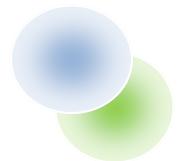




# JINHUI SHIPPING AND TRANSPORTATION LIMITED

**First Quarter Report  
For the quarter ended  
31 March 2017**



# HIGHLIGHTS

For the First Quarter of 2017

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- Revenue for the quarter : US\$15 million
- Net loss for the quarter: US\$8 million included non-cash impairment loss on assets held for sale (disposed vessels) of US\$6 million
- Basic loss per share: US\$0.095
- Gearing ratio as at 31 March 2017: 62%

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 2017.

## FIRST QUARTER RESULTS

Revenue for the first quarter of 2017 increased 54% to US\$15,301,000, comparing to US\$9,959,000 for the corresponding quarter in 2016. The Company recorded a consolidated net loss of US\$7,971,000 for current quarter as compared to a consolidated net loss of US\$18,477,000 for the corresponding quarter in 2016. Basic loss per share was US\$0.095 for the first quarter of 2017 while basic loss per share was US\$0.220 for the corresponding quarter in 2016.

## INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2017.

## REVIEW OF OPERATIONS

**First Quarter of 2017.** Dry bulk shipping market has been improving notably in the first quarter of 2017. The market freight rates bounced back to encouraging levels since February and the uptick of rates was supported by the surge of seaborne trading activities in particular to China’s iron ore and coal imports. With the reducing fleet growth due to continued demolitions of older tonnages and limited newbuilding entering the market, freight rates have improved year-over-year, and the average of Baltic Dry Index of the first quarter of 2017 was 945 points, which compares to 358 points in the same quarter in 2016. While we believe the overall recovery in dry bulk shipping market require a stronger demand and supply rebalance through slowing fleet growth, layups and scrapping of tonnages, we continue to see unpredictable and often high earnings volatility in dry bulk shipping market and we believe it will be prudent to periodically reduce indebtedness and enhance our liquidity when such opportunities arise.

Revenue for the first quarter of 2017 was US\$15,301,000, representing an increase of 54% as compared to US\$9,959,000 for the first quarter of 2016. The increase in revenue was mainly due to the recovering freight rates in the spot market in the current quarter. The average daily time charter equivalent rates (“TCE”) earned by the Group’s fleet improved 102% to US\$5,925 for the first quarter of 2017 as compared to US\$2,934 for the corresponding quarter in 2016.

	Q1 2017	Q1 2016	2016
Average daily TCE	US\$	US\$	US\$
Post-Panamax / Panamax fleet	6,538	1,995	4,475
Supramax / Handymax / Handysize fleet	5,877	3,053	4,922
In average	5,925	2,934	4,871

Shipping related expenses dropped from US\$16,226,000 for the first quarter in 2016 to US\$10,705,000 for the current quarter. The decrease was mainly attributable to the reduced number of owned vessels from thirty six in the first quarter of 2016 to twenty eight in the current quarter and the continued efforts in reducing vessels' running costs under the Group's cost reduction strategy in order to remain competitive in the current tough market environment.

In February 2017, the Group took the opportunity to enter into four memorandums of agreement to dispose four Supramaxes at a total consideration of US\$48,000,000. Two vessels were subsequently delivered to the respective buyers in April 2017 while the remaining two vessels will be delivered to the respective buyers on or before 30 June 2017 after reaching mutual agreements with the respective buyers in April 2017 to extend the delivery period. The disposal of these four vessels will enable the Group to further enhance its working capital position and to strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. Given the unpredictable and often high earnings volatility in our industry, the disposal of the vessels can further reduce our debt service pressure from both principal repayments and interest payments in an expected rising interest rate environment. For financial reporting purposes, these four disposed 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 (disposed vessels) of US\$6,301,000 was recognized in the first quarter of 2017 upon reclassification to assets held for sale. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate. The impairment loss on assets held for sale (disposed vessels) is non-cash in nature and does not have impact on the operating cash flows of the Group.

## FINANCIAL REVIEW

As at 31 March 2017, the Company maintained positive working capital position of US\$65,007,000 (31/12/2016: US\$47,767,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to US\$71,864,000 (31/12/2016: US\$74,722,000). During the quarter, net cash generated from operating activities amounted to US\$3,516,000 (31/3/2016: US\$16,635,000).

