JINHUI

JINHUI SHIPPING
AND TRANSPORTATION LIMITED

First Quarter Report

For the quarter ended

31 March 2018

JINHUI SHIPPING

HIGHLIGHTS

For the First Quarter of 2018

- Revenue for the quarter: US$18 million
- Net profit for the quarter: US$2.5 million
- Basic earnings per share: US$0.023
- Gearing ratio as at 31 March 2018: 13%

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 ended 31 March 2018.

FIRST QUARTER RESULTS

Revenue for the first quarter of 2018 increased 17% to US$17,976,000, comparing to US$15,301,000 for the corresponding quarter in 2017. The Company recorded a consolidated net profit of US$2,471,000 for current quarter as compared to a consolidated net loss of US$7,971,000 for the corresponding quarter in 2017. Basic earnings per share was US$0.023 for the first quarter of 2018 while basic loss per share was US$0.095 for the corresponding quarter in 2017.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2018.

REVIEW OF OPERATIONS

First Quarter of 2018. The dry bulk shipping market has benefited from the improved fundamental demand and supply balance in the first quarter of 2018. On the supply side, the fleet growth remained in check with limited orderbook and continued scrapping activities. With the strengthening Asian iron ore demand, market freight rates had improved remarkably as compared to the same quarter in 2017. Baltic Dry Index opened at 1,366 points at the beginning of January and continued to climb to the peak of the quarter at 1,395 points and closed at 1,055 points by the end of March. The average of Baltic Dry Index of the first quarter of 2018 was 1,175 points, which compares to 945 points in the same quarter in 2017.

Revenue increased from US$15,301,000 for the first quarter in 2017 to US$17,976,000 for the current quarter of 2018, representing an increase of 17%, despite the reduction in the number of Group's owned vessels. The average daily time charter equivalent rates ("TCE") earned by the Group's owned vessels improved 48% to US$8,795 for the first quarter of 2018 as compared to US$5,925 for the corresponding quarter in 2017.

Average daily TCE of owned vessels	**Q1 2018** ***US$***	Q1 2017 *US$*	2017 *US$*
Post-Panamax fleet	**11,480**	6,538	8,645
Supramax / Handysize fleet	**8,537**	5,877	8,063
In average	**8,795**	5,925	8,111

Shipping related expenses dropped from US$10,705,000 for the first quarter in 2017 to US$9,022,000 for the current quarter. The decrease was mainly attributable to the reduced number of owned vessels.

Finance costs decreased by 35% from US$1,290,000 in first quarter of 2017 to US$840,000 in first quarter of 2018. The decrease was mainly attributable to the reduction in outstanding loan principal upon repayment of all deferred installments on 10 January 2018 for those loans restructured during the forbearance period under the intercreditor deed (the “ICD”) forming between the Group and major lenders.

FINANCIAL REVIEW

During the quarter, capital expenditure on additions of property, plant and equipment was US$308,000 (31/3/2017: US$1,766,000). As at 31 March 2018 and 31 December 2017, there was no capital expenditure commitments contracted by the Group but not provided for.

As at 31 March 2018, the Group’s bank borrowings decreased to US$88,248,000 (31/12/2017: US$137,825,000), of which 37%, 46% and 17% are repayable respectively within one year, one to two years and two to five years. The bank borrowings represented vessel mortgage loans and other secured bank loans that were denominated in United States Dollars and Hong Kong Dollars respectively and were committed on floating rate basis. As at 31 March 2018, the Company maintained positive working capital position of US$23,530,000 (31/12/2017: US$41,967,000) and the total of the Group’s equity and debt securities, bank balances and cash decreased to US$56,070,000 (31/12/2017: US$101,920,000). During the quarter, net cash generated from operating activities amounted to US$414,000 (31/3/2017: US$3,516,000).

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, decreased to 13% (31/12/2017: 15%) as at 31 March 2018. 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 March 2018, the Group is able to service its debt obligations, including principal and interest payments.

An ICD forming between the Group and major lenders was executed in December 2016. Pursuant to the terms of the ICD, the Group shall pay 50% of each repayment installment during the forbearance period until 31 December 2018 (with early restructuring exit option) and the remaining 50% of each such installment be deferred and repaid after the end of the forbearance period in 2019. The ICD specified that an assessment of the Group’s liquidity and financial capability would be completed in December 2017 to decide whether to continue or exit the forbearance period on 31 December 2017. As the Group fulfilled the liquidity and financial capability assessment, we received consent from respective lenders to exit and end the ICD on 31 December 2017.

