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## **JINHUI HOLDINGS COMPANY LIMITED**

**金輝集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

Stock Code : 137

### **OVERSEAS REGULATORY ANNOUNCEMENT**

#### **SECOND QUARTER AND HALF YEARLY REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2015 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED**

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

Please refer to the attached announcement released on 27 August 2015 through the Oslo Stock Exchange by Jinhui Shipping and Transportation Limited (“Jinhui Shipping”), an approximately 54.77% owned subsidiary of the Company, in accordance with the regulations of the Oslo Stock Exchange.

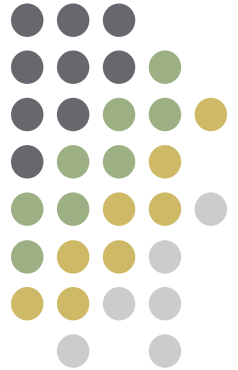
The principal accounting policies and methods of computation used in the preparation of the attached unaudited consolidated results of Jinhui Shipping and its subsidiaries are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and Hong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

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

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

Hong Kong, 27 August 2015

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



# **JINHUI SHIPPING AND TRANSPORTATION LIMITED**



## **Second Quarter and Half Yearly Report 2015**

# HIGHLIGHTS

## For the First Half of 2015

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➤ Revenue for the period declined 43% to US\$42 million

➤ Net loss for the period: US\$8 million

➤ Basic loss per share: US\$0.094

➤ Gearing ratio as at 30 June 2015: 23%

➤ EBITDA : US\$21 million

## For the Second Quarter of 2015

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➤ Revenue for the quarter declined 47% to US\$20 million

➤ Net loss for the quarter: US\$13 million

➤ Basic loss per share: US\$0.150

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 2015.

## SECOND QUARTER RESULTS

Revenue for the second quarter of 2015 declined 47% to US\$20,201,000, comparing to US\$38,371,000 for the corresponding quarter in 2014. The Group incurred net loss of US\$12,611,000 for current quarter while net profit for the second quarter of US\$608,000 was reported in 2014.

## HALF YEARLY RESULTS

Revenue for the first half of 2015 declined 43% to US\$42,409,000, comparing to US\$75,059,000 for the same period in 2014. The Group recorded net loss of US\$7,925,000 for the first half of 2015 while net loss of US\$2,587,000 was reported in the first half of 2014. Basic loss per share for the period was US\$0.094 as compared to basic loss per share of US\$0.031 for the first half of 2014.

## INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2015.

## REVIEW OF OPERATIONS

**Second Quarter of 2015.** Comparing to the notably weak dry bulk shipping market conditions of the first quarter, the shipping market had shown a slight improvement in the second quarter aided by increasing seaborne trading of dry bulk commodities among India and China and some Asian countries; rising demolitions of aged tonnages; and slowing new tonnage supply. Dry bulk shipping market environment still remained tough as low market freight rates continued to haunt the sector in near term.

Revenue for the second quarter of 2015 declined 47% to US\$20,201,000, comparing to US\$38,371,000 for the corresponding quarter in 2014. The decrease in revenue was mainly due to the falling market freight rates, coupled with decreased freight income when less voyage charters were engaged in the quarter. The average daily time charter equivalent rates (“TCE”) of the Group’s fleet were as follows:

	<b>2015 Q2</b>	2014 Q2	<b>2015 1st half</b>	2014 1st half	2014
<b>Average daily TCE</b>	<b>US\$</b>	<i>US\$</i>	<b>US\$</b>	<i>US\$</i>	<i>US\$</i>
Capesize fleet	-	-	-	13,477	13,477
Post-Panamax / Panamax fleet	<b>5,153</b>	9,271	<b>4,587</b>	10,506	9,139
Supramax / Handymax / Handysize fleet	<b>6,352</b>	10,614	<b>6,692</b>	10,501	9,235
In average	<b>6,234</b>	10,473	<b>6,486</b>	10,515	9,234

Shipping related expenses dropped from US\$25,781,000 for the second quarter in 2014 to US\$16,256,000 for the current quarter. The decrease was mainly attributable to the reduced voyage-related direct costs, including bunker expenses, when less voyage charters were engaged in the quarter, coupled with the reduction in vessels' running costs under the Group's continuing effort on cost reduction strategy in order to remain competitive in the current tough market environment.

