JINHUI SHIPPING
AND TRANSPORTATION LIMITED

Third Quarter and Nine Months Report 2015

HIGHLIGHTS

For the Nine Months Ended 30 September 2015

- Revenue for the period dropped 35% to US$67 million
- Net loss for the period: US$40 million
- Basic loss per share: US$0.480
- Gearing ratio as at 30 September 2015: 27%
- EBITDA : US$4 million

For the Third Quarter of 2015

- Revenue for the quarter declined 11% to US$24 million
- Net loss for the quarter: US$32 million
- Basic loss per share: US$0.385

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 nine months ended 30 September 2015.

THIRD QUARTER AND NINE-MONTH RESULTS

The Group's revenue amounted to US$24,171,000 for the third quarter of 2015, representing a decrease of 11% as compared to US$27,036,000 in the same quarter of 2014. The Company reported a consolidated net loss for the current quarter was US$32,389,000, as compared to a consolidated net loss of US$15,734,000 for the corresponding quarter in 2014. Basic loss per share was US$0.385 for the third quarter of 2015 while basic loss per share was US$0.187 for the corresponding quarter in 2014.

Revenue for the first nine months of 2015 declined 35% to US$66,580,000, comparing to US$102,095,000 for the same period in 2014. The Company recorded a consolidated net loss for the first nine months of 2015 was US$40,314,000, as compared to a consolidated net loss of US$18,321,000 in the same period of 2014. Basic loss per share was US$0.480 for the current period as compared to US$0.218 for the corresponding period in 2014.

The considerable consolidated net loss for the third quarter and nine months ended 30 September 2015 was largely driven by the weak dry bulk shipping market which continued to dent the Group's hire and freight revenue and substantial realized and unrealized loss recognized on financial assets through profit or loss from the abrupt correction of global stock markets. The Group recorded net loss of US$21,917,000 on investment portfolio during the third quarter of 2015 as compared to US$3,789,000 for the corresponding quarter of 2014. For the first nine months of 2015, the net loss on investment portfolio was US$20,980,000 as compared to US$3,629,000 for the corresponding period in 2014.

INTERIM DIVIDEND

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

REVIEW OF OPERATIONS

Third Quarter of 2015. Dry bulk shipping market remained under pressure by the depressed market charter rates as the global economic recovery remained slow during the first nine months of 2015. China is still facing a slowdown in economic growth; economic structure has undergone significant changes during transition from medium to long term. The languid dry bulk shipping market continued to be affected by the weak demand growth due to the slowdown of Chinese coal and iron ore imports and continued supply of new bulk carriers in the market.

During the third quarter, the dry bulk shipping market had shown a slight improvement as the market rates had grown marginally. Baltic Dry Index opened at 800 points at the beginning of July and continued to climb to its peak at 1,222 points in early August and closed at 900 points by the end of September. The average daily time charter equivalent rates ("TCE") earned by the Group's fleet of Post-Panamax / Panamax fleet and Supramax / Handymax / Handysize fleet in the third quarter of 2015 was US$7,228 and US$7,006 respectively, compared with US$5,153 and US$6,352 in the second quarter of 2015, which had shown an improvement of 40% and 10% respectively.

Revenue for the third quarter of 2015 declined 11% to US$24,171,000, comparing to US$27,036,000 for the corresponding quarter in 2014. The decrease in revenue was mainly due to the falling market freight rates. The average daily TCE of the Group's fleet were as follows:

Average daily TCE	**2015 Q3** *US$*	2014 Q3 *US$*	**2015 1st nine months** *US$*	2014 1st nine months *US$*	2014 *US$*
Capesize fleet	**-**	-	**-**	13,477	13,477
Post-Panamax / Panamax fleet	**7,228**	7,320	**5,457**	9,442	9,139
Supramax / Handymax / Handysize fleet	**7,006**	7,750	**6,797**	9,540	9,235
In average	**7,027**	7,706	**6,667**	9,541	9,234

Other operating income increased from US$2,498,000 for the third quarter of 2014 to US$4,949,000 for the third quarter of 2015. The increase was mainly attributed to the settlement income of US$2,100,000 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 dropped from US$22,972,000 for the third quarter of 2014 to US$20,841,000 for the current quarter. The decrease was mainly attributable to the lower spare parts and consumable stores expenses were incurred during the current quarter under the Group's continuing effort on cost reduction strategy in order to remain competitive in the current tough market environment.