As at 31 March 2017, the Group's bank borrowings decreased to US\$206,387,000 (31/12/2016: US\$212,554,000), of which 26%, 37%, 36% and 1% are repayable respectively within one year, one to two years, two to five years and over five years. All bank borrowings were denominated in United States Dollars and were committed on floating rate basis.

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 62% (31/12/2016: 61%) as at 31 March 2017. 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 2017, the Group is able to service its debt obligations, including principal and interest payments.

During the quarter, capital expenditure on additions of property, plant and equipment was US\$1,766,000 (31/3/2016: US\$1,394,000). As at 31 March 2017 and 31 December 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 21 May 2017, the Group had twenty six owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	23
Handysize fleet	1
<b>Total fleet</b>	<b>26</b>

In February 2017, the Company announced that the Group had entered into four memorandums of agreement for the disposal of four vessels at a total consideration of US\$48 million. Following the disposal, the Group's total carrying capacity will be reduced from deadweight 1,602,343 metric tons to 1,380,364 metric tons. Two vessels were delivered to the respective buyers in April 2017 while the remaining two vessels will be delivered to the respective buyers on or before 30 June 2017 after reaching mutual agreements with the respective buyers in April 2017 to extend the delivery period.

Subsequent to the reporting date, the Company announced that the Group had entered into a memorandum of agreement on 5 April 2017 for the disposal of one Handysize at a consideration of US\$15 million. Following the disposal, the Group's total carrying capacity will be reduced from deadweight 1,380,364 metric tons to 1,341,902 metric tons. This Handysize will be delivered to the buyer between 15 May 2017 and 15 June 2017.

### SIGNIFICANT LITIGATION UPDATE

Galsworthy Limited ("Galsworthy"), a wholly owned subsidiary of the Group, was the disponent owners of the vessel "CANTON TRADER" which was later renamed "JIN KANG". On 17 June 2008, Galsworthy entered into a time charter with Parakou Shipping Pte Limited ("Parakou Shipping") for a period of approximately five years, with delivery not due until March 2009. On or about 13 March 2009, Parakou Shipping wrongfully refused to take delivery of the vessel and Galsworthy accepted their conduct as a repudiation of the charter, bringing it to an end.

The dispute was the subject of various proceedings, but principally in London arbitration. By Arbitration Awards dated 31 August 2010 and 13 May 2011, the London arbitrators upheld Galsworthy's claims and awarded damages of approximately US\$41.25 million plus interest and costs. Since then Galsworthy has been trying to enforce those awards against Parakou Shipping and its former directors. The present amount outstanding is in excess of US\$60 million.

In one action Galsworthy has been funding Singapore proceedings commenced by the liquidator of Parakou Shipping against four of Parakou Shipping's former directors and related corporate entities, seeking to claw back assets into Parakou Shipping for distribution amongst the creditors. Judgment was obtained in February 2017 in the sum of SGD17 million against the Defendants but the Defendants have now appealed the same. The Liquidator has cross appealed to increase the judgment amount. Galsworthy has also submitted a proof of debt in the Parakou Shipping's liquidation in respect of its claim under the Arbitration Awards.

(For more information with regards to the February 2017 judgment issued by Singapore High Court, please visit website of Singapore Law Watch or click this link: [Parakou Shipping Pte Ltd \(in liquidation\) v Liu Cheng Chan and others - \[2017\] SGHC 91](#) which is publicly available.)

Separately in South Africa enforcement action in respect of the two awards has been taken against the vessel "PRETTY SCENE" in Durban. She was arrested in June 2016 and remains under arrest there whilst the enforcement is challenged by Parakou Tankers Inc. a company controlled by Mr. Por Liu, one of the former directors of Parakou Shipping. An application for leave to appeal against the dismissal order in respect of the first arrest on the vessel is presently before the Supreme Court of South Africa. The vessel remains under a second arrest which was prepared when the technical defense raised by Parakou Tankers Inc. in respect of the first arrest was discovered. Judgment is awaited. There was an application for wrongful arrest and damages claim brought by Parakou Tankers Inc. in respect of the second arrest but leading counsel in South Africa has advised that the same has minimal prospects of success.