The Group repaid all deferred installments on 10 January 2018 for those loans restructured during the forbearance period of US$31,407,000 to respective lenders. In March 2018, the Group also fully repaid two vessels’ mortgage loans with relatively higher interest margin amounting to US$19,100,000. The Group’s total secured bank loans dropped from US$137,825,000 as of 31 December 2017 to US$88,248,000 on 31 March 2018. We believe the Group would benefit from considerable interest saving in the upcoming rising interest rate environment.

FLEET

Owned Vessels

As at 31 March 2018 and 27 May 2018, the Group had twenty three owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	21
Total fleet	**23**

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 market in 2018, especially Supramax has so far been favourable for the Company, with strong support in asset prices underpinned by healthy earnings. The increase in imports by China, overall global recovery in demand for dry commodities as well as weaker US exports in agricultural products that increase the ton-miles when sourcing these products from the South America, all contributed to the continued recovery.

Supply fundamentals are currently favourable, with just a little over half of the scheduled newbuildings actually got delivered during the first quarter of 2018. Newbuilding supply is currently at a low point by historical standards, and a more stable operating environment will be reached if this continues where demand could outpace supply going forward.

In general, we witnessed a low number of newbuilding orders lately and believe this is due to a number of factors, including but not limited to: (1) a significant gap between newbuilding prices and second hand values; (2) uncertainty over future regulations related to environmental issues; (3) limited reasonably priced credit available for asset financing; and (4) new international accounting rules requiring longer term time charter contracts to be capitalized will become effective in 2019, this discourage charterers who used to secure longer term tonnage capacity via off balance sheet means, as well as negatively impacting those owners who were used to ordering newbuildings on the back of a longer term time charter contract.

At this juncture, we are also not in a hurry to order newbuildings. We believe healthy upside remains in our existing fleet which will offer significant operating leverage should the freight market continue to recover. Our fleet which comprises predominantly of Supramaxes offers maximum cargo flexibility from backbone cargoes such as coal and iron ore, and minor bulk from grain to steel products. With close to 50% of the world dry bulk trade comprises on minor bulk, we believe our fleet is well positioned to capture this recovery.

Our mindset remains to be prudent and we continue to watch out for uncertainties in the global markets, in particularly the freight market, as well as the financial, commodity and currency markets. The global economy is currently stabilizing and moderate growth is witnessed as evidenced by the economic data from US and Europe as well as Asian economies especially China. A continued growth in economic activity and hence international trade will benefit the Company.

Simultaneously, uncertainties remain as to the unpredictable policies under the Trump administration, the latest being the US-China trade dispute and hence rising US protectionism, the future development of BREXIT for both EU and the UK, whether the current calm Korean Peninsula conflict will reignite, changes in technology as well as environmental policies causing changes in energy requirements will surely have global implications and therefore impact the Company's business. Unexpected events may occur and these 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, and focus on the active management of debt maturity to ensure we sail through any unexpected stormy waters that lies ahead.

Recently, we have invested a small amount of capital into a Shanghai property project which is expected to generate long term recurring income, and potentially a healthy capital appreciation over a 5 year horizon where a minimum of 15% return on investment per annum is expected, generating significant capital gain in the case an exit is pursued. Developers in China have been under a lot of financing pressure recently, where onshore capital is both scarce and extremely expensive, and hence such an attractive opportunity arises. The purpose of this investment does not mean we are shifting our focus away from our core business pursuit. However, we will always remember that shipping is highly volatile and cyclical by nature and we have to think about the rainy days. From the perspective of capital management with stability in mind, it is never be too wrong to place some eggs in a different basket, or to tuck a small amount of capital into projects which offer healthy potential returns which are not correlated with shipping business.

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.

Over the longer term, 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 and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

