JINHUI

JINHUI SHIPPING
AND TRANSPORTATION LIMITED

Second Quarter and Half Yearly Report 2018

Contents

HIGHLIGHTS

For the First Half of 2018

- Revenue for the period: US$40 million
- Net profit for the period: US$5.3 million
- Basic earnings per share: US$0.049
- Gearing ratio as at 30 June 2018: 11%

For the Second Quarter of 2018

- Revenue for the quarter : US$22 million
- Net profit for the quarter: US$2.8 million
- Basic earnings per share: US$0.026
- Interim dividend per share: US$0.023

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 2018.

SECOND QUARTER RESULTS

Revenue for the second quarter of 2018 increased 16% to US$22,118,000, comparing to US$18,995,000 for the corresponding quarter in 2017. The Company recorded a consolidated net profit of US$2,841,000 for current quarter as compared to a consolidated net loss of US$784,000 for the corresponding quarter in 2017. Basic earnings per share was US$0.026 for the second quarter of 2018 while basic loss per share was US$0.009 for the corresponding quarter in 2017.

HALF YEARLY RESULTS

Revenue for the first half of 2018 increased 17% to US$40,094,000, comparing to US$34,296,000 for the same period in 2017. The Company recorded a consolidated net profit of US$5,312,000 for the first half of 2018 while a consolidated net loss of US$8,755,000 was reported in the first half of 2017 due to the recognition of impairment loss on assets held for sale (disposed vessels) of US$6,301,000 in the first half of 2017. Basic earnings per share for the period was US$0.049 as compared to basic loss per share of US$0.104 for the first half of 2017.

INTERIM DIVIDEND

On 29 August 2018, the Board has resolved to declare the payment of an interim dividend of US$0.023 per share and such dividend will be paid to the beneficial owners of the shares of the Company whose names are registered in the Norwegian Verdipapirsentralen (the Norwegian Registry of Securities) at the close of business on 11 September 2018. The Company's shares listed on the Oslo Stock Exchange will be traded including dividend up until and including 7 September 2018. The ex dividend date is 10 September 2018 and the dividend will be paid on or about 28 September 2018.

REVIEW OF OPERATIONS

Second Quarter of 2018. Baltic Dry Index ("BDI") opened at 1,055 points at the beginning of April and continued to climb to the peak of the quarter at 1,476 points and closed at 1,385 points by the end of June. The average of BDI of the second quarter of 2018 was 1,260 points, which compares to 1,006 points in the same quarter in 2017.

Revenue increased from US$18,995,000 for the second quarter in 2017 to US$22,118,000 for the current quarter of 2018, representing an increase of 16%, despite the reduction in the number of Group's owned vessels in the second quarter of 2017. The average daily time charter equivalent rates ("TCE") earned by the Group's owned vessels improved 34% to US$11,008 for the second quarter of 2018 as compared to US$8,231 for the corresponding quarter in 2017.

Average daily TCE of owned vessels	**2018 Q2 *US$***	2017 Q2 *US$*	**2018 1st half *US$***	2017 1st half *US$*	2017 *US$*
Post-Panamax fleet	**11,992**	8,251	**11,722**	7,399	8,645
Supramax / Handysize fleet	**10,923**	8,230	**9,725**	7,015	8,063
In average	**11,008**	8,231	**9,892**	7,044	8,111

Shipping related expenses dropped from US$10,694,000 for the second quarter in 2017 to US$10,189,000 for the current quarter. The decrease was attributable to the reduction in the number of vessels as the Group had disposed of five vessels in the second quarter of 2017. Daily vessel running cost increased 9% from US$3,777 for the second quarter of 2017 to US$4,100 for the second quarter of 2018 due to mild inflation in crew wages, and repair and maintenance expenses being booked during this time of the fiscal year. Subsequent to the reporting date, the Group had disposed of three vessels aged above 15 years. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

The Group has benefited from considerable interest savings in the upcoming rising interest rate environment from the full repayment of two vessels' mortgage loans with relatively higher interest margin amounting to US$19,100,000 in March 2018. Finance costs have decreased by 59% from US$1,740,000 in second quarter of 2017 to US$714,000 in second quarter of 2018 which was attributable to the reduction in outstanding interest bearing loans.