Recently, following the factual findings in the Singapore judgment, an action has been commenced in Hong Kong against three of the former directors of Parakou Shipping for unlawful conspiracy. An injunction freezing assets belonging to the directors of Parakou Shipping has been obtained. The substantive action is at an early stage.

## **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 first months of 2017 marked a more encouraging market for dry bulk shipping, with meaningful activity in the freight market, reflected by a recovery in asset prices. Both the freight market and asset prices have since rebounded from its trough to better levels. We remain cautious nevertheless and hold the view that the path to a meaningful recovery and demand supply equilibrium will not be without challenges.

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 commodity prices; and most importantly in our view (3) the reduction in shipbuilding capacity where irrational order, and hence oversupply will be discouraged; and (4) geopolitical risks that affect the world trading pattern.

The difficulties faced by shipyards, buyers and financiers are all pointing towards a much reduced projected fleet growth. The previous round of excessive 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 acting as a catalyst backfired hard in 2016, leaving all industry participants a very bitter memory.

Delays, conversions of bulk newbuilding orders to other vessel types, cancellations, and shipyard defaults are currently leading to much fewer actual deliveries than previously scheduled. Asset based financing, in particular with respect to maritime assets continue to be hard and expensive to come by. A more stable operating environment will be reached if these continue. Time will tell and we remain patient to witness a healthier market ahead of us.

Our mindset remains to be prudent and continue to watch out for uncertainties in the global markets, in particularly the freight market, as well as the financial, commodity and currency markets. Unexpected events will 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 focusing on the further reduction of debt to ensure we sail through stormy waters.

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](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*

22 May 2017

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

		<b>3 months ended 31/3/2017 (Unaudited) US\$'000</b>	3 months ended 31/3/2016 (Unaudited) US\$'000	Year ended 31/12/2016 (Audited) US\$'000
	<i>Note</i>			
<b>Revenue</b>	2	<b>15,301</b>	9,959	59,955
Other operating income		<b>2,953</b>	3,787	20,535
Interest income		<b>461</b>	623	2,121
Shipping related expenses		<b>(10,705)</b>	(16,226)	(54,465)
Staff costs		<b>(1,774)</b>	(2,727)	(9,334)
Impairment loss on owned vessels		-	-	(113,010)
Impairment loss on assets held for sale	4	<b>(6,301)</b>	-	(45,462)
Other operating expenses		<b>(1,133)</b>	(3,291)	(9,664)
<b>Operating loss before depreciation and amortization</b>		<b>(1,198)</b>	(7,875)	(149,324)
Depreciation and amortization		<b>(5,483)</b>	(9,385)	(34,652)
<b>Operating loss</b>		<b>(6,681)</b>	(17,260)	(183,976)
Finance costs		<b>(1,290)</b>	(1,217)	(5,115)
<b>Loss before taxation</b>		<b>(7,971)</b>	(18,477)	(189,091)
Taxation	6	-	-	-
<b>Net loss for the period / year</b>		<b>(7,971)</b>	(18,477)	(189,091)
<b>Other comprehensive loss</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Change in fair value of available-for-sale financial assets		-	-	(23)
<b>Total comprehensive loss for the period / year attributable to shareholders of the Company</b>		<b>(7,971)</b>	(18,477)	(189,114)
<b>Loss per share</b>	7			
- Basic and diluted		<b>US\$(0.095)</b>	US\$(0.220)	US\$(2.250)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/3/2017 (Unaudited) US\$'000	31/3/2016 (Unaudited) US\$'000	31/12/2016 (Audited) US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		289,660	590,188	346,638
Investment properties	9	14,545	9,397	14,984
Available-for-sale financial assets	10	363	386	363
		<b>304,568</b>	599,971	361,985
<b>Current assets</b>				
Inventories		372	882	235
Trade and other receivables		15,814	16,961	16,823
Financial assets at fair value through profit or loss	11	46,487	59,573	46,168
Pledged deposits		6,503	8,087	6,495
Bank balances and cash		25,377	38,266	28,554
		<b>94,553</b>	123,769	98,275
Assets held for sale		46,960	-	-
		<b>141,513</b>	123,769	98,275
<b>Total assets</b>		<b>446,081</b>	723,740	460,260
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Issued capital		4,202	4,202	4,202
Reserves		212,120	390,728	220,091
<b>Total equity</b>		<b>216,322</b>	394,930	224,293
<b>Non-current liabilities</b>				
Secured bank loans		153,253	219,898	185,459
<b>Current liabilities</b>				
Trade and other payables		23,309	26,043	23,343
Amount due to holding company		63	50	70
Secured bank loans		53,134	82,819	27,095
		<b>76,506</b>	108,912	50,508
<b>Total equity and liabilities</b>		<b>446,081</b>	723,740	460,260

