 has 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 lack of confidence but 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 be tough and the road forward will not be without challenges. Based on our observation of the dry bulk market, more shipyards are expected to run into financial distress, owners are doing their utmost to delay and cancel newbuilding orders, and financiers are avoiding new exposure against such backdrop. Some participants will cease to operate in this industry, leaving those ship owners with the experience, expertise, long term commitment together with support from trusted partners operating in the market.

A number of factors will continue to determine the pace of dry bulk market recovery: (1) demand growth in key dry bulk commodities importing activities from China has been volatile, with coal and iron ore import volume dropping during the end of 2015, to a healthier increase in recent months; (2) a recovery in various raw material prices has instilled some stability in the commodities market; and most importantly in our view (3) how will the irrational ordering of newbuildings in the past two years pan out.

The difficulties faced by suppliers, buyers and financiers are all pointing towards a much reduced number of newbuildings in 2016 and beyond. The excess newbuilding orders driven by irrational expectations of financial return by parties with limited operating experience, backed by easy access to cheap funding in both the money and capital markets, and fee driven intermediary institutions has backfired. Despite the slight recovery in freight rates in recent months, the prevailing trading environment remains to be tough. Events such as delays, conversions of bulk newbuilding orders to other vessel types, cancellations, and shipyard defaults are leading to much fewer actual deliveries than previously scheduled. Many ship owners are running out of liquidity and financiers are certainly avoiding new additional exposure to the sector.

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. 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 rescheduling of indebtedness, and are currently at the documentation stage. We are at the final stages in discussion with a few remaining lenders and a positive and favourable conclusion is expected to be reached in the coming weeks. We will inform shareholders accordingly once these arrangements are formally cemented. 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 black ink, appearing to be "Ng Siu Fai", written over a horizontal line.

**Ng Siu Fai**  
*Chairman*

31 August 2016

## RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2016 has been prepared in accordance with applicable accounting standards and gives a true and fair view of the assets, liabilities, financial position and results of operations of the Group and that the half yearly report includes a fair review of the development and performance of the business and the position of the Group together with a description of the key principal risks and uncertainty factors that the Group faces.

