JINHUI

JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

2012 RESULTS ANNOUNCEMENT

HIGHLIGHTS

FOR THE YEAR 2012

- Revenue for the year: HK$2,104 million
- Net profit attributable to shareholders for the year: HK$155 million
- Basic earnings per share: HK$0.292
- Gearing ratio as at 31 December 2012: 40%

CHAIRMAN'S STATEMENT

The Board is pleased to present the results of **Jinhui Holdings Company Limited** (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2012.

2012 ANNUAL RESULTS

The Group's revenue for the year was HK$2,104,425,000, representing a decline of 24% as compared to HK$2,784,292,000 for the year 2011. The net profit attributable to shareholders of the Company for the year was HK$154,765,000 whereas HK$259,266,000 was reported in 2011.

Basic earnings per share was HK$0.292 for the year as compared to that of HK$0.489 for the year 2011.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2012. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2012.

BUSINESS REVIEW

Chartering freight and hire. The Group operates its worldwide shipping activities through Jinhui Shipping and Transportation Limited, an approximately 54.77% owned subsidiary of the Company, whose shares are listed on the Oslo Stock Exchange, Norway.

Dry bulk shipping market was under severe challenges in 2012. China and India, the main driving forces for global seaborne trade, showed signs of slowing down in economic growth, reflecting economic distress in western countries has cascaded into the emerging countries. The continual delivery of new dry bulk tonnages rapidly outpaced market demand for dry bulk carriers, and caused market freight rates to drop rigorously. The market sentiment was further weighed down by the worsening Eurozone financial crisis when Spain revealed its banking crisis that immediately triggered a chain reaction on the financial markets across peripheral Europe. The Baltic Dry Index ("BDI") opened at 1,738 points at the beginning of 2012 and collapsed to its record low at 647 points on 3 February 2012. Despite global economy was seemingly stabilized after massive third round of quantitative easing and Eurozone bailout funds intervened into markets in the second half of 2012, economic growth prospects varied widely across the world with sharp sectorial disparities. The dry bulk shipping market continued rallying over the anticipated oversupply of tonnages, volatile demands in Asian countries, coupled with traditional seasonal demand of dry bulk commodities in winter season. The BDI declined to around 700 points in September 2012, climbed to around 1,100 points in early December and finally closed at 699 points by end of 2012.

The Group's operating results from chartering freight and hire for the year was constrained by the depressed market charter rates coupled with rising vessels operating expenses. Revenue from chartering freight and hire for the year decreased by 23% to HK$1,825,477,000 as comparing to HK$2,380,529,000 for the year 2011. Segment profit from chartering freight and hire for the year was HK$232,135,000 as comparing to HK$501,543,000 for the year 2011.

CHAIRMAN'S STATEMENT

The decline in segment revenue and segment profit from chartering freight and hire was mainly due to the expiration of some high earning charter contracts in late 2011 and early 2012, and lower charter rates upon redeployment of our fleet in prevailing weak market upon contract renewal in particular to larger size fleet. Despite market freight rate for Capesize fleet improved moderately in the fourth quarter of 2012 supported by rising Chinese iron ore imports, the overall Capesize freight rate has been at fairly low level in 2012, reflected in the decline of the average daily time charter equivalent rates ("TCE") of the Group's fleet.

The TCE of the Group's fleet were as follows:

	2012	2011
	US$	*US$*
Capesize Fleet	**11,709**	35,532
Post-Panamax / Panamax Fleet	**15,238**	19,660
Supramax / Handymax / Handysize Fleet	**15,512**	21,224
In average	**15,292**	21,785

The Group was exposed to the low freight rate environment mainly due to an oversupply of tonnages, and therefore had to enter into some loss-making chartered-out contracts in early 2012 as part of our fleet is due for contract renewal in the prevailing market conditions. In 2011, the Group's two chartered-in Capesizes were chartered-out at operating loss under two spot chartered-out contracts to be expired in April 2012. When approaching expiration of two chartered-out contracts, the Group committed the two Capesizes to new employment contracts in March and April 2012. Both employments were loss-making as the expected economic benefits derived from the contracts were below the fixed costs under two Capesizes' long term chartered-in contracts. Accordingly, the Group recognized provision for loss on charter hire of HK$174,662,000 in early 2012 for contracts which covered minimum lease periods of eight months until December 2012 and eighteen months until October 2013. The net provision for loss on charter hire of HK$12,268,000 for the year was included in shipping related expenses in the condensed consolidated statement of comprehensive income and the details were set out in note 4 on page 22.