Ng Siu Fai
Chairman

28 May 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**3 months ended 31/3/2018 (Unaudited)**	3 months ended 31/3/2017 (Unaudited)	Year ended 31/12/2017 (Audited)
		US$'000	*US$'000*	*US$'000*
Revenue	*2*	**17,976**	15,301	73,547
Other operating income		**2,557**	2,953	11,758
Interest income		**332**	461	1,748
Shipping related expenses		**(9,022)**	(10,705)	(43,698)
Staff costs		**(2,603)**	(1,774)	(8,356)
Impairment loss on assets held for sale		**-**	(6,301)	(6,301)
Other operating expenses		**(1,314)**	(1,133)	(7,529)
Operating profit (loss) before depreciation and amortization		**7,926**	(1,198)	21,169
Depreciation and amortization		**(4,615)**	(5,483)	(20,023)
Operating profit (loss)		**3,311**	(6,681)	1,146
Finance costs		**(840)**	(1,290)	(5,177)
Profit (Loss) before taxation		**2,471**	(7,971)	(4,031)
Taxation	*5*	**-**	-	-
Net profit (loss) for the period / year		**2,471**	(7,971)	(4,031)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Change in fair value of financial assets at fair value through OCI		**(26)**	-	-
Change in fair value of available-for-sale financial assets		**-**	-	13
Total comprehensive income (loss) for the period / year attributable to shareholders of the Company		**2,445**	(7,971)	(4,018)
Earnings (Loss) per share	*6*			
- Basic and diluted		**US$0.023**	US$(0.095)	US$(0.043)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31/3/2018 (Unaudited) *US$'000***	31/3/2017 (Unaudited) *US$'000*	31/12/2017 (Audited) *US$'000*
ASSETS				
Non-current assets				
Property, plant and equipment		**259,652**	289,660	263,959
Investment properties	*8*	**15,632**	14,545	15,632
Financial assets at fair value through OCI	*9*	**350**	-	-
Available-for-sale financial assets		**-**	363	376
		275,634	304,568	279,967
Current assets				
Inventories		**1,149**	372	58
Trade and other receivables		**16,858**	15,814	17,003
Financial assets at fair value through profit or loss	*10*	**27,052**	46,487	23,778
Pledged deposits		**6,507**	6,503	6,521
Bank balances and cash	*11*	**29,018**	25,377	78,142
		80,584	94,553	125,502
Assets held for sale		**-**	46,960	-
		80,584	141,513	125,502
Total assets		**356,218**	446,081	405,469
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**5,463**	4,202	5,463
Reserves		**242,016**	212,120	239,571
Total equity		**247,479**	216,322	245,034
Non-current liabilities				
Secured bank loans	*12*	**51,685**	153,253	76,900
Current liabilities				
Trade and other payables		**20,424**	23,309	22,526
Amount due to holding company		**67**	63	84
Secured bank loans	*12*	**36,563**	53,134	60,925
		57,054	76,506	83,535
Total equity and liabilities		**356,218**	446,081	405,469

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Reserve for available-for-sale financial assets	Reserve for financial assets at fair value through OCI	Retained profits	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2017	4,202	72,087	719	16,297	25	-	130,963	224,293
Net loss and total comprehensive loss for the period	-	-	-	-	-	-	(7,971)	(7,971)
At 31 March 2017	4,202	72,087	719	16,297	25	-	122,992	216,322
At 1 January 2018	5,463	95,585	719	16,297	38	-	126,932	245,034
Reclassification upon the adoption of IFRS 9 and HKFRS 9	-	-	-	-	(38)	38	-	-
At 1 January 2018 (adjusted)	5,463	95,585	719	16,297	-	38	126,932	245,034
Comprehensive income								
Net profit for the period	-	-	-	-	-	-	2,471	2,471
Other comprehensive loss								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	(26)	-	(26)
Total comprehensive income for the period	-	-	-	-	-	(26)	2,471	2,445
At 31 March 2018	**5,463**	**95,585**	**719**	**16,297**	**-**	**12**	**129,403**	**247,479**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**3 months ended 31/3/2018 (Unaudited) *US$'000***	3 months ended 31/3/2017 (Unaudited) *US$'000*	Year ended 31/12/2017 (Audited) *US$'000*
OPERATING ACTIVITIES				
Cash generated from operations		**1,327**	4,877	45,314
Interest paid		**(913)**	(1,361)	(5,303)
Net cash from operating activities		**414**	3,516	40,011
INVESTING ACTIVITIES				
Interest received		**285**	757	2,059
Increase in bank deposits with more than three months to maturity when placed		**-**	-	(13,400)
Dividend income received		**48**	49	408
Purchase of property, plant and equipment		**(308)**	(1,766)	(4,976)
Proceeds from disposal of investment properties, net		**-**	442	442
Proceeds from disposal of assets held for sale, net		**-**	-	61,640
Net cash from (used in) investing activities		**25**	(518)	46,173
FINANCING ACTIVITIES				
New secured bank loans		**5,769**	-	-
Repayment of secured bank loans		**(55,346)**	(6,167)	(74,729)
(Increase) Decrease in pledged deposits		**14**	(8)	(26)
Proceeds from issue of new shares upon rights issue, net		**-**	-	24,759
Net cash used in financing activities		**(49,563)**	(6,175)	(49,996)
Net increase (decrease) in cash and cash equivalents		**(49,124)**	(3,177)	36,188
Cash and cash equivalents at beginning of the period / year		**64,742**	28,554	28,554
Cash and cash equivalents at end of the period / year	*11*	**15,618**	25,377	64,742

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 2017, 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 2018.

