JINHUI

JINHUI SHIPPING AND TRANSPORTATION LIMITED

Second Quarter and Half Yearly Report 2019

Contents

HIGHLIGHTS

For the First Half of 2019

- Revenue for the period: US$27 million
- Net profit for the period: US$0.8 million
- Basic earnings per share: US$0.007
- Gearing ratio as at 30 June 2019: 3%

For the Second Quarter of 2019

- Revenue for the quarter: US$14 million
- Net loss for the quarter: US$1.1 million
- Basic loss per share: US$0.010

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 2019.

SECOND QUARTER RESULTS

Revenue for the second quarter of 2019 decreased 37% to US$14,019,000, comparing to US$22,118,000 for the corresponding quarter in 2018. The Company recorded a consolidated net loss of US$1,147,000 for current quarter as compared to a consolidated net profit of US$2,841,000 for the corresponding quarter in 2018. Basic loss per share was US$0.010 for the second quarter of 2019 while basic earnings per share was US$0.026 for the corresponding quarter in 2018.

HALF YEARLY RESULTS

Revenue for the first half of 2019 decreased 33% to US$26,784,000, comparing to US$40,094,000 for the same period in 2018. The Company recorded a consolidated net profit of US$818,000 for the first half of 2019 while a consolidated net profit of US$5,312,000 was reported in the first half of 2018. Basic earnings per share for the period was US$0.007 as compared to basic earnings per share of US$0.049 for the first half of 2018.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2019.

REVIEW OF OPERATIONS

Second Quarter of 2019. Baltic Dry Index ("BDI") opened at 689 points at the beginning of April and closed at 1,354 points by the end of June. The average of BDI of the second quarter of 2019 was 995 points, which compares to 1,260 points in the same quarter in 2018.

Revenue for the second quarter of 2019 was US$14,019,000 representing a decrease of 37% as compared to US$22,118,000 for the same quarter in 2018. The drop in revenue for the quarter was mainly due to the decline in market freight rates and the reduction in the number of Group's owned vessels after the disposal of four motor vessels in the second half of 2018. The average daily time charter equivalent rates ("TCE") earned by the Group's owned vessels decrease 19% to US$8,934 for the second quarter of 2019 as compared to US$11,008 for the corresponding quarter in 2018.

Average daily TCE of owned vessels	**2019 Q2 *US$***	2018 Q2 *US$*	**2019 1st half *US$***	2018 1st half *US$*	2018 *US$*
Post-Panamax fleet	**8,711**	11,992	**7,473**	11,722	11,689
Supramax fleet	**8,963**	10,923	**8,376**	9,725	9,743
In average	**8,934**	11,008	**8,277**	9,892	9,922

Shipping related expenses dropped from US$10,189,000 for the second quarter of 2018 to US$7,803,000 for the current quarter. The decrease was attributable to the reduction in the number of vessels as the Group had disposed of four motor vessels in the second half of 2018. Daily vessel running cost decreased from US$4,100 for the second quarter of 2018 to US$3,962 for the second quarter of 2019. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Due to reduced number of owned vessels, the Group's depreciation and amortization dropped by 15% from US$4,565,000 for the second quarter of 2018 to US$3,863,000 for the second quarter of 2019.

Finance costs increased from US$714,000 for the second quarter of 2018 to US$1,109,000 for the second quarter of 2019. The increase was mainly attributable to the rising LIBOR that increased our borrowing cost for loans committed on floating rate and the increase in new secured bank loans for the quarter.

The Group entered into respective agreements on 23 April 2019 in respect of the acquisition of two Supramaxes at a total consideration of US$12,000,000. The first vessel was delivered to the Group in May 2019. However, as one of the clauses with regards to a timely delivery of the second vessel under the second agreement cannot be fulfilled by the second vendor, the acquisition of the second vessel according to the second agreement was terminated on 4 June 2019. The initial deposit of US$625,000 lodged with the escrow agent has been refunded to the Group in accordance with the terms of the second agreement.

First Half of 2019. Dry bulk shipping market remained weak in the first half of 2019, amid the negative sentiment and uncertainty arisen from the US-China trade dispute. In the first quarter of the year, the collapse of mining dam in Brazil had disrupted the demand for dry bulk carriers. Both BDI and charter rates had dropped drastically in the first quarter of the year and gradually improved in the second quarter due to limited fleet growth and stabilized dry bulk commodities seaborne trades. The average of BDI for the first half of 2019 was 895 points, which compares to 1,217 points in the same period in 2018.