During the year, the Group recognized settlement income of HK$123,894,000 in relation to the full settlement income from a charterer for early termination of time-charter contract, and the partial settlement of claim for damages and losses against Korea Line Corporation ("KLC") by receiving shares of KLC and partial cash settlement. The remaining settlement income from KLC will be settled by cash payments spanning through a period between 2013 and 2021. The Group would recognize the remaining settlement income from KLC when the realization of such income becomes virtually certain and cash or assets that are readily convertible to cash have been received.

Shipping related expenses for the year 2012 dropped to HK$1,146,475,000, as comparing to HK$1,162,569,000 for the year 2011. The decrease was primarily due to the expiration of a chartered-in contract of a Panamax in mid-2011 that led to the reduction in hire payments and the decrease in provision for loss on charter hire being recognized in the year. However, such decrease was partially offset by rising port expenses and bunker expenses incurred for certain voyage charters being carried out in the year.

Due to the expansion of owned fleet and relatively higher contract price of recently delivered owned vessels, depreciation and amortization for chartering freight and hire segment increased by 10% to HK$431,306,000 for the year 2012 from HK$392,194,000 for the year 2011. As at 31 December 2012, the Group had thirty eight owned vessels as compared to thirty five owned vessels as at 31 December 2011. The Group strives to maintain a low operating cost structure by keeping a young and cost-efficient fleet with average vessel age currently at six years.

Finance costs for chartering freight and hire segment for the year 2012 rose 19% to HK$66,988,000, as compared to HK$56,285,000 for the year 2011. The increase was attributable to the increase in the number of owned vessels of the Group and higher loan interest margin being agreed under loan facilities for the recently delivered owned vessels.

Trading. The Group operates its trading of chemical and industrial raw materials through Yee Lee Technology Company Limited, a 75% owned subsidiary of the Company.

The Group’s segment revenue from trading business dropped 31% to HK$278,948,000 for the year as comparing to HK$403,763,000 for the year 2011. Given the general unfavourable market conditions and the fall in commodity prices as a result of slackening demand for industrial commodities, the Group’s operating results from trading business was inevitably impacted by the reduced profit margin and reported segment loss of HK$2,425,000 from trading business for the year, whereas segment profit of HK$6,557,000 was reported in 2011.

Other financial information. As major stock markets rebounded in the second half of 2012, the Group recognized fair value gain on investment portfolio, predominantly in equity securities listed in Hong Kong, of HK$21,568,000 for the year and was recorded in unallocated other operating income. On the contrary, fair value loss on investment portfolio, of HK$55,493,000 was recognized for the year 2011 and was recorded in unallocated corporate expenses. In the absence of fair value loss on investment portfolio in 2012, the unallocated corporate expenses for the year decreased significantly as compared to that of in last year.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. As at 31 December 2012, the total of the Group's equity and debt securities, bank balances and cash decreased to HK$1,638,758,000 (2011: HK$2,110,913,000) and bank borrowings decreased to HK$4,431,376,000 (2011: HK$4,539,620,000), of which 13%, 12%, 37% and 38% are repayable respectively within one year, one to two years, two to five years and over five years. 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 40% as at 31 December 2012 (2011: 37%).

Secured bank loans drawn during the year comprised of vessel mortgage loans drawn upon delivery of three newbuildings, trust receipt loans and short term foreign currency demand loans. Vessel mortgage loans and trust receipt loans were denominated in United States Dollars and were committed on floating rate basis, whereas short term foreign currency demand loans were denominated in Japanese Yen and Euro and were committed on fixed rate basis. The demand loans allow flexibility for the Group to further enhance its working capital requirements at very low funding costs and to swiftly manage the currency exposures. 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.