Other operating expenses for the second quarter included a loss of US\$2,910,000 on write-off of vessel under construction, being the forfeiture of deposit paid under the contract dated 10 April 2014 for the acquisition of a dry bulk carrier entered into between a wholly-owned subsidiary of the Company and a contractor. The subsidiary and the contractor entered into a deed of novation on 28 May 2015 and agreed to novate the subsidiary's rights and obligations under the said contract to a new incoming party, and the subsidiary agreed to the forfeiture of US\$2,910,000 already paid under the said contract. The Group would have the benefit of reducing future capital expenditure during an extremely challenging operating environment.

**First Half of 2015.** Dry bulk shipping market was extremely challenging in early 2015 as the sharp reduction in China's dry bulk commodities importing activities added severe price pressure to the weak and fragile shipping market. Baltic Dry Index, as well as Baltic Supramax Index had plunged once again to new record lows in the first quarter following a slump in market freight rates of different kinds of vessels. With increasing demolitions and slowing new tonnage supply, the market sentiment improved slightly in the second quarter. However, the slowdown of dry bulk commodities import demand from the emerging countries, particularly China, and the oversupply of tonnage remained as key hurdles to the long-awaited cyclical upturn in the market.

Revenue for the first half of 2015 dropped 43% to US\$42,409,000, comparing to US\$75,059,000 for the first half of 2014. The net loss of US\$7,925,000 for the first half of 2015 was primarily attributable to the reduced revenue earned by the Group's fleet in prevailing weak freight market environment. In addition, the Group incurred a loss of US\$2,910,000 on write-off of vessel under construction upon entering into a deed of novation in May 2015 to cease a vessel construction commitment in order to reduce future capital expenditure during an extremely challenging operating environment. The average daily TCE earned by the Group's fleet dropped 38% to US\$6,486 for the first half of 2015 as compared to US\$10,515 for the corresponding period in 2014 when certain charter contracts were entered into with charterers at relatively low freight rates at spot market.

Other operating income increased from US\$15,399,000 for the first half of 2014 to US\$24,943,000 for the first half of 2015. The increase was mainly attributed to the ballast bonus income received from particular charterers for certain charter contracts and settlement income of US\$18,500,000 from a charterer in relation to repudiation claims. The Group will continue to seek all legal means to recover the amounts granted in the arbitration awards.

Shipping related expenses for the period reduced from US\$56,082,000 for the first half of 2014 to US\$37,457,000 for the first half of 2015 due to reduced voyage-related direct costs, including bunker expenses, when less voyage charters were engaged in current period. Shipping related expenses for the first half of 2014 included hire payment and compensation paid for early redelivery of the Group's only chartered-in Capesize to its owner in January 2014 while there was no hire payment and compensation paid for chartered-in vessel in current period. The decrease was also attributable to the reduction in vessels' running costs under the Group's continuing effort on cost reduction strategy in order to remain competitive in the current tough market environment.

Finance costs dropped 14% from US\$2,841,000 for the first half of 2014 to US\$2,455,000 for the first half of 2015. The decrease was mainly attributable to the decrease in average outstanding loan principal under aggressive loan repayment schedules of the Group.

## **FINANCIAL REVIEW**

As at 30 June 2015, the total of the Group's equity and debt securities, bank balances and cash decreased to US\$186,261,000 (31/12/2014: US\$202,903,000) and bank borrowings decreased to US\$365,349,000 (31/12/2014: US\$402,498,000). 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, dropped to 23% (31/12/2014: 25%) as at 30 June 2015. 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.

During the six months ended 30 June 2015, capital expenditure on additions of property, plant and equipment was US\$4,310,000 (30/6/2014: US\$7,562,000). During the six months ended 30 June 2014, there was also capital expenditure on additions of investment properties of US\$5,032,000. As at 30 June 2015, there was no capital expenditure commitments contracted by the Group but not provided for. As at 31 December 2014, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was US\$26,190,000, representing the Group's outstanding capital expenditure commitments to acquire one newbuilding at contract price of US\$29,100,000 under the contract dated 10 April 2014 entered into between a wholly-owned subsidiary of the Company and a contractor. On 28 May 2015, the subsidiary and the contractor entered into a deed of novation. Upon signing the deed of novation, the parties agreed to novate the subsidiary's rights and obligations under the said contract to a new incoming party, which is an independent third party and the subsidiary agreed to the forfeiture of US\$2,910,000 already paid under the said contract.