First Half of 2018. Dry bulk shipping market improved remarkably in the first half of 2018, driven mainly by strong Chinese dry bulk imports and limited tonnage growth and high level of demolitions activities. Both BDI and charter rates across all vessel classes had been showing encouraging improvements when comparing the first half of 2017. The average of BDI for the first half of 2018 was 1,217 points, which compares to 975 points in the same period in 2017.

Revenue for the first half of 2018 increased 17% to US$40,094,000, comparing to US$34,296,000 for the first half of 2017, despite the Group had disposed of five vessels in the first half of 2017. The increase in revenue was primarily attributable to the improved freight rates in the spot market. The average daily TCE earned by the Group's fleet increased 40% to US$9,892 for the first half of 2018 as compared to US$7,044 for the corresponding period in 2017. Basic earnings per share for the period was US$0.049 as compared to basic loss per share of US$0.104 for the first half of 2017.

Other operating income for the first half of 2018 mainly included gain on bunker of US$802,000, dividend income of US$263,000 and settlement income of US$450,000 from a charterer in relation to repudiation claims while other operating income for the first half of 2017 included settlement income of US$655,000 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$21,202,000 for the first half of 2017 to US$19,211,000 for the first half of 2018. The decrease was attributable to the reduction in the number of vessels as the Group had disposed of five vessels in the first half of 2017.

FINANCIAL REVIEW

During the six months ended 30 June 2018, capital expenditure on additions of property, plant and equipment was US$1,902,000 (30/6/2017: US$2,334,000).

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 period, the Co-Investor paid 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$7,648,000. Details of the co-investment have been published in the Group's announcement on 20 April 2018, which is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

As at 31 December 2017, there was no capital expenditure commitments contracted by the Group but not provided for.

As at 30 June 2018, the Group's bank borrowings decreased to US$87,568,000 (31/12/2017: US$137,825,000), of which 51%, 40% and 9% are repayable respectively within one year, one to two years and two to five years. The bank borrowings represented vessel mortgage loans that were denominated in United States Dollars and revolving secured bank loans that were denominated in Hong Kong Dollars. All bank borrowings were committed on floating rate basis. As at 30 June 2018, the Company maintained positive working capital position of US$18,437,000 (31/12/2017: US$41,967,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to US$59,161,000 (31/12/2017: US$101,920,000). During the first half of 2018, net cash generated from operating activities amounted to US$4,130,000 (30/6/2017: US$4,047,000).

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, decreased to 11% (31/12/2017: 15%) as at 30 June 2018. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements. As at 30 June 2018, the Group is able to service its debt obligations, including principal and interest payments.

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

The Group repaid all deferred installments on 10 January 2018 for those loans restructured during the forbearance period of US$31,407,000 to respective lenders. In March 2018, the Group also fully repaid two vessels' mortgage loans with relatively higher interest margin amounting to US$19,100,000. During the first six months of 2018, the Group had also drawn new revolving secured bank loans of US$11,026,000 for working capital purposes. The Group's total secured bank loans dropped from US$137,825,000 as of 31 December 2017 to US$87,568,000 on 30 June 2018. We believe the Group would benefit from considerable interest savings in the upcoming rising interest rate environment.

Subsequent to the reporting date, the Group entered into a provisional agreement for sale and purchase with the vendor on 13 July 2018 in respect of the acquisition of investment properties at a consideration of HK$63,000,000. The investment properties located in a prime commercial area in Hong Kong closed to the Central district and are expected to generate steady and recurring stream of income for the Group. The expected completion of the acquisition of the investment properties will take place in November 2018.

FLEET

Owned Vessels

As at 28 August 2018, the Group had twenty owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	18
Total fleet	**20**

Subsequent to the reporting date, the Group had entered into three memorandums of agreement in July and August 2018 for the disposal of three vessels at a total consideration of US$25.7 million. Following the disposal of three vessels, the Group's total carrying capacity had been reduced from deadweight 1,341,902 metric tons to 1,187,387 metric tons. Three vessels had been delivered to the respective buyers in July and August 2018.