Pledge of assets. As at 31 December 2012, the Group’s property, plant and equipment and investment properties with an aggregate net book value of HK$9,193,277,000 (2011: HK$8,584,672,000) and deposits of HK$154,248,000 (2011: HK$61,582,000) placed with banks were pledged together with the assignment of thirty eight (2011: thirty five) ship owning subsidiaries’ chartering income to secure credit facilities utilized by the Group. In addition, shares of thirty two (2011: twenty nine) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the year, capital expenditure on additions of the owned vessels and vessels under construction was HK$870,956,000 (2011: HK$1,162,826,000), on other property, plant and equipment was HK$5,799,000 (2011: HK$18,291,000), and on investment properties was HK$31,318,000 (2011: nil).

As at 31 December 2012, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK$339,333,000 (2011: HK$1,227,135,000), representing the Group's outstanding capital expenditure commitments to acquire two (2011: five) newbuildings at total contract price of US$17,500,000 and JPY6,410,500,000 (2011: US$35,000,000 and JPY16,221,000,000). The capital expenditure commitments included a Supramax newbuilding at original cost of US$17,500,000 and JPY1,910,500,000, which was contracted to be disposed to a third party at a consideration of US$17,685,600 and JPY1,929,798,000.

Events after the reporting date. Subsequent to the reporting date, the acquisition of the abovementioned Supramax newbuilding and the disposal of this newbuilding were mutually terminated with respective vendor and purchaser in March 2013. The termination of the acquisition and the termination of the disposal would not have any material adverse effect on the financial position and operations of the Group as the consideration paid to the vendor had been fully refunded to the Group and the consideration received from the purchaser had been fully refunded to the purchaser in March 2013.

OUTLOOK

2012 has been a challenging year not just for dry bulk shipping market, but for the entire global economy as a whole. While encouraging news and economic indicators have popped up periodically in news headline, there seems to be a lack of solid and persistent pattern in such events. We are of the view that the global economic health continues to remain weak at this juncture.

The market has been putting a lot of faith in Asia, with China as the bright spot. Indeed we also see the economic activities in the Asian region with China in particular to outperform the west. However, the high speed economic growth period of China has past. In order to preserve a positive, persistent, and healthy Chinese economic growth rate, the new Chinese Leaders will need to introduce new effective policies and measures that we are eagerly waiting for.

The dry bulk shipping market will continue to be an uphill battle in 2013 against this economic backdrop, with oversupply in tonnages, excess shipbuilding capacity and generally lower demand growth of dry seaborne trade. Although recent activities that positively reduced the supply side such as slippage and scrapping have been high, we expect that our industry may remain volatile before it gets better. Fewer banks are now offering ship financing against such outlook, especially given the extraordinary challenges financial institutions are already facing. Looking ahead, we expect further company defaults, rising counterparty risks, and further pressure on asset prices, but at the same time we believe there will be interesting opportunities for those who are patient, prepared and have placed liquidity as a priority in the past years.

We aspire to grow our business over the longer term, and will patiently and selectively look at suitable opportunities as they arise.

In the coming year, we will continue to focus on the basics as our top priority: maintain a strong financial position and a healthy gearing level, monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, and keeping costs in check to enhance our margins. We see both headwind and murky waters ahead of us and 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.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 15 March 2013

COMPLIANCE OF THE CODE PROVISIONS

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period from 1 January 2012 to 31 March 2012, and with the amended Corporate Governance Code (the "CG Code") throughout the period from 1 April 2012 to 31 December 2012, with deviations as explained in following sections.

Code provision A.2.1 / CG Code provision A.2.1

Under code provision A.2.1 of the Code and the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and the Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes deviations from code provision A.2.1 of the Code and the CG Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive.

As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Group. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company as one-third of the Board members are represented by the independent non-executive directors and the Board will meet regularly to consider major matters affecting the operations of the Group and all directors of the Company (the "Directors") are properly briefed on the matters arising at the Board meetings with adequate, complete and reliable information received in a timely manner. The current structure also allows flexibility and enhances the efficiency of decision making process in response to the constantly changing competitive environment.

As the Chairman's major responsibility is to manage the Board whereas the Managing Director's major responsibility is to manage the Group's businesses, the Board considers that the responsibilities of the Chairman and the Managing Director are clear and distinctive and hence written terms thereof are not necessary. Although the respective responsibilities of the Chairman and the Managing Director are not set out in writing, power and authority are not concentrated in any one individual and all major decisions are made in consultation with members of the Board and appropriate board committees, as well as senior management.