Upon the adoption of IFRS 9 and HKFRS 9: Financial Instruments, the Group's investment in club membership classified as available-for-sale financial assets as at 31 December 2017 are reclassified to financial assets at fair value through other comprehensive income ("OCI") with effect from 1 January 2018. Cumulative fair value changes in the reserve for available-for-sale financial assets are transferred to reserve for financial assets at fair value through OCI with effect from 1 January 2018.

The adoption of IFRS 15 and HKFRS 15: Revenue from Contracts with Customers have no significant impact on the recognition of the Group's revenue. Whilst there are many forms of charter of varying lengths in shipping business, our revenue from operation mainly comprises chartering freight and hire income. Freight income from 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. The existing practice reflects the performance obligation to provide transportation services which is satisfied over time from when transport of the goods begins from loading port through delivery to discharging port and freight income is recognized over the period of performance as required by the new IFRS 15 and HKFRS 15. Hence, the application of the new IFRS 15 and HKFRS 15 have no significant impact on the recognition of the Group's revenue. For hire income under time charter, as ship owners and lessors, the Group continues to classify its time charter contract as operating lease, and hire income is recognized on a straight-line basis over the period of each time charter contract.

Other than the adoption of IFRS 9 and HKFRS 9 as stated above, the adoption of other new and amended IFRS and HKFRS does not have material impact on the Group's financial performance and financial position.

2. Revenue

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

	3 months ended 31/3/2018	3 months ended 31/3/2017	Year ended 31/12/2017
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Chartering freight and hire income:			
Hire income under time charters	**17,976**	13,673	70,506
Freight income under voyage charters	**-**	1,628	3,041
	17,976	15,301	73,547

3. Other operating income

Other operating income for the first quarter of 2018 mainly included net gain of US$1,017,000 (31/3/2017: US$1,148,000) on financial assets at fair value through profit or loss and settlement income of US$450,000 (31/3/2017: US$655,000) from a charterer in relation to repudiation claims.

Other operating income for the year 2017 mainly included net gain of US$4,052,000 on financial assets at fair value through profit or loss, change in fair value of investment properties of US$1,087,000 and settlement income of US$1,064,000 from a charterer in relation to repudiation claims.

4. Operating profit (loss) before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 31/3/2018	3 months ended 31/3/2017	Year ended 31/12/2017
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Realized gain on financial assets at fair value through profit or loss	**(1,099)**	(102)	(1,865)
Unrealized loss (gain) on financial assets at fair value through profit or loss	**82**	(1,046)	(2,187)
Net gain on financial assets at fair value through profit or loss	**(1,017)**	(1,148)	(4,052)
Impairment loss (Reversal of impairment loss) on trade and other receivables	**101**	(3)	(59)
Dividend income	**(48)**	(49)	(451)

5. Taxation

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

6. Earnings (Loss) per share

	3 months ended 31/3/2018 (Unaudited)	3 months ended 31/3/2017 (Unaudited)	Year ended 31/12/2017 (Audited)
Weighted average number of ordinary shares in issue	**109,258,943**	84,045,341	94,667,104
Net profit (loss) attributable to shareholders of the Company (US$'000)	**2,471**	(7,971)	(4,031)
Basic and diluted earnings (loss) per share	**US$0.023**	US$(0.095)	US$(0.043)

7. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2018 (31/3/2017: nil).

8. Investment properties

	31/3/2018 (Unaudited)	31/3/2017 (Unaudited)	31/12/2017 (Audited)
	US$'000	*US$'000*	*US$'000*
At 1 January	**15,632**	14,984	14,984
Disposals	**-**	(439)	(439)
Change in fair value	**-**	-	1,087
	15,632	14,545	15,632

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 31 March 2018 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 2017. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

9. Financial assets at fair value through OCI

	31/3/2018 (Unaudited) *US$'000*
Unlisted club membership	
At 1 January, reclassified upon the adoption of IFRS 9 and HKFRS 9	**376**
Change in fair value	**(26)**
At 31 March	**350**

Upon the adoption of IFRS 9 and HKFRS 9: Financial Instruments, the Group's investment in club membership classified as available-for-sale financial assets as at 31 December 2017 are reclassified to financial assets at fair value through other comprehensive income with effect from 1 January 2018. 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. There was no transfer among the three levels of the fair value hierarchy during the period.