Revenue for the first half of 2019 decreased 33% to US$26,784,000, comparing to US$40,094,000 for the first half of 2018. The average daily TCE earned by the Group's fleet decreased 16% to US$8,277 for the first half of 2019 as compared to US$9,892 for the corresponding period in 2018. Basic earnings per share for the period was US$0.007 as compared to basic earnings per share of US$0.049 for the first half of 2018.

Other operating income increased from US$3,094,000 for the first half of 2018 to US$6,062,000 for the first half of 2019 mainly included dividend income of US$767,000, net gain of US$608,000 on disposal of assets held for sale (disposed vessel), net gain of US$2,578,000 on financial assets at fair value through profit or loss and settlement income of US$614,000 from a charterer in relation to repudiation claims.

For the first half of 2019, the Group recorded net gain of US$2,578,000 on financial assets at fair value through profit or loss which was mainly attributable to the realized gain on investment portfolio. We remain cautious with the increased volatility due to the negative effect of the US-China trade war, as well as the fluid outlook of interest rates.

Shipping related expenses for the period reduced from US$19,211,000 for the first half of 2018 to US$15,481,000 for the first half of 2019. The decrease was attributable to the reduction in the number of vessels as the Group had disposed of four motor vessels in the second half of 2018. Daily vessel running cost decreased from US$3,872 for the first half of 2018 to US$3,709 for the first half of 2019. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

FINANCIAL REVIEW

During the six months ended 30 June 2019, capital expenditure on additions of property, plant and equipment was US$7,333,000 (30/6/2018: US$1,902,000) and on investment properties was US$4,330,000 (30/6/2018: nil).

On 20 April 2018, a wholly owned subsidiary of the Company (the "Co-Investor") entered into the co-investment documents to co-invest in a property project in Tower 3 of Shanghai Financial Street Center, Jing'an Central Business District, Shanghai, the PRC, pursuant to which the Co-Investor committed to acquire non-voting participating class A shares of the holding company of the co-investment vehicle of US$10,000,000. During the first half of 2019, the Co-Investor paid US$2,678,000 (30/6/2018: US$2,352,000) in accordance with the terms and conditions of the co-investment documents and as at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$2,495,000 (31/12/2018: US$5,173,000).

On 2 November 2018, the Group entered into a provisional agreement for sale and purchase with the vendor in respect of the acquisition of an investment property at a consideration of HK$30,993,000 (approximately US$3,973,000). The investment property is a Grade A office asset located in one of the most sought after central business district of Hong Kong and is expected to generate steady and recurring stream of income for the Group. The completion date of the acquisition of the investment property was 31 January 2019 and the total costs capitalized were US$4,330,000. As at 31 December 2018, the capital expenditure commitments contracted by the Group but not provided for was HK$26,344,000 (approximately US$3,377,000).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for net of deposits paid, was approximately US$2,495,000 (31/12/2018: US$8,550,000).

The Group's total secured bank loans increased from US$90,183,000 as of 31 December 2018 to US$118,219,000 as at 30 June 2019, of which 48%, 7%, 36% and 9% are repayable respectively within one year, one to two years, two to five years and over five years. During the first half of 2019, the Group had drawn new revolving loans and term loan of US$49,009,000 for working capital purpose. The bank borrowings represented vessel mortgage loans that were denominated in United States Dollars, revolving loans, term loan and property mortgage loans that were denominated in Hong Kong Dollars. All bank borrowings were committed on floating rate basis.

During the first half of 2019, cash generated from operations before changes in working capital was US$7,774,000 (30/6/2018: US$15,166,000) and the net cash used in operating activities after working capital changes was US$31,888,000 (30/6/2018: net cash from operating activities after working capital changes was US$4,130,000). The changes in working capital are mainly attributable to the increase in equity and debt securities which generally contribute a higher yield than bank deposits. During the first half of 2019, the Group's net gain on financial assets at fair value through profit or loss was US$2,578,000 (30/6/2018: net loss on financial assets at fair value through profit or loss was US$37,000) and the aggregate interest income and dividend income from financial assets was US$2,280,000 (30/6/2018: US$867,000). As at 30 June 2019, the Group maintained positive working capital position of US$54,208,000 (31/12/2018: US$69,172,000) and the total of the Group's equity and debt securities, bank balances and cash increased to US$109,835,000 (31/12/2018: US$88,551,000).