Going forward, the Board will periodically review the effectiveness of this arrangement, the board composition as well as division of responsibilities to enhance best interests of the Company and its shareholders as a whole.

Code provision A.4.2 / CG Code provision A.4.2

Under code provision A.4.2 of the Code and the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Articles of Association of the Company, all Directors other than the Chairman and the Managing Director shall be subject to retirement by rotation at least once every three years and any new directors appointed to fill casual vacancies or as an addition to the Board shall be subject to election by shareholders at the annual general meeting after their appointments.

As the Chairman and the Managing Director are not subject to retirement by rotation in accordance with the Articles of Association of the Company, this constitutes deviations from code provision A.4.2 of the Code and the CG Code. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group's business continuity and stability, and there should be planned and orderly succession for these offices. Since continuation is a key factor to the successful implementation of the Company's business plans and strategies, any Director holding the office as the Chairman or the Managing Director should therefore be exempted from the retirement by rotation and re-election at the Company's annual general meeting and the Board believes this arrangement is most beneficial to the Company and its shareholders.

Code provision A.4.1 / CG Code provision A.4.1

Under code provision A.4.1 of the Code and the CG Code, non-executive directors should be appointed for a specific term, subject to re-election.

The non-executive directors of the Company are not appointed for specific terms. This constitutes deviations from code provision A.4.1 of the Code and the CG Code. In accordance with the Articles of Association of the Company, non-executive directors will be subject to retirement by rotation at least once every three years and re-appointed at annual general meeting of the Company. The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than those in the Code and the CG Code. Nevertheless, the Board wishes to meet the objectives of the relevant code provisions and formal letters of appointment with specific terms with independent non-executive directors are being arranged with effective date on 1 January 2013.

CG Code provisions A.5.1 to A.5.5

In respect of code provisions A.5.1 to A.5.5 of the CG Code, the Company had not established a nomination committee in 2012.

During the year 2012, the Company had not established a nomination committee as the procedures for shareholders of the Company to elect a director has properly published in the Company's website, and the Board is responsible for monitoring its structure, size and composition, reviewing the succession plan for the Directors, in particular the Chairman and the Managing Director, and understanding the need for any changes as well as maintaining contacts with shareholders, board committee members and senior management. The relevant function performed by the Board as a whole is considered sufficient to maintain the corporate governance practices of the Company.

Nevertheless, the Board wishes to meet the objectives of the relevant code provisions and the Nomination Committee has been established since 1 January 2013. The Nomination Committee is chaired by Mr. Cui Jianhua. The other members are Mr. Tsui Che Yin Frank and Mr. William Yau. All members of the Nomination Committee are independent non-executive directors of the Company. The terms of reference of Nomination Committee, explaining its roles and authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com.

CG Code provision D.1.4

Under code provision D.1.4 of the CG Code, directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

There are no formal letters of appointment for Directors setting out the key terms and conditions of their appointments. This constitutes a deviation from code provision D.1.4 of the CG Code. It is not the Company's practice to have formal letters of appointment for Directors. Directors understand clearly about their duties to the Company, to which they are collectively and individually responsible for. Nevertheless, the Board wishes to meet the objectives of the relevant code provision and formal letters of appointment for Directors setting out the key terms and conditions of their appointments are being arranged with effective date on 1 January 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the year ended 31 December 2012.

CORPORATE GOVERNANCE

SCOPE OF WORK OF THE AUDITORS

The figures in the preliminary results announcement of the Group for the year ended 31 December 2012 have been agreed by the Group's auditors, Grant Thornton (formerly known as Grant Thornton Jingdu Tianhua) (the "Auditors"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditors on the preliminary results announcement.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors. The Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the Company's interim and annual reports before submission to the Board. The Group's financial statements for the year ended 31 December 2012 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

SUPPLEMENTARY INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

ANNUAL GENERAL MEETING AND BOOK CLOSURE

The Annual General Meeting of the Company will be held on Tuesday, 14 May 2013. Notice of the Annual General Meeting will be published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com, and will be despatched to shareholders of the Company in due course.

The register of members of the Company will be closed from Friday, 10 May 2013 to Tuesday, 14 May 2013, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for voting at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Thursday, 9 May 2013.