The Group's operating results for the third quarter of 2015 was negatively impacted by the substantial increase of other operating expenses from US$5,695,000 for the third quarter of 2014 to US$23,826,000 for the third quarter of 2015. The increase was primarily attributable to the recognition of net loss of US$21,917,000 on investment portfolio, predominantly in equity securities listed in Hong Kong as major global stock markets plunged during the third quarter of 2015. For the last corresponding quarter, the Group recorded net loss on investment portfolio of US$3,789,000.

Finance costs for the third quarter decreased 6% from US$1,318,000 in 2014 to US$1,240,000 in 2015. The decrease was mainly attributable to the reduction in average outstanding loan principal under aggressive loan repayment schedules of the Group.

FINANCIAL REVIEW

As at 30 September 2015, the total of the Group's equity and debt securities, bank balances and cash decreased to US$146,753,000 (31/12/2014: US$202,903,000) and bank borrowings decreased to US$348,863,000 (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, increased to 27% (31/12/2014: 25%) as at 30 September 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 nine months ended 30 September 2015, capital expenditure on additions of property, plant and equipment was US$7,940,000 (30/9/2014: US$9,350,000) and on investment properties was US$450,000 (30/9/2014: US$5,052,000). As at 30 September 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 29 November 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
Total fleet	**36**

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, it turns out to be unprecedentedly tough. This tough trading environment is expected to continue and could result in more companies experiencing financial distress similar to Daiichi Chuo Kisen Kaisha's recent filing for bankruptcy protection, for example.

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, with a weak demand growth largely due to the continued slowdown in Chinese coal and iron ore imports which together represent a large proportion of overall dry bulk trade; (2) a much lower oil price which discourages slow steaming and effectively releasing further supply to the market; (3) the irrational ordering of newbuildings.

On a positive note, this 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 seems to come to a halt. In fact, given the reality of the prevailing tough trading environment, delays, conversions, cancellations, and shipyard defaults are leading to fewer actual deliveries than previously scheduled.

We continue to see uncertainties with respect to the global economic outlook, particularly the freight market as well as the financial and currency markets. This will inevitably introduce volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We will continue to refrain from using freight, bunker, currencies or interest rate derivatives.

Looking ahead, we will continue to focus on the basics: maintain a strong financial position with an emphasis on liquidity and low indebtedness, safeguard our financial assets, 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 and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