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 3.36% (31/12/2018: 0.65%) as at 30 June 2019. 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 2019, the Group is able to service its debt obligations, including principal and interest payments.

FLEET

Owned Vessels

As at 28 August 2019, the Group had nineteen owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	17
Total fleet	**19**

During the first half of 2019, the Group had entered into an agreement on 2 January 2019 to dispose a Supramax of deadweight 50,209 metric tons at a consideration of US$7,381,000, which was delivered to the purchaser in March 2019.

The Group entered into respective agreements on 23 April 2019 in respect of the acquisition of two Supramaxes at a total consideration of US$12,000,000. The first vessel was delivered to the Group in May 2019. However, as one of the clauses with regards to a timely delivery of the second vessel under the second agreement cannot be fulfilled by the second vendor, the acquisition of the second vessel according to the second agreement was terminated on 4 June 2019. The initial deposit of US$625,000 lodged with the escrow agent has been refunded to the Group in accordance with the terms of the second agreement.

Following the above disposal and acquisition of the vessels, the Group's total carrying capacity had been increased to deadweight 1,136,304 metric tons as at 30 June 2019.

RISK FACTORS

This report may contain forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including the Company’s management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or targets.

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, financial market conditions including fluctuations in marketable securities value, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, availability of financing and refinancing, inability to obtain restructuring or rescheduling of indebtedness from lenders in liquidity trough, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, piracy or political events, and other important factors described from time to time in the reports filed by the Company.

OUTLOOK

The freight market in the second quarter of 2019 continued to be weaker than expected, where demand was hit by the negative sentiment caused by US-China trade conflict and an expectation of slowdown in global growth.

The dry bulk shipping industry demand and supply picture continue to offer a more optimistic sign. Net new supply of the overall dry bulk fleet for 2019 and 2020 remains to be the lowest since the year 2000. The age profile of the global bulker fleet offers further visibility counting over 40 million tonnes as over 20 years of age. The incentive to order newbuildings has been and remain low given the expectation of low global economic growth, the uncertainty on how future regulations will evolve, asset base financing costs on the rise, financial institution adopting a cautious approach towards asset based lending.

Should the underlying long-term demand remain relatively intact, we believe the freight rate will normalize in the positive direction in coming months should US and China manages to eventually resolve their differences.

Changes in technology as well as environmental policies causing changes in global energy mix will have material global implications and as a consequence, will impact the Company's business. The installation of scrubbers to meet the IMO 2020 sulphur cap emission regulation continued to be a widely debated topic in our industry. We have no plans on the installation of scrubbers given the long term technical and commercial viability of scrubbers on smaller size commercial vessels remains unproven. At this juncture, we continue to believe the use of low sulphur fuel (LSFO) is the most efficient way to protect our planet. Recent studies in the industry also increasingly suggest the premium of LSFO over the traditional marine bunker fuel is likely to be significantly less than expected, further increasing the potential payback period of a scrubber installation. We expect the availability of LSFO will become abundant at reasonable costs with time, given the likelihood of a ramp up in demand from 2020 onwards.

While we have full confidence in mankind's capacity to respond to events and shape their futures for the better, we have to be mindful that increasingly frequent economic or political surprises can introduce volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We currently have no capital expenditure commitment in relation to newbuilding contracts, as well as no charter-in contracts at this juncture, and will continue to focus on taking sensible and decisive actions to maintain a strong financial position.

On behalf of the Board of Directors of the Company, I would like to express our heartfelt appreciation to all customers and stakeholders for their ongoing support.

PUBLICATION OF FINANCIAL INFORMATION

This report is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

Ng Siu Fai
Chairman

29 August 2019

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2019 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.