EMPLOYEES

As at 31 December 2012, the Group had 107 (2011: 106) full-time employees. The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

FLEET

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers.

During the year, a newly built Handysize named as "Jin Yu" and two newly built Supramaxes named as "Jin Ze" and "Jin Xiang" were delivered to the Group.

As at 31 December 2012, the Group had thirty eight owned vessels which included two modern Post-Panamaxes, two modern Panamaxes, thirty two modern grabs fitted Supramaxes, one Handymax and one Handysize.

Apart from the owned vessels, the Group operated three chartered-in vessels which included two Capesizes and one Supramax as at 31 December 2012.

FLEET DETAILS

The fleet details after the year ended 31 December 2012 and up to 27 February 2013 were as follows:

	Number of vessels						
	In operation			Newbuildings / New charters			
	Owned	**Chartered**	**Subtotal**	**Owned**	**Chartered**	**Subtotal**	**Total**
Capesize Fleet							
As at 1 January 2013	-	2	2	-	-	-	2
Redelivery of vessel *(Note)*	-	(1)	(1)	-	-	-	(1)
As at 27 February 2013	-	1	1	-	-	-	1
Post-Panamax / Panamax Fleet							
As at 1 January 2013 and 27 February 2013	4	-	4	-	-	-	4
Supramax / Handymax / Handysize Fleet							
As at 1 January 2013 and 27 February 2013	34	1	35	1	-	1	36
Total Fleet							
As at 27 February 2013	38	2	40	1	-	1	41

Note:

A chartered-in Capesize with charter period expiring in April 2013 was early redelivered to the owner in January 2013.

SUPPLEMENTARY INFORMATION

According to the Company's best estimation, the activity of the Group's fleet as at 27 February 2013 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	2013	2014
Capesize Fleet	Coverage	*%*	79	-
	Operating days covered	*Days*	313	-
	Daily TCE	*US$*	13,170	-
Post-Panamax / Panamax Fleet	Coverage	*%*	38	6
	Operating days covered	*Days*	548	83
	Daily TCE	*US$*	27,717	38,200
Supramax / Handymax / Handysize Fleet	Coverage	*%*	38	1
	Operating days covered	*Days*	4,946	173
	Daily TCE	*US$*	20,730	34,000

Chartered-in Fleet – TCE cost:

		Unit	2013	2014
Capesize Fleet	Operating days	*Days*	395	41
	Daily TCE cost	*US$*	43,506	44,000
Supramax Fleet	Operating days	*Days*	300	N/A
	Daily TCE cost	*US$*	36,000	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Revenue	2	**2,104,425**	2,784,292
Other operating income	3	**233,159**	145,798
Interest income		**36,686**	30,075
Shipping related expenses	4	**(1,146,475)**	(1,162,569)
Cost of trading goods sold		**(265,776)**	(379,821)
Staff costs		**(103,346)**	(150,442)
Impairment loss on owned vessels and vessels under construction		**-**	(198,330)
Other operating expenses		**(64,385)**	(127,082)
Operating profit before depreciation and amortization	5	**794,288**	941,921
Depreciation and amortization		**(446,031)**	(406,105)
Operating profit		**348,257**	535,816
Finance costs		**(68,299)**	(56,922)
Profit before taxation		**279,958**	478,894
Taxation	6	**(540)**	(1,205)
Net profit for the year		**279,418**	477,689
Other comprehensive income			
Change in fair value of available-for-sale financial assets		**400**	4,980
Total comprehensive income for the year		**279,818**	482,669
Net profit for the year attributable to:			
Shareholders of the Company		**154,765**	259,266
Non-controlling interests		**124,653**	218,423
		279,418	477,689
Total comprehensive income for the year attributable to:			
Shareholders of the Company		**155,165**	264,165
Non-controlling interests		**124,653**	218,504
		279,818	482,669
Earnings per share	7		
- Basic		**HK$0.292**	HK$0.489
- Diluted		**HK$0.292**	HK$0.484