RISK FACTORS

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

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

OUTLOOK

The freight market in 2018, especially Supramax has so far been favourable for the Company, with strong support in asset prices underpinned by healthy earnings. Strong volume of imports by China, overall global recovery in demand for dry commodities and a reduction in newbuilding deliveries all contributed to the continued recovery.

Supply fundamentals are currently favourable, and at a low point by historical standards, with relatively low incentive to order newbuildings given the uncertainty on how future regulations will evolve and financing costs on the rise. Further stability in the operating environment will be reached should a robust demand persist.

Our mindset remains to be prudent and we continue to remain alert of uncertainties that will affect our business. Recently, global political uncertainties further stepped up, with the US-China trade dispute potentially turning into one of the largest global trade conflict in history. We expect the current trade tensions are likely to get worse before they get better. While talks between the US and China look set to resume, the US is still on track to impose 10% tariffs on US$200 billion of trade with China, and has threatened more.

Changes in technology as well as environmental policies causing changes in global energy mix will have material global implications and as a consequence, impact the Company's business. One of the most widely debated topics in our industry is the installation of scrubbers to meet the 2020 sulphur cap emission regulation. We are currently refraining from the installation of scrubbers given the long term technical and commercial viability of scrubbers is yet to be proven, not to mention the investment cost of scrubber has been on the decline where we believe benefit is highly likely to arise with further patience. From the environmental perspective, we believe the use of low sulphur fuel is the most efficient way to tackle this issue. We expect the availability of such product will become abundant at reasonable costs with time, given the likelihood of an increasing demand.

Further unexpected events may occur which can introduce volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We will continue to refrain from using freight, bunker, currencies or interest rate derivatives to minimize any unnecessary business risks. Recently, we have invested a small amount of capital into real estate assets in order to build a steady recurring income as well as potential long term capital appreciation to counter the highly volatile and cyclical nature of our core business.

We are in a relatively fortunate position where we have no capital expenditure commitment in relation to newbuilding contracts, as well as no charter-in contracts at this juncture. We have sold some of our older vessels lately to further enhance our already competitive cost structure over the long term, as well as immediate strengthening of our financial position. Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position, maintaining a reasonably modern and competitive fleet, and focus on the active management of debt maturity to ensure safe navigation through any stormy waters that may lie ahead.

With the Company operating against an encouraging operating environment and robust financial health, the Company has reinitiated the distribution of dividends this quarter. The Board of the Company will continuously review the dividend policy going forward, with the aim of returning steady capital to shareholders should the Company's financial position and future strategy allow.

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. Going forward, we will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under all kinds of scenarios. We will continue to exercise our best efforts to be a trustworthy business partner.

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 2018

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2018 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 2018