31 August 2016



**Ng Siu Fai**  
*Chairman*



**Ng Kam Wah Thomas**  
*Managing Director and  
Deputy Chairman*



**Ng Ki Hung Frankie**  
*Executive Director*



**Ho Suk Lin Cathy**  
*Executive Director*



**Tsui Che Yin Frank**  
*Non-executive Director*



**William Yau**  
*Non-executive Director*

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

		<b>3 months ended 30/6/2016 (Unaudited) US\$'000</b>	3 months ended 30/6/2015 (Unaudited) US\$'000	<b>6 months ended 30/6/2016 (Unaudited) US\$'000</b>	6 months ended 30/6/2015 (Unaudited) US\$'000	Year ended 31/12/2015 (Audited) US\$'000
	<i>Note</i>					
<b>Revenue</b>	2	<b>15,064</b>	20,201	<b>25,023</b>	42,409	86,303
Other operating income		<b>5,314</b>	3,971	<b>7,758</b>	24,943	33,103
Interest income		<b>549</b>	1,174	<b>1,172</b>	2,509	4,198
Shipping related expenses		<b>(14,125)</b>	(16,256)	<b>(29,017)</b>	(37,457)	(78,749)
Staff costs		<b>(2,562)</b>	(2,804)	<b>(5,289)</b>	(5,626)	(10,989)
Impairment loss on assets held for sale	11	<b>(12,552)</b>	-	<b>(12,552)</b>	-	-
Impairment loss on owned vessels		-	-	-	-	(325,011)
Other operating expenses		<b>(1,835)</b>	(4,306)	<b>(5,117)</b>	(5,543)	(28,585)
<b>Operating profit (loss) before depreciation and amortization</b>		<b>(10,147)</b>	1,980	<b>(18,022)</b>	21,235	(319,730)
Depreciation and amortization		<b>(9,303)</b>	(13,363)	<b>(18,688)</b>	(26,705)	(54,167)
<b>Operating loss</b>		<b>(19,450)</b>	(11,383)	<b>(36,710)</b>	(5,470)	(373,897)
Finance costs		<b>(1,217)</b>	(1,228)	<b>(2,434)</b>	(2,455)	(4,846)
<b>Loss before taxation</b>		<b>(20,667)</b>	(12,611)	<b>(39,144)</b>	(7,925)	(378,743)
Taxation	5	-	-	-	-	-
<b>Net loss for the period / year</b>		<b>(20,667)</b>	(12,611)	<b>(39,144)</b>	(7,925)	(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>(17)</b>	-	-
<b>Total comprehensive loss for the period / year attributable to shareholders of the Company</b>		<b>(20,684)</b>	(12,611)	<b>(39,161)</b>	(7,925)	(378,743)
<b>Loss per share</b>	6					
- Basic and diluted		<b>US\$(0.246)</b>	US\$(0.150)	<b>US\$(0.466)</b>	US\$(0.094)	US\$(4.506)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30/6/2016 (Unaudited) US\$'000	30/6/2015 (Unaudited) US\$'000	31/12/2015 (Audited) US\$'000
	Note			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		559,766	942,636	598,179
Investment properties	8	9,397	8,546	9,397
Available-for-sale financial assets	9	369	373	386
		<b>569,532</b>	951,555	607,962
<b>Current assets</b>				
Inventories		158	1,907	1,917
Trade and other receivables		18,013	22,752	17,954
Financial assets at fair value through profit or loss	10	55,216	142,607	87,077
Pledged deposits		10,013	22,662	10,376
Bank balances and cash		34,742	43,654	34,118
		<b>118,142</b>	233,582	151,442
Assets held for sale	11	6,596	-	-
		<b>124,738</b>	233,582	151,442
		<b>694,270</b>	1,185,137	759,404
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Issued capital		4,202	4,202	4,202
Reserves		370,044	780,023	409,205
		<b>374,246</b>	784,225	413,407
<b>Non-current liabilities</b>				
Secured bank loans		198,694	289,064	234,141
<b>Current liabilities</b>				
Trade and other payables		26,456	35,473	28,456
Amount due to holding company		43	90	58
Secured bank loans		94,831	76,285	83,342
		<b>121,330</b>	111,848	111,856
		<b>694,270</b>	1,185,137	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	-	-	-	-	-	-	(7,925)	(7,925)
<b>At 30 June 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>686,114</b>	<b>784,225</b>
At 1 January 2016	4,202	72,087	719	16,297	4,758	48	315,296	413,407
Net loss for the period	-	-	-	-	-	-	(39,144)	(39,144)
Other comprehensive loss for the period	-	-	-	-	-	(17)	-	(17)
Total comprehensive loss for the period	-	-	-	-	-	(17)	(39,144)	(39,161)
<b>At 30 June 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>276,152</b>	<b>374,246</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months ended 30/6/2016 (Unaudited) US\$'000</b>	6 months ended 30/6/2015 (Unaudited) US\$'000	Year ended 31/12/2015 (Audited) US\$'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	24,444	14,082	47,612
Interest paid	(2,406)	(2,495)	(4,902)
<b>Net cash from operating activities</b>	<b>22,038</b>	11,587	42,710
<b>INVESTING ACTIVITIES</b>			
Interest received	1,284	2,578	4,560
Decrease in bank deposits with more than three months to maturity when placed	-	14,408	14,408
Dividend income received	252	429	1,815
Purchase of property, plant and equipment	(2,228)	(4,310)	(12,307)
Purchase of investment properties	-	-	(450)
Proceeds from disposal of property, plant and equipment	68	-	-
Proceeds from disposal of assets held for sale	2,805	-	-
<b>Net cash from investing activities</b>	<b>2,181</b>	13,105	8,026
<b>FINANCING ACTIVITIES</b>			
New secured bank loans	-	1,683	1,683
Repayment of secured bank loans	(23,958)	(38,832)	(86,698)
Decrease (Increase) in pledged deposits	363	(45)	12,241
<b>Net cash used in financing activities</b>	<b>(23,595)</b>	(37,194)	(72,774)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>624</b>	(12,502)	(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>34,742</b>	43,654	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 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 30/6/2016 (Unaudited) US\$’000</b>	3 months ended 30/6/2015 (Unaudited) US\$’000	<b>6 months ended 30/6/2016 (Unaudited) US\$’000</b>	6 months ended 30/6/2015 (Unaudited) US\$’000	Year ended 31/12/2015 (Audited) US\$’000
Chartering freight and hire income:					
Hire income under time charters	<b>14,714</b>	18,873	<b>23,723</b>	37,900	71,477
Freight income under voyage charters	<b>350</b>	1,328	<b>1,300</b>	4,509	14,826
	<b>15,064</b>	20,201	<b>25,023</b>	42,409	86,303

### 3. Other operating income

Other operating income for the first half of 2016 mainly included settlement income of US\$4,393,000 from charterers in relation to repudiation claims.