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,436,105**	9,005,279
Investment properties		**93,800**	58,910
Goodwill		**39,040**	39,040
Available-for-sale financial assets		**24,081**	23,681
Intangible assets		**1,769**	1,933
		9,594,795	9,128,843
Current assets			
Inventories		**109,093**	53,472
Trade and other receivables	*9*	**430,930**	410,776
Financial assets at fair value through profit or loss		**618,016**	492,659
Pledged deposits		**154,248**	61,582
Bank balances and cash	*10*	**1,020,742**	1,618,254
		2,333,029	2,636,743
Current liabilities			
Trade and other payables	*11*	**500,270**	521,857
Provisions	*12*	**67,547**	55,279
Current taxation		**291**	308
Secured bank loans	*13*	**586,475**	536,572
		1,154,583	1,114,016
Net current assets		**1,178,446**	1,522,727
Total assets less current liabilities		**10,773,241**	10,651,570
Non-current liabilities			
Secured bank loans	*13*	**3,844,901**	4,003,048
Net assets		**6,928,340**	6,648,522
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**53,029**	53,029
Reserves		**3,836,801**	3,681,636
		3,889,830	3,734,665
Non-controlling interests		**3,038,510**	2,913,857
Total equity		**6,928,340**	6,648,522

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to shareholders of the Company									
	Issued capital	Share premium	Capital redemption reserve	Other asset revaluation reserve	Employee share-based compensation reserve	Reserve for available-for-sale financial assets	Retained profits	Subtotal	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	53,029	324,590	4,020	4,777	26,259	8,496	3,049,329	3,470,500	2,695,353	6,165,853
Net profit for the year	-	-	-	-	-	-	259,266	259,266	218,423	477,689
Other comprehensive income for the year	-	-	-	-	-	4,899	-	4,899	81	4,980
Total comprehensive income for the year	-	-	-	-	-	4,899	259,266	264,165	218,504	482,669
At 31 December 2011	53,029	324,590	4,020	4,777	26,259	13,395	3,308,595	3,734,665	2,913,857	6,648,522
At 1 January 2012	53,029	324,590	4,020	4,777	26,259	13,395	3,308,595	3,734,665	2,913,857	6,648,522
Net profit for the year	-	-	-	-	-	-	154,765	154,765	124,653	279,418
Other comprehensive income for the year	-	-	-	-	-	400	-	400	-	400
Total comprehensive income for the year	-	-	-	-	-	400	154,765	155,165	124,653	279,818
At 31 December 2012	**53,029**	**324,590**	**4,020**	**4,777**	**26,259**	**13,795**	**3,463,360**	**3,889,830**	**3,038,510**	**6,928,340**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Note	2012	2011
		HK$'000	*HK$'000*
OPERATING ACTIVITIES			
Cash generated from operations		**567,895**	955,894
Interest paid		**(68,304)**	(54,415)
Hong Kong Profits Tax paid		**(32)**	(836)
PRC Corporate Income Tax paid		**(573)**	(601)
Net cash from operating activities		**498,986**	900,042
INVESTING ACTIVITIES			
Interest received		**35,662**	28,265
Decrease (Increase) in bank deposits with more than three months to maturity when placed		**90,448**	(91,093)
Dividend income received		**5,530**	4,606
Purchase of property, plant and equipment		**(876,755)**	(1,181,092)
Proceeds from disposal of property, plant and equipment		**50**	2,959
Purchase of investment properties		**(31,318)**	-
Net cash used in investing activities		**(776,383)**	(1,236,355)
FINANCING ACTIVITIES			
New secured bank loans		**733,653**	675,285
Repayment of secured bank loans		**(870,654)**	(488,026)
Decrease (Increase) in pledged deposits		**(92,666)**	34,599
Net cash from (used in) financing activities		**(229,667)**	221,858
Net decrease in cash and cash equivalents		**(507,064)**	(114,455)
Cash and cash equivalents at 1 January		**1,410,161**	1,524,616
Cash and cash equivalents at 31 December	*10*	**903,097**	1,410,161

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong. In addition, these condensed consolidated financial statements included applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

The accounting policies and basis of preparation adopted in these financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2011.

2. Segment information

The Group is principally engaged in the businesses of ship chartering and ship owning, and trading of chemical and industrial raw materials and the management has regarded these two businesses as the operating segments to be reported to the chief operating decision maker.

The following tables present the Group's reportable segment revenue, segment results, segment assets and segment liabilities, and reconcile the Group's total reportable segment results, segment assets and segment liabilities to the Group's net profit for the year, total assets and total liabilities as presented in the condensed consolidated financial statements.