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital (Unaudited) <i>US\$'000</i>	Share premium (Unaudited) <i>US\$'000</i>	Capital redemption reserve (Unaudited) <i>US\$'000</i>	Contributed surplus (Unaudited) <i>US\$'000</i>	Employee share-based compensation reserve (Unaudited) <i>US\$'000</i>	Reserve for available- for-sale financial assets (Unaudited) <i>US\$'000</i>	Retained profits (Unaudited) <i>US\$'000</i>	Total equity (Unaudited) <i>US\$'000</i>
At 1 January 2016	4,202	72,087	719	16,297	4,758	48	315,296	413,407
Net loss and total comprehensive loss for the period	-	-	-	-	-	-	(18,477)	(18,477)
<b>At 31 March 2016</b>	<b>4,202</b>	<b>72,087</b>	<b>719</b>	<b>16,297</b>	<b>4,758</b>	<b>48</b>	<b>296,819</b>	<b>394,930</b>
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)
<b>At 31 March 2017</b>	<b>4,202</b>	<b>72,087</b>	<b>719</b>	<b>16,297</b>	<b>-</b>	<b>25</b>	<b>122,992</b>	<b>216,322</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>3 months ended 31/3/2017 (Unaudited) US\$'000</b>	3 months ended 31/3/2016 (Unaudited) US\$'000	Year ended 31/12/2016 (Audited) US\$'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	<b>4,877</b>	17,820	39,793
Interest paid	<b>(1,361)</b>	(1,185)	(5,124)
<b>Net cash from operating activities</b>	<b>3,516</b>	16,635	34,669
<b>INVESTING ACTIVITIES</b>			
Interest received	<b>757</b>	1,152	2,444
Dividend income received	<b>49</b>	164	721
Purchase of property, plant and equipment	<b>(1,766)</b>	(1,394)	(4,990)
Purchase of investment properties	-	-	(855)
Proceeds from disposal of property, plant and equipment	-	68	68
Proceeds from disposal of investment properties	<b>442</b>	-	-
Proceeds from disposal of assets held for sale	-	-	63,427
<b>Net cash from (used in) investing activities</b>	<b>(518)</b>	(10)	60,815
<b>FINANCING ACTIVITIES</b>			
Repayment of secured bank loans	<b>(6,167)</b>	(14,766)	(104,929)
(Increase) Decrease in pledged deposits	<b>(8)</b>	2,289	3,881
<b>Net cash used in financing activities</b>	<b>(6,175)</b>	(12,477)	(101,048)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,177)</b>	4,148	(5,564)
<b>Cash and cash equivalents at beginning of the period / year</b>	<b>28,554</b>	34,118	34,118
<b>Cash and cash equivalents at end of the period / year</b>	<b>25,377</b>	38,266	28,554

## 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 2016.

### 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 31/3/2017 (Unaudited) US\$'000</b>	3 months ended 31/3/2016 (Unaudited) US\$'000	Year ended 31/12/2016 (Audited) US\$'000
Chartering freight and hire income:			
Hire income under time charters	<b>13,673</b>	9,009	57,412
Freight income under voyage charters	<b>1,628</b>	950	2,543
	<b>15,301</b>	9,959	59,955

### 3. Other operating income

Other operating income for the first quarter of 2017 mainly included fair value gain of US\$1,046,000 (31/3/2016: US\$190,000) on investment portfolio of equity and debt securities and settlement income of US\$655,000 (31/3/2016: US\$2,100,000) from a charterer in relation to repudiation claims.

Other operating income for the year 2016 mainly included change in fair value of investment properties of US\$4,732,000 and settlement income of US\$5,621,000 from charterers in relation to repudiation claims.