## 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 26 August 2015, the Group had thirty six owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Panamax fleet	2
Supramax / Handymax fleet	31
Handysize fleet	1
<b>Total fleet</b>	<b>36</b>

## RISK FACTORS

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

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, 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

We expected the 2015 dry bulk shipping market will be a tough market, and have been getting ready for this.

A number of factors continue to hinder the dry bulk market recovery: (1) slower demand growth in key dry bulk commodities importing activities from China due to economic slowdown; (2) a much lower oil price which discourages slow steaming and effectively releasing further supply to the market; (3) excess newbuilding orders driven by irrational expectations of financial return by parties with limited operating experience, backed by access to cheap funding in the capital market, and fee driven intermediary institutions.

We remain cautiously positive with the longer term market given the long term import requirement from China and Asian countries will experience positive growth. Recent actions in adjusting the monetary policy in China may be an encouraging signal to the market that China intends to further loosen its lending restrictions to support its slowing economic growth, its various economic policy from “One Belt One Road” to the China led “Asian Infrastructure Investment Bank” may in turn benefit the dry bulk shipping market in the longer term given more infrastructure projects will take place going forward. This growth will further strengthen, if the recovery of U.S. and European economies proved to be sustainable. Of course, most important of all, supply needs to be in balance with demand, where minimal or no more irrational ordering of newbuildings will take place further.

On a positive note, this newbuilding order frenzy has significantly slowed down given this extremely challenging operating environment. The lower oil price has proved that the “eco ship” investment story is not so attractive after all for dry bulk vessels, and lenders have become highly cautious at this juncture when offering new financing for ships. Recently, more private shipyards in China are experiencing financial distress, as they either failed to attract further newbuilding orders or failed to deliver products of contractual specifications. The market seems to have woken up and realise they need to be careful when choosing shipyards, look at fundamentals when ordering ships, rather than blindly relying on ability to access cheap funding in the capital market, seemingly lower purchasing price and hope for merely asset price appreciation.

Given the recent and expected uncertainties and volatilities in markets associated with and surrounding our business, we will continue to refrain from using freight, bunker, currencies or interest rate derivatives.

The current market is still very challenging and fluid, with macro environment highly sensitive to government policies of key countries. Global economic and business sentiment is fluid as witnessed in the recent highly volatile performance of the freight market, as well as financial and currency markets. This will inevitably introduce higher than historical volatility to our business performance, as well as the carrying value of our shipping assets and financial assets in the short term. However, with Governments of key countries having collective aspiration to steer economic growth forward in the macro front; with slowing supply growth, a more healthy long term demand growth expectation and increasing scrapping activities due to a good proportion of global fleet aging in the bulk shipping sector, we are cautiously optimistic that with a normalized economic backdrop, a rebalancing of seaborne tonnages can be expected going forward. Over the longer term, we expect global economic growth to pick up in pace and a stronger freight market, and we shall aspire to grow our business once the sky clears as we see our business as a core service provider at the forefront of the economic chain. We will patiently and selectively look at suitable opportunities as they arise, though in the immediate future we will remain in the defensive mode.



Looking ahead, we will continue to focus on the basics: maintain a strong financial position, monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, lock in longer term charters to enhance the stability of income at the right time, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins. 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.

## **PUBLICATION OF FINANCIAL INFORMATION**

This report is available on the website of the Company at [www.jinhuiship.com](http://www.jinhuiship.com) and the NewsWeb of the Oslo Stock Exchange at [www.newsweb.no](http://www.newsweb.no).

By Order of the Board

A handwritten signature in black ink, appearing to be "Ng Siu Fai", written over a horizontal line.