	Chartering freight and hire *HK$'000*	Trading *HK$'000*	Total *HK$'000*
Year ended 31 December 2012			
Segment revenue	**1,825,477**	**278,948**	**2,104,425**
Segment results	**232,135**	**(2,425)**	**229,710**
Unallocated income and expenses			
Interest income			**36,686**
Unallocated other operating income			**45,207**
Unallocated corporate expenses			**(31,645)**
Profit before taxation			**279,958**
Taxation			**(540)**
Net profit for the year			**279,418**
As at 31 December 2012			
Segment assets	**9,654,796**	**102,786**	**9,757,582**
Unallocated assets			
Pledged deposits			**154,248**
Bank balances and cash			**1,020,742**
Other current assets			**638,975**
Other non-current assets			**356,277**
Total assets			**11,927,824**
Segment liabilities	**4,881,905**	**49,634**	**4,931,539**
Unallocated liabilities			
Other current liabilities			**67,945**
Total liabilities			**4,999,484**

2. Segment information (Continued)

	Chartering freight and hire *HK$'000*	Trading *HK$'000*	Total *HK$'000*
Year ended 31 December 2011			
Segment revenue	2,380,529	403,763	2,784,292
Segment results	501,543	6,557	508,100
Unallocated income and expenses			
Interest income			30,075
Unallocated other operating income			18,083
Unallocated corporate expenses			(77,364)
Profit before taxation			478,894
Taxation			(1,205)
Net profit for the year			477,689
As at 31 December 2011			
Segment assets	9,167,866	83,507	9,251,373
Unallocated assets			
Pledged deposits			61,582
Bank balances and cash			1,618,254
Other current assets			504,519
Other non-current assets			329,858
Total assets			11,765,586
Segment liabilities	4,963,577	19,495	4,983,072
Unallocated liabilities			
Other current liabilities			133,992
Total liabilities			5,117,064

3. Other operating income

Other operating income for the year 2012 mainly included settlement income of HK$123,894,000 in relation to the full settlement income from a charterer for early termination of time-charter contract, and the partial settlement of claim for damages and losses against Korea Line Corporation ("KLC") by receiving shares of KLC and partial cash settlement. These shares had been accounted for as financial assets at fair value through profit or loss as at 31 December 2012.

For the year 2011, there was a compensation income of HK$24,559,000 received from a charterer for early redelivery of a chartered-in Capesize prior to expiry of the charter period.

4. Shipping related expenses

Shipping related expenses mainly include hire payments and commission payments, vessels operating expenses, and provision for loss on charter hire. Vessels operating expenses primarily comprise of crew expenses, insurances, spare parts and consumables, repairs and maintenance, and other operating expenses.

Provision for loss on charter hire is recognized when the Group has present obligation arising under onerous charter contracts, where the unavoidable costs of meeting the contractual obligations exceed the expected economic benefits to be received under the contracts.

The following table illustrated the net provision for loss on charter hire charged / (credited) to the Group's condensed consolidated statement of comprehensive income for the years.

	2012	2011
	HK$'000	*HK$'000*
Provision recognized	**174,662**	165,192
Provision utilized	**(162,394)**	(109,913)
Net provision for loss on charter hire	**12,268**	55,279

In 2011, the Group's two chartered-in Capesizes were chartered-out at operating loss under two spot chartered-out contracts to be expired in April 2012. When approaching expiration of two chartered-out contracts, the Group committed the two Capesizes to new employment contracts in March and April 2012. Both employments were loss-making as the expected economic benefits derived from the contracts were below the fixed costs under two Capesizes' long term chartered-in contracts. Accordingly, the Group recognized provision for loss on charter hire of HK$174,662,000 in early 2012 for contracts which covered minimum lease periods of eight months until December 2012 and eighteen months until October 2013.