29 August 2019

Ng Siu Fai	**Ng Kam Wah Thomas**	**Ng Ki Hung Frankie**
Chairman	*Managing Director and Deputy Chairman*	*Executive Director*
Ho Suk Lin Cathy	**Tsui Che Yin Frank**	**William Yau**
Executive Director	*Non-executive Director*	*Non-executive Director*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**3 months ended 30/6/2019 (Unaudited) US$'000**	3 months ended 30/6/2018 (Unaudited) US$'000	**6 months ended 30/6/2019 (Unaudited) US$'000**	6 months ended 30/6/2018 (Unaudited) US$'000	Year ended 31/12/2018 (Audited) US$'000
Revenue	2	**14,019**	22,118	**26,784**	40,094	76,113
Net gain on disposal of owned vessels		**-**	-	**-**	-	5,437
Other operating income		**1,126**	1,711	**6,062**	3,094	6,182
Interest income		**848**	272	**1,513**	604	1,230
Shipping related expenses		**(7,803)**	(10,189)	**(15,481)**	(19,211)	(37,877)
Staff costs		**(2,938)**	(2,520)	**(5,843)**	(5,123)	(11,237)
Other operating expenses		**(1,427)**	(3,272)	**(2,371)**	(3,412)	(10,381)
Operating profit before depreciation and amortization		**3,825**	8,120	**10,664**	16,046	29,467
Depreciation and amortization		**(3,863)**	(4,565)	**(7,759)**	(9,180)	(17,593)
Operating profit (loss)		**(38)**	3,555	**2,905**	6,866	11,874
Finance costs		**(1,109)**	(714)	**(2,087)**	(1,554)	(3,161)
Profit (Loss) before taxation		**(1,147)**	2,841	**818**	5,312	8,713
Taxation	5	**-**	-	**-**	-	-
Net profit (loss) for the period / year		**(1,147)**	2,841	**818**	5,312	8,713
Other comprehensive income (loss)						
Items that will not be reclassified to profit or loss:						
Change in fair value of financial assets at fair value through OCI (non-recycling)		**127**	-	**129**	-	(295)
Items that may be reclassified subsequently to profit or loss:						
Change in fair value of financial assets at fair value through OCI (recycling)		**-**	6	**-**	(20)	14
Total comprehensive income (loss) for the period / year attributable to shareholders of the Company		**(1,020)**	2,847	**947**	5,292	8,432
Earnings (Loss) per share	6					
- Basic and diluted		**US$(0.010)**	US$0.026	**US$0.007**	US$0.049	US$0.080

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30/6/2019 (Unaudited) US$'000**	30/6/2018 (Unaudited) US$'000	31/12/2018 (Audited) US$'000
ASSETS				
Non-current assets				
Property, plant and equipment		**217,758**	256,681	218,184
Investment properties	8	**28,663**	15,632	24,333
Financial assets at fair value through OCI	9	**7,748**	2,727	4,941
Loan receivables		**2,555**	-	-
		256,724	275,040	247,458
Current assets				
Inventories		**583**	516	350
Trade and other receivables		**16,249**	16,666	14,529
Financial assets at fair value through profit or loss	10	**76,755**	30,591	39,843
Pledged deposits		**3,978**	6,447	3,426
Bank balances and cash	11	**33,080**	28,570	49,268
		130,645	82,790	107,416
Assets held for sale		**-**	-	6,763
		130,645	82,790	114,179
Total assets		**387,369**	357,830	361,637
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**5,463**	5,463	5,463
Reserves		**243,924**	244,863	245,490
Total equity		**249,387**	250,326	250,953
Non-current liabilities				
Secured bank loans	12	**61,545**	43,151	65,677
Current liabilities				
Trade and other payables		**19,684**	19,873	20,411
Amount due to holding company		**79**	63	90
Secured bank loans	12	**56,674**	44,417	24,506
		76,437	64,353	45,007
Total equity and liabilities		**387,369**	357,830	361,637