**Ng Siu Fai**  
*Chairman*

27 August 2015

## RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2015 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.

27 August 2015



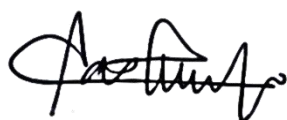
**Ng Siu Fai**  
*Chairman*



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



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



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



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



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

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

		<b>3 months ended 30/6/2015 (Unaudited) US\$'000</b>	3 months ended 30/6/2014 (Unaudited) US\$'000	<b>6 months ended 30/6/2015 (Unaudited) US\$'000</b>	6 months ended 30/6/2014 (Unaudited) US\$'000	Year ended 31/12/2014 (Audited) US\$'000
	<i>Note</i>					
<b>Revenue</b>	2	<b>20,201</b>	38,371	<b>42,409</b>	75,059	132,249
Other operating income		<b>3,971</b>	7,121	<b>24,943</b>	15,399	21,091
Interest income		<b>1,174</b>	1,524	<b>2,509</b>	2,974	5,599
Shipping related expenses		<b>(16,256)</b>	(25,781)	<b>(37,457)</b>	(56,082)	(107,099)
Staff costs		<b>(2,804)</b>	(2,248)	<b>(5,626)</b>	(4,519)	(11,138)
Impairment loss on owned vessels		-	-	-	-	(50,586)
Other operating expenses		<b>(4,306)</b>	(2,684)	<b>(5,543)</b>	(4,054)	(14,058)
<b>Operating profit (loss) before depreciation and amortization</b>		<b>1,980</b>	16,303	<b>21,235</b>	28,777	(23,942)
Depreciation and amortization		<b>(13,363)</b>	(14,347)	<b>(26,705)</b>	(28,523)	(57,365)
<b>Operating profit (loss)</b>		<b>(11,383)</b>	1,956	<b>(5,470)</b>	254	(81,307)
Finance costs		<b>(1,228)</b>	(1,348)	<b>(2,455)</b>	(2,841)	(5,441)
<b>Profit (Loss) before taxation</b>		<b>(12,611)</b>	608	<b>(7,925)</b>	(2,587)	(86,748)
Taxation	5	-	-	-	-	-
<b>Net profit (loss) and total comprehensive income (loss) for the period / year attributable to shareholders of the Company</b>		<b>(12,611)</b>	608	<b>(7,925)</b>	(2,587)	(86,748)
<b>Earnings (Loss) per share</b>	6					
- Basic and diluted		<b>US\$(0.150)</b>	US\$0.007	<b>US\$(0.094)</b>	US\$(0.031)	US\$(1.032)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30/6/2015 (Unaudited) US\$'000	30/6/2014 (Unaudited) US\$'000	31/12/2014 (Audited) US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		942,636	1,043,302	967,941
Investment properties	8	8,546	8,545	8,546
Available-for-sale financial assets	9	373	373	373
		<b>951,555</b>	1,052,220	976,860
<b>Current assets</b>				
Inventories		1,907	2,988	2,452
Trade and other receivables		22,752	28,043	20,879
Financial assets at fair value through profit or loss	10	142,607	145,327	132,339
Pledged deposits		22,662	22,609	22,617
Bank balances and cash	11	43,654	91,292	70,564
		<b>233,582</b>	290,259	248,851
<b>Total assets</b>		<b>1,185,137</b>	1,342,479	1,225,711
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Issued capital		4,202	4,202	4,202
Reserves		780,023	872,109	787,948
<b>Total equity</b>		<b>784,225</b>	876,311	792,150
<b>Non-current liabilities</b>				
Secured bank loans		289,064	368,169	338,638
<b>Current liabilities</b>				
Trade and other payables		35,473	33,380	30,961
Amount due to holding company		90	52	102
Secured bank loans		76,285	64,567	63,860
		<b>111,848</b>	97,999	94,923
<b>Total equity and liabilities</b>		<b>1,185,137</b>	1,342,479	1,225,711