#### 4. Impairment loss on assets held for sale

In February 2017, the Group took the opportunity to enter into four memorandums of agreement to dispose four Supramaxes at a total consideration of US\$48,000,000. Two vessels were subsequently delivered to the respective buyers in April 2017 while the remaining two vessels will be delivered to the respective buyers on or before 30 June 2017 after reaching mutual agreements with the respective buyers in April 2017 to extend the delivery period. The disposal of these four vessels will enable the Group to further enhance its working capital position and to strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. Given the unpredictable and often high earnings volatility in our industry, the disposal of the vessels can further reduce our debt service pressure from both principal repayments and interest payments in an expected rising interest rate environment. For financial reporting purposes, these four disposed 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 (disposed vessels) of US\$6,301,000 was recognized in the first quarter of 2017 upon reclassification to assets held for sale.

For the year 2016, the Group entered into eight memorandums of agreement to dispose two Panamaxs, five Supramaxes and one Handymax at a total consideration of US\$65,100,000. These eight vessels had been delivered to the purchasers in 2016. For financial reporting purposes, these eight disposed 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 (disposed vessels) of US\$45,462,000 was recognized in 2016 upon reclassification to assets held for sale.

#### 5. Operating loss before depreciation and amortization

This is stated after charging / (crediting):

	<b>3 months ended 31/3/2017 (Unaudited) US\$'000</b>	3 months ended 31/3/2016 (Unaudited) US\$'000	Year ended 31/12/2016 (Audited) US\$'000
Realized loss (gain) on financial assets at fair value through profit or loss	(102)	2,057	1,719
Unrealized loss (gain) on financial assets at fair value through profit or loss	(1,046)	(190)	367
Net loss (gain) on financial assets at fair value through profit or loss	(1,148)	1,867	2,086
Reversal of impairment loss on trade receivables	(3)	(21)	(50)
Dividend income	(49)	(164)	(756)

#### 6. Taxation

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

## 7. Loss per share

Basic and diluted loss per share for the quarter ended 31 March 2017 were calculated on the net loss of US\$7,971,000 (31/3/2016: US\$18,477,000) for the quarter and the weighted average number of 84,045,341 (31/3/2016: 84,045,341) ordinary shares in issue during the quarter.

Basic and diluted loss per share for the year 2016 were calculated on the net loss of US\$189,091,000 for the year 2016 and the weighted average number of 84,045,341 ordinary shares in issue during the year.

## 8. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2017 (31/3/2016: nil).

## 9. Investment properties

	<b>31/3/2017</b>	31/3/2016	31/12/2016
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
At 1 January	<b>14,984</b>	9,397	9,397
Additions	-	-	855
Disposals	<b>(439)</b>	-	-
Change in fair value	-	-	4,732
	<b>14,545</b>	9,397	14,984

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 2017 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 2016. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

#### 10. Available-for-sale financial assets

	<b>31/3/2017</b>	31/3/2016	31/12/2016
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
Unlisted club membership, at fair value	<b>193</b>	216	193
Unlisted club membership, at cost	<b>170</b>	170	170
	<b>363</b>	386	363

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.

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

	<b>31/3/2017</b>	31/3/2016	31/12/2016
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
<i>Held for trading</i>			
Listed equity securities	<b>15,648</b>	24,267	15,229
Listed debt securities	<b>30,839</b>	35,306	30,939
	<b>46,487</b>	59,573	46,168

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.

#### 12. Capital expenditures and commitments

During the quarter, capital expenditure on additions of property, plant and equipment was US\$1,766,000 (31/3/2016: US\$1,394,000). As at 31 March 2017 and 31 December 2016, 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 31/3/2017 (Unaudited) US\$'000</b>	3 months ended 31/3/2016 (Unaudited) US\$'000	Year ended 31/12/2016 (Audited) US\$'000
Salaries and other benefits	<b>978</b>	1,636	5,577
Contributions to retirement benefits schemes	<b>50</b>	91	281
	<b>1,028</b>	1,727	5,858

### 14. Events after the reporting date

Subsequent to the reporting date, the Group entered into a memorandum of agreement to dispose a 2012-built Handysize at a consideration of US\$15,000,000 in early April 2017. The vessel will be delivered to the buyer between 15 May 2017 and 15 June 2017. The disposal will enable the Group to enhance its working capital position and further strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate.



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