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 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	-	-	-	-	-	-	5,312	5,312
Other comprehensive loss								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	(20)	-	(20)
Total comprehensive income for the period	-	-	-	-	-	(20)	5,312	5,292
At 30 June 2018	5,463	95,585	719	16,297	-	18	132,244	250,326
At 1 January 2019	5,463	95,585	719	16,297	-	(243)	133,132	250,953
Comprehensive income								
Net profit for the period	-	-	-	-	-	-	818	818
Other comprehensive income								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	129	-	129
Total comprehensive income for the period	-	-	-	-	-	129	818	947
2018 final dividend paid	-	-	-	-	-	-	(2,513)	(2,513)
At 30 June 2019	**5,463**	**95,585**	**719**	**16,297**	**-**	**(114)**	**131,437**	**249,387**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**6 months ended 30/6/2019 (Unaudited) *US$'000***	6 months ended 30/6/2018 (Unaudited) *US$'000*	Year ended 31/12/2018 (Audited) *US$'000*
OPERATING ACTIVITIES				
Cash generated from operations before changes in working capital		**7,774**	15,166	22,127
Increase in working capital		**(37,534)**	(9,411)	(16,305)
Cash generated from (used in) operations		**(29,760)**	5,755	5,822
Interest paid		**(2,128)**	(1,625)	(3,028)
Net cash from (used in) operating activities		**(31,888)**	4,130	2,794
INVESTING ACTIVITIES				
Interest received		**1,014**	517	1,436
Decrease in bank deposits with more than three months to maturity when placed		**-**	-	13,400
Dividend income received		**700**	237	720
Purchase of property, plant and equipment		**(7,333)**	(1,902)	(5,218)
Purchase of investment properties		**(4,330)**	-	(8,774)
Payment of unlisted equity investments		**(2,678)**	(2,371)	(4,846)
Repayment from loan receivables		**366**	-	-
Proceeds from disposal of property, plant and equipment, net		**-**	-	32,074
Proceeds from disposal of assets held for sale, net		**2,990**	-	-
Net cash from (used in) investing activities		**(9,271)**	(3,519)	28,792
FINANCING ACTIVITIES				
New secured bank loans		**49,009**	11,026	41,384
Repayment of secured bank loans		**(20,973)**	(61,283)	(89,026)
Decrease (Increase) in pledged deposits		**(552)**	74	3,095
Dividends paid to shareholders of the Company		**(2,513)**	-	(2,513)
Net cash from (used in) financing activities		**24,971**	(50,183)	(47,060)
Net decrease in cash and cash equivalents		**(16,188)**	(49,572)	(15,474)
Cash and cash equivalents at beginning of the period / year		**49,268**	64,742	64,742
Cash and cash equivalents at end of the period / year	*11*	**33,080**	15,170	49,268

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 2018, 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 2019.

IFRS 16 and HKFRS 16 Leases

IFRS 16 and HKFRS 16 replace IAS 17 and HKAS 17 “Leases” upon the effective date on 1 January 2019 and the new IFRS 16 and HKFRS 16 require a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognize depreciation of the right-to-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. In respect of lessor accounting, IFRS 16 and HKFRS 16 substantially carry forward the lessor accounting requirements in IAS 17 and HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. As ship owners and lessors, the Group continues to classify its time charter contracts as operating lease as it contains a lease component, and for hire income under time charter, hire income is recognized on a straight-line basis over the period of each time charter contract. The changes in accounting policies as described above have no impact on the Group’s results and financial position in the first year of application as the Group has no underlying leased asset with a term of more than twelve months under lessee accounting model for current period and previous year. The Group has applied modified retrospective approach and therefore the comparative information for 2018 has not been restated.

Other than the adoption of IFRS 16 and HKFRS 16 as stated above, the adoption of other new and amended IFRSs and HKFRSs 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 hire income arising from the Group's owned vessels. Revenue recognized during the periods / year are as follows:

	3 months ended 30/6/2019	3 months ended 30/6/2018	**6 months ended 30/6/2019**	6 months ended 30/6/2018	Year ended 31/12/2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Chartering hire income:					
Hire income under time charters[1]	**14,019**	22,118	**26,784**	40,094	76,113

Note:

1. Hire income under time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract.

3. **Other operating income**

Other operating income for the first half of 2019 mainly included dividend income of US$767,000 (30/6/2018: US$263,000), net gain of US$608,000 (30/6/2018: nil) on disposal of assets held for sale (disposed vessel), net gain of US$2,578,000 (30/6/2018: net loss of US$37,000 recorded in other operating expenses) on financial assets at fair value through profit or loss and settlement income of US$614,000 (30/6/2018: US$450,000) from a charterer in relation to repudiation claims.