Ng Siu Fai
Chairman

30 November 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**3 months ended 30/9/2015 (Unaudited) *US$'000***	3 months ended 30/9/2014 (Unaudited) *US$'000*	**9 months ended 30/9/2015 (Unaudited) *US$'000***	9 months ended 30/9/2014 (Unaudited) *US$'000*	Year ended 31/12/2014 (Audited) *US$'000*
Revenue	*2*	**24,171**	27,036	**66,580**	102,095	132,249
Other operating income		**4,949**	2,498	**28,935**	17,535	21,091
Interest income		**919**	1,388	**3,428**	4,362	5,599
Shipping related expenses		**(20,841)**	(22,972)	**(58,298)**	(79,054)	(107,099)
Staff costs		**(2,791)**	(2,245)	**(8,417)**	(6,764)	(11,138)
Impairment loss on owned vessels		**-**	-	**-**	-	(50,586)
Other operating expenses		**(23,826)**	(5,695)	**(28,412)**	(9,387)	(14,058)
Operating profit (loss) before depreciation and amortization		**(17,419)**	10	**3,816**	28,787	(23,942)
Depreciation and amortization		**(13,730)**	(14,426)	**(40,435)**	(42,949)	(57,365)
Operating loss		**(31,149)**	(14,416)	**(36,619)**	(14,162)	(81,307)
Finance costs		**(1,240)**	(1,318)	**(3,695)**	(4,159)	(5,441)
Loss before taxation		**(32,389)**	(15,734)	**(40,314)**	(18,321)	(86,748)
Taxation	*5*	**-**	-	**-**	-	-
Net loss and total comprehensive loss for the period / year attributable to shareholders of the Company		**(32,389)**	(15,734)	**(40,314)**	(18,321)	(86,748)
Loss per share	*6*					
- Basic and diluted		**US$(0.385)**	US$(0.187)	**US$(0.480)**	US$(0.218)	US$(1.032)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30/9/2015 (Unaudited) US$'000	30/9/2014 (Unaudited) US$'000	31/12/2014 (Audited) US$'000
ASSETS				
Non-current assets				
Property, plant and equipment		**932,536**	1,030,664	967,941
Investment properties	8	**8,996**	8,565	8,546
Available-for-sale financial assets	9	**373**	373	373
		941,905	1,039,602	976,860
Current assets				
Inventories		**1,797**	666	2,452
Trade and other receivables		**20,200**	28,108	20,879
Financial assets at fair value through profit or loss	10	**102,984**	146,150	132,339
Pledged deposits		**22,685**	25,739	22,617
Bank balances and cash	11	**43,769**	69,352	70,564
		191,435	270,015	248,851
Total assets		**1,133,340**	1,309,617	1,225,711
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**4,202**	4,202	4,202
Reserves		**747,634**	856,375	787,948
Total equity		**751,836**	860,577	792,150
Non-current liabilities				
Secured bank loans		**271,688**	353,404	338,638
Current liabilities				
Trade and other payables		**32,558**	31,380	30,961
Amount due to holding company		**83**	43	102
Secured bank loans		**77,175**	64,213	63,860
		109,816	95,636	94,923
Total equity and liabilities		**1,133,340**	1,309,617	1,225,711

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Employee share-based compensation reserve	Reserve for available-for-sale financial assets	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 2014	4,202	72,087	719	16,297	4,758	48	780,787	878,898
Net loss and total comprehensive loss for the period	-	-	-	-	-	-	(18,321)	(18,321)
At 30 September 2014	4,202	72,087	719	16,297	4,758	48	762,466	860,577
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	-	-	-	-	-	-	(40,314)	(40,314)
At 30 September 2015	**4,202**	**72,087**	**719**	**16,297**	**4,758**	**48**	**653,725**	**751,836**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**9 months ended 30/9/2015 (Unaudited) *US$'000***	9 months ended 30/9/2014 (Unaudited) *US$'000*	Year ended 31/12/2014 (Audited) *US$'000*
OPERATING ACTIVITIES				
Cash generated from operations		**33,669**	24,946	40,239
Interest paid		**(3,746)**	(4,268)	(5,553)
Net cash from operating activities		**29,923**	20,678	34,686
INVESTING ACTIVITIES				
Interest received		**3,935**	4,506	5,454
Decrease (Increase) in bank deposits with more than three months to maturity when placed		**14,408**	-	(14,408)
Dividend income received		**1,421**	1,380	1,912
Purchase of property, plant and equipment		**(7,921)**	(9,350)	(11,629)
Purchase of investment properties		**(450)**	(5,052)	(5,052)
Proceeds from disposal of assets held for sale		**-**	56,000	56,000
Net cash from investing activities		**11,393**	47,484	32,277
FINANCING ACTIVITIES				
New secured bank loans		**1,683**	2,765	4,144
Repayment of secured bank loans		**(55,318)**	(78,084)	(94,582)
Decrease (Increase) in pledged deposits		**(68)**	(2,162)	960
Net cash used in financing activities		**(53,703)**	(77,481)	(89,478)
Net decrease in cash and cash equivalents		**(12,387)**	(9,319)	(22,515)
Cash and cash equivalents at beginning of the period / year		**56,156**	78,671	78,671
Cash and cash equivalents at end of the period / year	*11*	**43,769**	69,352	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 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 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:

	3 months ended 30/9/2015	3 months ended 30/9/2014	**9 months ended 30/9/2015**	9 months ended 30/9/2014	Year ended 31/12/2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Chartering freight and hire income:					
Hire income under time charters from owned vessels	**19,182**	22,025	**57,082**	72,684	97,339
Hire income under time charters from chartered-in vessel	**-**	-	**-**	354	354
Freight income under voyage charters	**4,989**	5,011	**9,498**	29,057	34,556
	24,171	27,036	**66,580**	102,095	132,249

3. Other operating income

Other operating income for the nine months ended 30 September 2015 mainly included settlement income of US$21,396,000 from charterers in relation to repudiation claims.

Other operating income for the nine months ended 30 September 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 nine months ended 30 September 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):

	3 months ended 30/9/2015	3 months ended 30/9/2014	**9 months ended 30/9/2015**	9 months ended 30/9/2014	Year ended 31/12/2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Impairment loss (Reversal of impairment loss) on trade receivables	**(12)**	197	**(357)**	(252)	(644)
Dividend income	**(1,113)**	(881)	**(1,663)**	(1,502)	(2,053)
Loss on write-off of vessel under construction	**-**	-	**2,910**	-	-
Net loss on financial assets at fair value through profit or loss	**21,917**	3,789	**20,980**	3,629	5,923

5. Taxation

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

6. Loss per share

Basic and diluted loss per share for the quarter and nine months ended 30 September 2015 were calculated on the respective net loss of US$32,389,000 for the quarter and US$40,314,000 for the nine months ended 30 September 2015 and the weighted average number of 84,045,341 ordinary shares in issue during the quarter / period.

Basic and diluted loss per share for the quarter and nine months ended 30 September 2014 were calculated on the respective net loss of US$15,734,000 for the quarter and US$18,321,000 for the nine months ended 30 September 2014 and the weighted average number of 84,045,341 ordinary shares in issue during the quarter / period.

Basic and diluted loss per share for the year ended 31 December 2014 were calculated on the net loss of US$86,748,000 for year 2014 and the weighted average number of 84,045,341 ordinary shares in issue during the year.

7. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 September 2015 (30/9/2014: nil).

8. Investment properties

	30/9/2015	30/9/2014	31/12/2014
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
At 1 January	**8,546**	3,513	3,513
Additions	**450**	5,052	5,052
Change in fair value	**-**	-	(19)
	8,996	8,565	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 September 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

	30/9/2015	30/9/2014	31/12/2014
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Unlisted club membership, at fair value	**203**	203	203
Unlisted club membership, at cost	**170**	170	170
	373	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

	30/9/2015	30/9/2014	31/12/2014
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Held for trading or not qualifying as hedges			
Listed equity securities	**53,654**	72,670	56,408
Listed debt securities	**49,330**	73,480	75,931
	102,984	146,150	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. There was no transfer among the three levels of the fair value hierarchy during the periods / year.

11. Bank balances and cash

	30/9/2015	30/9/2014	31/12/2014
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**43,769**	69,352	56,156
Bank deposits with more than three months to maturity when placed	**-**	-	14,408
	43,769	69,352	70,564

12. Capital expenditures and commitments

During the nine months ended 30 September 2015, capital expenditure on additions of property, plant and equipment was US$7,940,000 (30/9/2014: US$9,350,000) and on investment properties was US$450,000 (30/9/2014: US$5,052,000).

As at 30 September 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. 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 30/9/2015	3 months ended 30/9/2014	**9 months ended 30/9/2015**	9 months ended 30/9/2014	Year ended 31/12/2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Salaries and other benefits	**1,594**	1,133	**4,782**	3,435	7,111
Contributions to retirement benefits schemes	**91**	63	**273**	191	254
	1,685	1,196	**5,055**	3,626	7,365

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