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

	Note	**3 months ended 30/6/2018 (Unaudited) *US$'000***	3 months ended 30/6/2017 (Unaudited) *US$'000*	**6 months ended 30/6/2018 (Unaudited) *US$'000***	6 months ended 30/6/2017 (Unaudited) *US$'000*	Year ended 31/12/2017 (Audited) *US$'000*
Revenue	*2*	**22,118**	18,995	**40,094**	34,296	73,547
Other operating income		**1,711**	1,780	**3,094**	4,524	11,758
Interest income		**272**	469	**604**	930	1,748
Shipping related expenses		**(10,189)**	(10,694)	**(19,211)**	(21,202)	(43,698)
Staff costs		**(2,520)**	(1,897)	**(5,123)**	(3,671)	(8,356)
Impairment loss on assets held for sale		**-**	-	**-**	(6,301)	(6,301)
Other operating expenses		**(3,272)**	(2,740)	**(3,412)**	(3,861)	(7,529)
Operating profit before depreciation and amortization		**8,120**	5,913	**16,046**	4,715	21,169
Depreciation and amortization		**(4,565)**	(4,957)	**(9,180)**	(10,440)	(20,023)
Operating profit (loss)		**3,555**	956	**6,866**	(5,725)	1,146
Finance costs		**(714)**	(1,740)	**(1,554)**	(3,030)	(5,177)
Profit (Loss) before taxation		**2,841**	(784)	**5,312**	(8,755)	(4,031)
Taxation	*5*	**-**	-	**-**	-	-
Net profit (loss) for the period / year		**2,841**	(784)	**5,312**	(8,755)	(4,031)
Other comprehensive income (loss)						
Items that may be reclassified subsequently to profit or loss:						
Change in fair value of financial assets at fair value through OCI		**6**	-	**(20)**	-	-
Change in fair value of available-for-sale financial assets		**-**	-	**-**	-	13
Total comprehensive income (loss) for the period / year attributable to shareholders of the Company		**2,847**	(784)	**5,292**	(8,755)	(4,018)
Earnings (Loss) per share	*6*					
- Basic and diluted		**US$0.026**	US$(0.009)	**US$0.049**	US$(0.104)	US$(0.043)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30/6/2018 (Unaudited) *US$'000***	30/6/2017 (Unaudited) *US$'000*	31/12/2017 (Audited) *US$'000*
ASSETS				
Non-current assets				
Property, plant and equipment		**256,681**	270,900	263,959
Investment properties	*8*	**15,632**	14,545	15,632
Financial assets at fair value through OCI	*9*	**2,727**	-	-
Available-for-sale financial assets		**-**	363	376
		275,040	285,808	279,967
Current assets				
Inventories		**516**	529	58
Trade and other receivables		**16,666**	14,178	17,003
Financial assets at fair value through profit or loss	*10*	**30,591**	48,840	23,778
Pledged deposits		**6,447**	6,511	6,521
Bank balances and cash	*11*	**28,570**	25,514	78,142
		82,790	95,572	125,502
Total assets		**357,830**	381,380	405,469
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**5,463**	4,202	5,463
Reserves		**244,863**	211,336	239,571
Total equity		**250,326**	215,538	245,034
Non-current liabilities				
Secured bank loans	*12*	**43,151**	132,985	76,900
Current liabilities				
Trade and other payables		**19,873**	20,992	22,526
Amount due to holding company		**63**	56	84
Secured bank loans	*12*	**44,417**	11,809	60,925
		64,353	32,857	83,535
Total equity and liabilities		**357,830**	381,380	405,469

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Reserve for available-for-sale financial assets	Reserve for financial assets at fair value through OCI	Retained profits	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2017	4,202	72,087	719	16,297	25	-	130,963	224,293
Net loss and total comprehensive loss for the period	-	-	-	-	-	-	(8,755)	(8,755)
At 30 June 2017	4,202	72,087	719	16,297	25	-	122,208	215,538
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**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**6 months ended 30/6/2018 (Unaudited) US$'000**	6 months ended 30/6/2017 (Unaudited) US$'000	Year ended 31/12/2017 (Audited) US$'000
OPERATING ACTIVITIES				
Cash generated from operations		**5,755**	7,254	45,314
Interest paid		**(1,625)**	(3,207)	(5,303)
Net cash from operating activities		**4,130**	4,047	40,011
INVESTING ACTIVITIES				
Interest received		**517**	874	2,059
Increase in bank deposits with more than three months to maturity when placed		**-**	-	(13,400)
Dividend income received		**237**	67	408
Purchase of property, plant and equipment		**(1,902)**	(2,334)	(4,976)
Payment of unlisted equity investments	9	**(2,371)**	-	-
Proceeds from disposal of investment properties, net		**-**	442	442
Proceeds from disposal of assets held for sale, net		**-**	61,640	61,640
Net cash from (used in) investing activities		**(3,519)**	60,689	46,173
FINANCING ACTIVITIES				
New secured bank loans		**11,026**	-	-
Repayment of secured bank loans		**(61,283)**	(67,760)	(74,729)
Decrease (Increase) in pledged deposits		**74**	(16)	(26)
Proceeds from issue of new shares upon rights issue, net		**-**	-	24,759
Net cash used in financing activities		**(50,183)**	(67,776)	(49,996)
Net increase (decrease) in cash and cash equivalents		**(49,572)**	(3,040)	36,188
Cash and cash equivalents at beginning of the period / year		**64,742**	28,554	28,554
Cash and cash equivalents at end of the period / year	11	**15,170**	25,514	64,742

NOTES:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and have been reviewed by our auditor, Grant Thornton Hong Kong Limited. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2017, except for the Group has adopted the newly issued and amended International Financial Reporting Standards (“IFRS”) and Hong Kong Financial Reporting Standards (“HKFRS”), which are effective for the annual period beginning on 1 January 2018.