Other operating income for the year 2018 mainly included net gain on bunker of US$1,813,000 arising from shipping operations, dividend income of US$747,000 and settlement income of US$450,000 from a charterer in relation to repudiation claims.

4. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 30/6/2019	3 months ended 30/6/2018	**6 months ended 30/6/2019**	6 months ended 30/6/2018	Year ended 31/12/2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Realized gain on financial assets at fair value through profit or loss	**(822)**	(426)	**(1,832)**	(1,525)	(383)
Unrealized loss (gain) on financial assets at fair value through profit or loss	**994**	1,480	**(746)**	1,562	4,303
Net loss (gain) on financial assets at fair value through profit or loss	**172**	1,054	**(2,578)**	37	3,920
Reversal of impairment loss on trade and other receivables	**-**	(106)	**(2)**	(5)	(36)
Net gain on disposal of assets held for sale	**-**	-	**(608)**	-	-
Dividend income	**(545)**	(215)	**(767)**	(263)	(747)

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 30/6/2019	3 months ended 30/6/2018	**6 months ended 30/6/2019**	6 months ended 30/6/2018	Year ended 31/12/2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
Weighted average number of ordinary shares in issue	**109,258,943**	109,258,943	**109,258,943**	109,258,943	109,258,943
Net profit (loss) attributable to shareholders of the Company (US$'000)	**(1,147)**	2,841	**818**	5,312	8,713
Basic and diluted earnings (loss) per share	**US$(0.010)**	US$0.026	**US$0.007**	US$0.049	US$0.080

Diluted earnings (loss) per share were the same as basic earnings (loss) per share as there was no potentially dilutive ordinary shares in existence for the relevant periods / year presented.

7. Dividends

	3 months ended 30/6/2019	3 months ended 30/6/2018	6 months ended 30/6/2019	6 months ended 30/6/2018	Year ended 31/12/2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
2018 interim dividend, declared of US$0.023 per share	**-**	2,513	**-**	2,513	2,513
2018 final dividend, declared of US$0.023 per share	**-**	-	**-**	-	2,513
	-	2,513	**-**	2,513	5,026

The final dividend for year 2018 was approved by the Company's shareholders on the annual general meeting held on 15 May 2019. Such dividend was paid to the shareholders of the Company in early June 2019.

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2019. (30/6/2018: US$0.023 per share).

8. Investment properties

	30/6/2019	30/6/2018	31/12/2018
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
At 1 January	**24,333**	15,632	15,632
Additions	**4,330**	-	8,774
Change in fair value	**-**	-	(73)
	28,663	15,632	24,333

The Group's investment properties were stated at fair value and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases.

The Group entered into a provisional agreement for sale and purchase with the vendor in respect of the acquisition of an investment property at a consideration of HK$30,993,000 (approximately US$3,973,000) in November 2018. The investment property is a Grade A office asset located in one of the most sought after central business district of Hong Kong and is expected to generate steady and recurring stream of income for the Group. The completion date of the acquisition of the investment property was 31 January 2019 and the total costs capitalized were US$4,330,000.

The investment properties of the Group were not revalued at 30 June 2019 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 2018. 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

	30/6/2019	30/6/2018	31/12/2018
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Unlisted equity investments			
Co-investment in a property project			
At 1 January	**4,551**	-	-
Additions	**2,678**	2,371	4,846
Change in fair value[1]	**129**	-	(295)
	7,358	2,371	4,551
Unlisted club membership			
At 1 January	**390**	376	376
Change in fair value[2]	**-**	(20)	14
	390	356	390
	7,748	2,727	4,941

Notes:

1. Items that will not be reclassified to profit or loss.

2. Items that may be reclassified subsequently to profit or loss.

Pursuant to the co-investment documents, a wholly owned subsidiary of the Company (the "Co-Investor") committed to acquire non-voting participating class A shares of the holding company of the co-investment vehicle of US$10,000,000. During the first half of 2019, the Co-Investor paid US$2,678,000 (30/6/2018: US$2,352,000) in accordance with the terms and conditions of the co-investment documents and interest of US$19,000 was capitalized in the first half of 2018.

There is no quoted market price in active market for unlisted equity investments. Transactions in such investments do not occur on a regular basis. The Group uses its net asset value to determine its fair value as the Group determined that this is the fair price at which shareholders subscribe and redeem the investments or determined its fair value with generally accepted pricing models. The fair value measurement of unlisted equity investments was categorized as Level 3 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the periods / year.