## 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 2014	4,202	72,087	719	16,297	4,758	48	780,787	878,898
Net loss and total comprehensive loss for the period	-	-	-	-	-	-	(2,587)	(2,587)
<b>At 30 June 2014</b>	<b>4,202</b>	<b>72,087</b>	<b>719</b>	<b>16,297</b>	<b>4,758</b>	<b>48</b>	<b>778,200</b>	<b>876,311</b>
At 1 January 2015	4,202	72,087	719	16,297	4,758	48	694,039	792,150
Net loss and total comprehensive loss for the period	-	-	-	-	-	-	(7,925)	(7,925)
<b>At 30 June 2015</b>	<b>4,202</b>	<b>72,087</b>	<b>719</b>	<b>16,297</b>	<b>4,758</b>	<b>48</b>	<b>686,114</b>	<b>784,225</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 30/6/2015 (Unaudited) US\$'000	6 months ended 30/6/2014 (Unaudited) US\$'000	Year ended 31/12/2014 (Audited) US\$'000
<b>OPERATING ACTIVITIES</b>				
Cash generated from operations		14,082	28,278	40,239
Interest paid		(2,495)	(2,942)	(5,553)
<b>Net cash from operating activities</b>		<b>11,587</b>	25,336	34,686
<b>INVESTING ACTIVITIES</b>				
Interest received		2,578	2,596	5,454
Decrease (Increase) in bank deposits with more than three months to maturity when placed		14,408	-	(14,408)
Dividend income received		429	515	1,912
Purchase of property, plant and equipment		(4,310)	(7,562)	(11,629)
Purchase of investment properties		-	(5,032)	(5,052)
Proceeds from disposal of assets held for sale		-	56,000	56,000
<b>Net cash from investing activities</b>		<b>13,105</b>	46,517	32,277
<b>FINANCING ACTIVITIES</b>				
New secured bank loans		1,683	1,981	4,144
Repayment of secured bank loans		(38,832)	(62,181)	(94,582)
Decrease (Increase) in pledged deposits		(45)	968	960
<b>Net cash used in financing activities</b>		<b>(37,194)</b>	(59,232)	(89,478)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(12,502)</b>	12,621	(22,515)
<b>Cash and cash equivalents at beginning of the period / year</b>		<b>56,156</b>	78,671	78,671
<b>Cash and cash equivalents at end of the period / year</b>	11	<b>43,654</b>	91,292	56,156

## 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 2014.

### 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:

	<b>3 months ended 30/6/2015 (Unaudited) US\$’000</b>	3 months ended 30/6/2014 (Unaudited) US\$’000	<b>6 months ended 30/6/2015 (Unaudited) US\$’000</b>	6 months ended 30/6/2014 (Unaudited) US\$’000	Year ended 31/12/2014 (Audited) US\$’000
Chartering freight and hire income:					
Hire income under time charters from owned vessels	<b>18,873</b>	24,916	<b>37,900</b>	50,659	97,339
Hire income under time charters from chartered-in vessel	-	-	-	354	354
Freight income under voyage charters	<b>1,328</b>	13,455	<b>4,509</b>	24,046	34,556
	<b>20,201</b>	38,371	<b>42,409</b>	75,059	132,249

### 3. Other operating income

Other operating income for the first half of 2015 mainly included ballast bonus income received from particular charterers for certain charter contracts and settlement income of US\$18,500,000 from a charterer in relation to repudiation claims.

Other operating income for the first half of 2014 and year 2014 mainly included ballast bonus income received from particular charterers for certain charter contracts, gain on disposal of assets held for sale of US\$560,000; and settlement income of US\$5,232,000 for the first half of 2014 and US\$6,024,000 for year 2014 from certain charterers in relation to repudiation claims under arbitration awards and early redelivery of an owned vessel prior to expiry of charter contract.

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

This is stated after charging / (crediting):

	<b>3 months ended 30/6/2015 (Unaudited) US\$'000</b>	3 months ended 30/6/2014 (Unaudited) US\$'000	<b>6 months ended 30/6/2015 (Unaudited) US\$'000</b>	6 months ended 30/6/2014 (Unaudited) US\$'000	Year ended 31/12/2014 (Audited) US\$'000
Reversal of impairment loss on trade receivables	(128)	(475)	(345)	(449)	(644)
Dividend income	(355)	(540)	(550)	(622)	(2,053)
Loss on write-off of vessel under construction	2,910	-	2,910	-	-
Net loss (gain) on financial assets at fair value through profit or loss	173	(2,971)	(937)	(160)	5,923

#### 5. Taxation

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

#### 6. Earnings (Loss) per share

Basic and diluted loss per share for the quarter and six months ended 30 June 2015 were calculated on the respective net loss of US\$12,611,000 for the second quarter and US\$7,925,000 for the six months ended 30 June 2015 and the weighted average number of 84,045,341 ordinary shares in issue during the quarter / period.

Basic and diluted earnings per share for the quarter ended 30 June 2014 were calculated on the net profit of US\$608,000 for the second quarter of 2014 and the weighted average number of 84,045,341 ordinary shares in issue during the quarter.