IFRS 9 and HKFRS 9 Financial Instruments

IFRS 9 and HKFRS 9 replace IAS 39 and HKAS 39 “Financial Instruments: Recognition and Measurement”. They introduce new requirements for the classification and measurement of financial assets, financial liabilities, new general hedge accounting requirements and impairment requirements for financial assets.

The directors have identified the following areas that are most impacted by the application of IFRS 9 and HKFRS 9:

Classification and measurement of financial assets at amortized cost

The Group classified its financial assets as at amortized cost if the following criteria are met:

(a) The asset is held within a business model with the objective of collecting contractual cash flows; and

(b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All trade and other receivables, pledged deposits, and bank balances and cash continue to be measured at amortized cost, as these items meet the criteria to be classified as at amortized cost in accordance with IFRS 9 and HKFRS 9.

Classification and measurement of financial assets at fair value through other comprehensive income (“OCI”)

The Group classified its financial assets at fair value through OCI if the following criteria are met:

(a) Equity investments that are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value through OCI rather than profit or loss;

(b) Financial assets which the Group designated to recognize changes in fair value through OCI rather than profit or loss and those financial assets are not equity investments or held for trading; and

(c) Debt investments where the contractual cash flows are solely principal and interest and the objective of the Group’s business model are achieved both by collecting contractual cash flows and selling financial assets.

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

Classification and measurement of financial assets at fair value through profit or loss
The Group classified its financial assets at fair value through profit or loss if the following criteria are met:

(a) Equity investments that are held for trading;

(b) Equity investments for which the Group has not elected to recognize fair value gains and losses through OCI; and

(c) Debt investments that do not qualify for measurement at either amortized costs or at fair value through OCI.

All investments in listed equity securities and listed debt securities continue to be accounted for or designated as financial assets at fair value through profit or loss as the primary objective of holding these investments are for trading. The application of IFRS 9 and HKFRS 9 will not result in significant impact on the classification and measurement to financial assets classified in this category as the financial assets are continually measured at fair value through profit or loss.

New impairment requirements for financial assets
IFRS 9 and HKFRS 9 require an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 and HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risks since initial recognition. For trade receivables only, the Group applies the simplified approach permitted by IFRS 9 and HKFRS 9, which require expected lifetime losses to be recognized from initial recognition of the receivables. There may not an increase in provision for trade receivables under the expected credit loss model but there will not have significant impact on impairment of financial assets under the new expected credit loss model.

IFRS 15 and HKFRS 15 Revenue from Contracts with Customers
IFRS 15 and HKFRS 15 replace IAS 18 and HKAS 18 which cover contracts for goods and services and IAS 11 and HKAS 11 which cover construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer and a new five-step process must be applied before revenue can be recognized:

(a) Identify contracts with customers
(b) Identify the separate performance obligations in the contract
(c) Determine the transaction price of the contract
(d) Allocate the transaction price to each of the separate performance obligation in the contract
(e) Recognize the revenue as each performance obligation is satisfied

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

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

2. Revenue

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

	3 months ended 30/6/2018	3 months ended 30/6/2017	**6 months ended 30/6/2018**	6 months ended 30/6/2017	Year ended 31/12/2017
	(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	**22,118**	18,995	**40,094**	32,668	70,506
Freight income under voyage charters	**-**	-	**-**	1,628	3,041
	22,118	18,995	**40,094**	34,296	73,547

3. Other operating income

Other operating income for the first half of 2018 mainly included gain on bunker of US$802,000 (30/6/2017: US$45,000), dividend income of US$263,000 (30/6/2017: US$107,000) and settlement income of US$450,000 (30/6/2017: US$655,000) from a charterer in relation to repudiation claims.