10. Financial assets at fair value through profit or loss

	31/3/2018 (Unaudited) *US$'000*	31/3/2017 (Unaudited) *US$'000*	31/12/2017 (Audited) *US$'000*
Held for trading			
Listed equity securities	**20,565**	15,648	19,336
Listed debt securities	**4,380**	30,839	4,442
Unlisted equity linked investment	**2,107**	-	-
	27,052	46,487	23,778

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. The fair value measurement of unlisted equity linked investment was determined by reference to its mark-to-market prices provided by the financial institutions and was categorized as Level 3 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. Bank balances and cash

	31/3/2018 (Unaudited) *US$'000*	31/3/2017 (Unaudited) *US$'000*	31/12/2017 (Audited) *US$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**15,618**	25,377	64,742
Bank deposits with more than three months to maturity when placed	**13,400**	-	13,400
	29,018	25,377	78,142

12. Secured bank loans

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

	31/3/2018 (Unaudited) *US$'000*	31/3/2017 (Unaudited) *US$'000*	31/12/2017 (Audited) *US$'000*
Within one year	**36,563**	53,134	60,925
In the second year	**38,053**	77,418	35,139
In the third to fifth year	**13,632**	73,335	41,761
Wholly repayable within five years	**88,248**	203,887	137,825
After the fifth year	**-**	2,500	-
Total secured bank loans	**88,248**	206,387	137,825
Less: Amount repayable within one year	**(36,563)**	(53,134)	(60,925)
Amount repayable after one year	**51,685**	153,253	76,900

An intercreditor deed (the "ICD") forming between the Group and major lenders was executed in December 2016. Pursuant to the terms of the ICD, the Group shall pay 50% of each repayment installment during the forbearance period until 31 December 2018 (with early restructuring exit option) and the remaining 50% of each such installment be deferred and repaid after the end of the forbearance period in 2019. The ICD specified that an assessment of the Group's liquidity and financial capability would be completed in December 2017 to decide whether to continue or exit the forbearance period on 31 December 2017. As the Group fulfilled the liquidity and financial capability assessment, we received consent from respective lenders to exit and end the ICD on 31 December 2017.

The Group repaid all deferred installments on 10 January 2018 for those loans restructured during the forbearance period of US$31,407,000 to respective lenders. In March 2018, the Group also fully repaid two vessels' mortgage loans with relatively higher interest margin amounting to US$19,100,000. The Group's total secured bank loans dropped from US$137,825,000 as of 31 December 2017 to US$88,248,000 on 31 March 2018.

13. Capital expenditures and commitments

During the quarter, capital expenditure on additions of property, plant and equipment was US$308,000 (31/3/2017: US$1,766,000). As at 31 March 2018 and 31 December 2017, there was no capital expenditure commitments contracted by the Group but not provided for.

14. Related party transactions

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

	3 months ended 31/3/2018	3 months ended 31/3/2017	Year ended 31/12/2017
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Salaries and other benefits	**1,680**	978	4,665
Contributions to retirement benefits schemes	**90**	50	198
	1,770	1,028	4,863

15. Events after the reporting date

On 20 April 2018, a wholly owned subsidiary of the Company (the "Co-Investor") entered into an instrument of transfer of Dual Bliss among the Co-Investor, the Investment Manager, Triple Smart Limited and Total Surplus (the "Transfer Document"), pursuant to which the Co-Investor shall acquire from Total Surplus 34.5901% of the issued non-voting participating class A shares of Dual Bliss at an amount equal to the Co-Investor's respective proportion of the capital contributions made by Total Surplus to Dual Bliss with interest and become liable to its attributable portion of the obligations relating to Total Surplus's participation in Dual Bliss of US$10,000,000. The objective of Dual Bliss is to give third party investors the opportunity to co-invest in a Shanghai property project with a holding period of the investment of approximately 5 years. To partially diversify the Group's maritime related core business which is highly cyclical in nature, the Board decides to invest a small proportion of the Group's capital into non-maritime related investment. The target market of the co-investment opportunity is focused on Shanghai, China. In light of the long term growth potential of such market, the Board is of the view that such diversification will be beneficial in the long term capital return and development of the Group. Taking into account the abovementioned factors, the Directors consider that the terms and conditions of the Co-Investment are fair and reasonable and on normal commercial terms and are in the interests of the Company and its shareholders as a whole. Details of the co-investment have been published in the Group's announcement on 20 April 2018, which is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

JINHUI
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

Fax: (852) 2541 9794 Website: www.jinhuiship.com