Basic and diluted loss per share for the six months ended 30 June 2014 and the year ended 31 December 2014 were calculated on the respective net loss of US\$2,587,000 for the six months ended 30 June 2014 and US\$86,748,000 for the year 2014 and the weighted average number of 84,045,341 ordinary shares in issue during the period / year.

#### 7. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2015 (30/6/2014: nil).



## 8. Investment properties

	<b>30/6/2015</b>	30/6/2014	31/12/2014
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
At 1 January	<b>8,546</b>	3,513	3,513
Additions	-	5,032	5,052
Change in fair value	-	-	(19)
	<b>8,546</b>	8,545	8,546

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

The investment properties of the Group were not revalued at 30 June 2015 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 2014. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

## 9. Available-for-sale financial assets

	<b>30/6/2015</b>	30/6/2014	31/12/2014
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
Unlisted club membership, at fair value	<b>203</b>	203	203
Unlisted club membership, at cost	<b>170</b>	170	170
	<b>373</b>	373	373

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

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

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

	<b>30/6/2015</b>	30/6/2014	31/12/2014
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
<i>Held for trading or not qualifying as hedges</i>			
Listed equity securities	<b>80,160</b>	69,251	56,408
Listed debt securities	<b>62,447</b>	74,796	75,931
Unlisted debt securities	-	1,280	-
	<b>142,607</b>	145,327	132,339

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 measurements of unlisted debt securities as of 30 June 2014 were determined by reference to price quotations for equivalent financial instruments in active markets provided by financial institutions 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

	<b>30/6/2015</b>	30/6/2014	31/12/2014
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<b>43,654</b>	91,292	56,156
Bank deposits with more than three months to maturity when placed	-	-	14,408
	<b>43,654</b>	91,292	70,564

## 12. Capital expenditures and commitments

During the six months ended 30 June 2015, capital expenditure on additions of property, plant and equipment was US\$4,310,000 (30/6/2014: US\$7,562,000). During the six months ended 30 June 2014, there was also capital expenditure on additions of investment properties of US\$5,032,000.

As at 30 June 2015, there was no capital expenditure commitments contracted by the Group but not provided for. As at 31 December 2014, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was US\$26,190,000, representing the Group's outstanding capital expenditure commitments to acquire one newbuilding at contract price of US\$29,100,000.

### 13. Pledge of assets

As at 30 June 2015, the Group had certain credit facilities which were secured by the followings:

- (a) Legal charges on the Group's property, plant and equipment with an aggregate net book value of US\$930,948,000 (31/12/2014: US\$952,858,000);
- (b) Financial assets at fair value through profit or loss of US\$43,878,000 (31/12/2014: nil);
- (c) Deposits totalling US\$22,662,000 (31/12/2014: US\$22,617,000) of the Group placed with banks; and
- (d) Assignment of thirty six (31/12/2014: thirty six) ship owning subsidiaries' chartering income in favour of banks.

In addition, shares of thirty (31/12/2014: thirty) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

### 14. Related party transactions

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

	<b>3 months ended 30/6/2015 (Unaudited) US\$'000</b>	3 months ended 30/6/2014 (Unaudited) US\$'000	<b>6 months ended 30/6/2015 (Unaudited) US\$'000</b>	6 months ended 30/6/2014 (Unaudited) US\$'000	Year ended 31/12/2014 (Audited) US\$'000
Salaries and other benefits	1,594	1,151	3,188	2,302	7,111
Contributions to retirement benefits schemes	91	64	182	128	254
	<b>1,685</b>	1,215	<b>3,370</b>	2,430	7,365



## INDEPENDENT REVIEW REPORT

### TO THE BOARD OF DIRECTORS OF JINHUI SHIPPING AND TRANSPORTATION LIMITED

(Incorporated in Bermuda with limited liability)

#### Introduction

We have reviewed the interim financial report set out on pages 9 to 17 which comprises the condensed consolidated statement of financial position of Jinhui Shipping and Transportation Limited as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

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

#### Scope of Review

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

#### Conclusion

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



#### Grant Thornton Hong Kong Limited

*Certified Public Accountants*

Level 12

28 Hennessy Road, Wanchai

Hong Kong

27 August 2015

Kwong Kam Wing Kelvin

Practising Certificate No.: P05373



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