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

4. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 30/6/2018	3 months ended 30/6/2017	**6 months ended 30/6/2018**	6 months ended 30/6/2017	Year ended 31/12/2017
	(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	**(426)**	(276)	**(1,525)**	(378)	(1,865)
Unrealized loss (gain) on financial assets at fair value through profit or loss	**1,480**	(24)	**1,562**	(1,070)	(2,187)
Net loss (gain) on financial assets at fair value through profit or loss	**1,054**	(300)	**37**	(1,448)	(4,052)
Reversal of impairment loss on trade and other receivables	**(106)**	-	**(5)**	(3)	(59)
Dividend income	**(215)**	(58)	**(263)**	(107)	(451)

5. Taxation

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

6. Earnings (Loss) per share

	3 months ended 30/6/2018	3 months ended 30/6/2017	**6 months ended 30/6/2018**	6 months ended 30/6/2017	Year ended 31/12/2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
Weighted average number of ordinary shares in issue	**109,258,943**	84,045,341	**109,258,943**	84,045,341	94,667,104
Net profit (loss) attributable to shareholders of the Company (US$'000)	**2,841**	(784)	**5,312**	(8,755)	(4,031)
Basic and diluted earnings (loss) per share	**US$0.026**	US$(0.009)	**US$0.049**	US$(0.104)	US$(0.043)

7. **Interim dividend**

On 29 August 2018, the Board has resolved to declare the payment of an interim dividend of US$0.023 per share and such dividend will be paid to the beneficial owners of the shares of the Company whose names are registered in the Norwegian Verdipapirsentralen (the Norwegian Registry of Securities) at the close of business on 11 September 2018. The Company's shares listed on the Oslo Stock Exchange will be traded including dividend up until and including 7 September 2018. The ex dividend date is 10 September 2018 and the dividend will be paid on or about 28 September 2018. The declared 2018 interim dividend has not been recognized as a liability at the end of the reporting period and will be payable in cash.

8. **Investment properties**

	30/6/2018	30/6/2017	31/12/2017
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
At 1 January	**15,632**	14,984	14,984
Disposals	**-**	(439)	(439)
Change in fair value	**-**	-	1,087
	15,632	14,545	15,632

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

The investment properties of the Group were not revalued at 30 June 2018 by independent valuers. The management was aware of the possible change in the conditions of the property market and considered that the carrying amount of the Group's investment properties did not differ significantly from that which had been determined using fair values at 31 December 2017. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

9. **Financial assets at fair value through OCI**

	30/6/2018
	(Unaudited)
	US$'000
Unlisted equity investments	
Co-investment in a property project	**2,371**
Unlisted club membership	
At 1 January, reclassified upon the adoption of IFRS 9 and HKFRS 9	**376**
Change in fair value	**(20)**
	356
	2,727

On 20 April 2018, a wholly owned subsidiary of the Company (the "Co-Investor") entered into an instrument of transfer of Dual Bliss Limited ("Dual Bliss") among the Co-Investor, the Investment Manager, Triple Smart Limited and Total Surplus Holdings Limited ("Total Surplus") (the "Transfer Document"), pursuant to which the Co-Investor shall acquire from Total Surplus 34.5901% of the issued non-voting participating class A shares of Dual Bliss at an amount equal to the Co-Investor's respective proportion of the capital contributions made by Total Surplus to Dual Bliss with interest and become liable to its attributable portion of the obligations relating to Total Surplus's participation in Dual Bliss of US$10,000,000. The objective of Dual Bliss is to give third party investors the opportunity to co-invest in a Shanghai property project with a holding period of the investment of approximately 5 years. To partially diversify the Group's maritime related core business which is highly cyclical in nature, the Board decides to invest a small proportion of the Group's capital into non-maritime related investment. The target market of the co-investment opportunity is focused on Shanghai, China. In light of the long term growth potential of such market, the Board is of the view that such diversification will be beneficial in the long term capital return and development of the Group. Taking into account the abovementioned factors, the Board considers that the terms and conditions of the co-investment are fair and reasonable and on normal commercial terms and are in the interests of the Company and its shareholders as a whole. Pursuant to the co-investment documents, 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 period, the Co-Investor paid US$2,352,000 in accordance with the terms and conditions of the co-investment documents and with interest of US$19,000 capitalized.