Other operating income for the first half of 2015 and year 2015 mainly included settlement income of US\$18,500,000 for the first half of 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 30/6/2016 (Unaudited) US\$'000</b>	3 months ended 30/6/2015 (Unaudited) US\$'000	<b>6 months ended 30/6/2016 (Unaudited) US\$'000</b>	6 months ended 30/6/2015 (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>(342)</b>	(4,474)	<b>1,715</b>	(5,195)	5,767
Unrealized loss on financial assets at fair value through profit or loss	<b>803</b>	4,647	<b>613</b>	4,258	13,510
Net loss (gain) on financial assets at fair value through profit or loss	<b>461</b>	173	<b>2,328</b>	(937)	19,277
Impairment loss (Reversal of impairment loss) on trade receivables	<b>(6)</b>	(128)	<b>(27)</b>	(345)	701
Dividend income	<b>(108)</b>	(355)	<b>(272)</b>	(550)	(2,069)
Loss on write-off of vessel under construction	-	2,910	-	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 six months ended 30 June 2016 were calculated on the respective net loss of US\$20,667,000 for the second quarter and US\$39,144,000 for the six months ended 30 June 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 six months ended 30 June 2015 were calculated on the respective net loss of US\$12,611,000 for the second quarter and US\$7,925,000 for the six months ended 30 June 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 June 2016 (30/6/2015: nil).



## 8. Investment properties

	<b>30/6/2016</b>	30/6/2015	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	-	-	450
Change in fair value	-	-	401
	<b>9,397</b>	8,546	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 June 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>30/6/2016</b>	30/6/2015	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>30/6/2016</b>	30/6/2015	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>20,442</b>	80,160	39,119
Listed debt securities	<b>34,774</b>	62,447	47,958
	<b>55,216</b>	142,607	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

During the first half of 2016, the Group took the opportunity to enter into three memorandums of agreement to dispose three 2000-built Supramaxes, at a total consideration of US\$9,700,000. The disposals would enable the Group to enhance its working capital position and to strengthen its liquidity, and optimize the fleet size 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 three 2000-built Supramaxes 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\$12,552,000 was recognized in the first half of 2016 upon reclassification. One of these vessels was delivered to the purchaser in May 2016 while the two remaining vessels were subsequently delivered to the purchasers in August 2016. As at 30 June 2016, the carrying amounts of "Assets held for sale" under "Current Assets" represented the two remaining vessels that have yet been delivered to the purchasers.

## 12. Capital expenditures and commitments

During the six months ended 30 June 2016, capital expenditure on additions of property, plant and equipment was US\$2,228,000 (30/6/2015: US\$4,310,000). 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 30/6/2016 (Unaudited) US\$'000</b>	3 months ended 30/6/2015 (Unaudited) US\$'000	<b>6 months ended 30/6/2016 (Unaudited) US\$'000</b>	6 months ended 30/6/2015 (Unaudited) US\$'000	Year ended 31/12/2015 (Audited) US\$'000
Salaries and other benefits	<b>1,636</b>	1,594	<b>3,272</b>	3,188	6,951
Contributions to retirement benefits schemes	<b>91</b>	91	<b>182</b>	182	363
	<b>1,727</b>	1,685	<b>3,454</b>	3,370	7,314

### 14. Event after the reporting date

Subsequent to the reporting date, two vessels classified as "Assets held for sale" with carrying amount of US\$6,596,000 were delivered to the purchasers, and the disposals of the vessels were completed in August 2016 as scheduled.



## Independent Review Report

### To the Board of Directors of Jinhui Shipping and Transportation Limited

(Incorporated in Bermuda with limited liability)

#### Introduction

We have reviewed the interim financial report set out on pages 10 to 18 which comprise the condensed consolidated statement of financial position of Jinhui Shipping and Transportation Limited as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended, and explanatory notes. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

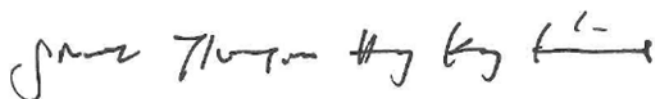
Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other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

#### Scope of Review

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

#### Conclusion

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



#### Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road, Wanchai

Hong Kong

31 August 2016

Chan Tze Kit

Practising Certificate No.: P05707



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