Unlisted club membership stated at fair value represented investment in club membership which their fair values can be determined directly by reference to published price quotation in active market and were categorized as Level 1 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the periods / year.

10. Financial assets at fair value through profit or loss

	30/6/2019	30/6/2018	31/12/2018
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Held for trading			
Listed equity securities	**51,243**	28,240	34,928
Listed debt securities	**25,512**	2,351	4,355
	76,755	30,591	39,283
Designated as such upon initial recognition:			
Equity linked notes	**-**	-	560
	76,755	30,591	39,843

At the reporting date, the fair value measurements of listed equity securities and listed debt securities were determined by reference to their quoted bid prices in active markets and were categorized as Level 1 and the fair value measurements of equity linked notes represented the quoted market prices on the underlying investments provided by financial institution and were categorized as Level 2 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the periods / year.

11. Bank balances and cash

	30/6/2019	30/6/2018	31/12/2018
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**33,080**	15,170	49,268
Bank deposits with more than three months to maturity when placed	**-**	13,400	-
	33,080	28,570	49,268

12. **Secured bank loans**

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

	30/6/2019	30/6/2018	31/12/2018
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Within one year	**56,674**	44,417	24,506
In the second year	**8,607**	35,362	8,434
In the third to fifth year	**42,753**	7,789	40,691
Wholly repayable within five years	**108,034**	87,568	73,631
After the fifth year	**10,185**	-	16,552
Total secured bank loans	**118,219**	87,568	90,183
Less: Amount repayable within one year	**(56,674)**	(44,417)	(24,506)
Amount repayable after one year	**61,545**	43,151	65,677

During the six months ended 30 June 2019, the Group had drawn new revolving loans and term loan of US$49,009,000 (30/6/2018: US$11,026,000) for working capital purpose.

13. **Capital expenditures and commitments**

During the six months ended 30 June 2019, capital expenditure on additions of property, plant and equipment was US$7,333,000 (30/6/2018: US$1,902,000) and on investment properties was US$4,330,000 (30/6/2018: nil).

On 20 April 2018, a wholly owned subsidiary of the Company (the "Co-Investor") entered into the co-investment documents to co-invest in a property project in Tower 3 of Shanghai Financial Street Center, Jing'an Central Business District, Shanghai, the PRC, pursuant to which the Co-Investor committed to acquire non-voting participating class A shares of the holding company of the co-investment vehicle of US$10,000,000. During the six months ended 30 June 2019, the Co-Investor paid US$2,678,000 (30/6/2018: US$2,352,000) in accordance with the terms and conditions of the co-investment documents and as at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$2,495,000 (31/12/2018: US$5,173,000).

On 2 November 2018, the Group entered into a provisional agreement for sale and purchase with the vendor in respect of the acquisition of an investment property at a consideration of HK$30,993,000 (approximately US$3,973,000). The investment property is a Grade A office asset located in one of the most sought after central business district of Hong Kong and is expected to generate steady and recurring stream of income for the Group. The completion date of the acquisition of the investment property was 31 January 2019 and the total costs capitalized were US$4,330,000. As at 31 December 2018, the capital expenditure commitments contracted by the Group but not provided for was HK$26,344,000 (approximately US$3,377,000).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for net of deposits paid, was approximately US$2,495,000 (31/12/2018: US$8,550,000).

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 30/6/2019	3 months ended 30/6/2018	**6 months ended 30/6/2019**	6 months ended 30/6/2018	Year ended 31/12/2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Salaries and other benefits	**1,941**	1,595	**3,890**	3,275	7,246
Contributions to retirement benefits schemes	**111**	90	**222**	180	360
	2,052	1,685	**4,112**	3,455	7,606

Independent auditor's report on review of condensed consolidated interim financial information
To the Board of Directors of Jinhui Shipping and Transportation Limited
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements of Jinhui Shipping and Transportation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 9 to 20, which comprise the condensed consolidated statement of financial position as at 30 June 2019 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 other explanatory notes. The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements 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 these condensed consolidated interim financial statements 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 these condensed consolidated interim financial statements 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 condensed consolidated interim financial statements are 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
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29 August 2019

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