Upon the adoption of IFRS 9 and HKFRS 9: Financial Instruments, the Group's investment in unlisted club membership classified as available-for-sale financial assets as at 31 December 2017 are reclassified to financial assets at fair value through other comprehensive income ("OCI") with effect from 1 January 2018. Unlisted club membership stated at fair value represented investment in club membership which their fair values can be determined directly by reference to published price quotation in active market and were categorized as Level 1 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the period.

10. Financial assets at fair value through profit or loss

	30/6/2018	30/6/2017	31/12/2017
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Held for trading			
Listed equity securities	**28,240**	16,118	19,336
Listed debt securities	**2,351**	32,722	4,442
	30,591	48,840	23,778

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

11. Bank balances and cash

	30/6/2018	30/6/2017	31/12/2017
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**15,170**	25,514	64,742
Bank deposits with more than three months to maturity when placed	**13,400**	-	13,400
	28,570	25,514	78,142

12. Secured bank loans

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

	30/6/2018	30/6/2017	31/12/2017
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Within one year	**44,417**	11,809	60,925
In the second year	**35,362**	74,734	35,139
In the third to fifth year	**7,789**	56,151	41,761
Wholly repayable within five years	**87,568**	142,694	137,825
After the fifth year	**-**	2,100	-
Total secured bank loans	**87,568**	144,794	137,825
Less: Amount repayable within one year	**(44,417)**	(11,809)	(60,925)
Amount repayable after one year	**43,151**	132,985	76,900

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

The Group repaid all deferred installments on 10 January 2018 for those loans restructured during the forbearance period of US$31,407,000 to respective lenders. In March 2018, the Group also fully repaid two vessels' mortgage loans with relatively higher interest margin amounting to US$19,100,000. During the first six months of 2018, the Group had also drawn new revolving secured bank loans of US$11,026,000 for working capital purposes. The Group's total secured bank loans dropped from US$137,825,000 as of 31 December 2017 to US$87,568,000 on 30 June 2018.

13. Capital expenditures and commitments

During the six months ended 30 June 2018, capital expenditure on additions of property, plant and equipment was US$1,902,000 (30/6/2017: US$2,334,000).

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 period, the Co-Investor paid 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$7,648,000. Details of the co-investment have been published in the Group's announcement on 20 April 2018, which is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

As at 31 December 2017, there was no capital expenditure commitments contracted by the Group but not provided for.

14. Related party transactions

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

	3 months ended 30/6/2018	3 months ended 30/6/2017	**6 months ended 30/6/2018**	6 months ended 30/6/2017	Year ended 31/12/2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Salaries and other benefits	**1,595**	971	**3,275**	1,949	4,665
Contributions to retirement benefits schemes	**90**	49	**180**	99	198
	1,685	1,020	**3,455**	2,048	4,863

15. Events after the reporting date

Subsequent to the reporting date, the Group entered into a provisional agreement for sale and purchase with the vendor on 13 July 2018 in respect of the acquisition of investment properties at a consideration of HK$63,000,000. The investment properties located in a prime commercial area in Hong Kong closed to the Central district and are expected to generate steady and recurring stream of income for the Group. The expected completion of the acquisition of the investment properties will take place in November 2018.

On 16 July 2018, the Group entered into an agreement to dispose a Supramax of deadweight 50,777 metric tons at a consideration of US$8,350,000, which had been delivered to the purchaser in July 2018.

On 24 July 2018, the Group entered into an agreement to dispose a Supramax of deadweight 50,777 metric tons at a consideration of US$8,610,000, which had been delivered to the purchaser in July 2018.

On 2 August 2018, the Group entered into an agreement to dispose a Supramax of deadweight 52,961 metric tons at a consideration of US$8,700,000, which had been delivered to the purchaser in August 2018.

The disposal of these three vessels enabled the Group to enhance its working capital position and further strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate.

Grant Thornton 致同

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 22, which comprise the condensed consolidated statement of financial position as at 30 June 2018 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
Certified Public Accountants
Level 12
28 Hennessy Road, Wanchai
Hong Kong

29 August 2018

Chan Tze Kit
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JINHUI

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