NOTES TO THE FINANCIAL STATEMENTS

5. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	2012 HK$'000	2011 HK$'000
(Reversal of impairment loss) Impairment loss on trade receivables	**(1,970)**	4,943
Dividend income	**(5,549)**	(5,319)
Net (gain) loss on financial assets at fair value through profit or loss	**(27,872)**	47,508
Net (gain) loss on disposal / write-off of property, plant and equipment	**12**	(2,328)

6. Taxation

The amount of taxation charged / (credited) to the condensed consolidated statement of comprehensive income represents:

	2012 HK$'000	2011 HK$'000
Hong Kong Profits Tax:		
Current year	-	595
Over provision in prior year	**(24)**	-
PRC Corporate Income Tax:		
Current year	**516**	610
Under provision in prior year	**48**	-
	540	1,205

Hong Kong Profits Tax has not been provided as the Group has no assessable profits for the year (2011: 16.5% on the estimated assessable profits). In the opinion of the Directors, a substantial portion of the Group's income neither arose in nor was derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax.

PRC Corporate Income Tax has been provided at the applicable rate on the estimated assessable profits of a PRC subsidiary for the year.

Apart from tax charges on estimated assessable profits arising in Hong Kong and mainland China, the Group is not subject to taxation in any other jurisdictions in which the Group operates.

7. Earnings per share

Basic and diluted earnings per share were calculated on the net profit attributable to shareholders of the Company for the year of HK$154,765,000 and the weighted average number of 530,289,480 ordinary shares in issue during the year. Diluted earnings per share was the same as basic earnings per share as the exercise prices of the share options were greater than the average market price of the Company's share for the year and thus there was no potential dilutive effect on the basic earnings per share.

Basic earnings per share for the year 2011 was calculated on the net profit attributable to shareholders of the Company for the year of HK$259,266,000 and the weighted average number of 530,289,480 ordinary shares in issue during the year.

Diluted earnings per share for the year 2011 was calculated on the net profit attributable to shareholders of the Company for the year of HK$259,266,000 and the weighted average number of 530,289,480 ordinary shares in issue during the year and adjusting for the potential dilutive ordinary shares of 5,265,150 arising from the share options granted under the Company's share option scheme.

8. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2012 (2011: nil).

9. Trade and other receivables

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**61,742**	93,280
Prepayments, deposits and other receivables	**369,188**	317,496
	430,930	410,776

The aging analysis of trade receivables (net of impairment loss) is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 3 months	**51,433**	81,353
Over 3 months but within 6 months	**5,615**	3,698
Over 6 months but within 12 months	**3,103**	7,016
Over 12 months	**1,591**	1,213
	61,742	93,280

NOTES TO THE FINANCIAL STATEMENTS

9. Trade and other receivables (Continued)

Management has a credit policy in place for approving the credit limits and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. Credit evaluations including assessing the customer's creditworthiness and financial standing are performed on customers requiring a credit over certain amount.

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment. The credit terms given to trading customers vary based on the financial assessments and payment track records. General credit terms for trading customers range from 30 to 90 days following the month in which sales take place.

10. Bank balances and cash

	2012	2011
	HK$'000	*HK$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**903,097**	1,410,161
Bank deposits with more than three months to maturity when placed	**117,645**	208,093
	1,020,742	1,618,254

11. Trade and other payables

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**24,653**	14,612
Accrued charges and other payables	**475,617**	507,245
	500,270	521,857

The aging analysis of trade payables is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 3 months	**8,542**	7,652
Over 3 months but within 6 months	**1,367**	-
Over 6 months but within 12 months	**559**	1,140
Over 12 months	**14,185**	5,820
	24,653	14,612

NOTES TO THE FINANCIAL STATEMENTS

12. Provisions

At the reporting date, provisions represented provision for loss on charter hire of HK$67,547,000 (2011: HK$55,279,000).

The movements for provision for loss on charter hire during the year are as follows:

	2012	2011
	HK$'000	*HK$'000*
At 1 January	**55,279**	-
Provision recognized	**174,662**	165,192
Provision utilized	**(162,394)**	(109,913)
At 31 December	**67,547**	55,279

13. Secured bank loans

	2012	2011
	HK$'000	*HK$'000*
Vessel mortgage loans	**4,385,437**	4,521,461
Trust receipt loans	**45,939**	18,159
Total secured bank loans	**4,431,376**	4,539,620
Less: Amount repayable within one year	**(586,475)**	(536,572)
Amount repayable after one year	**3,844,901**	4,003,048

At the reporting date, vessel mortgage loans and trust receipt loans were denominated in United States Dollars and were committed on floating rate basis.

14. Capital expenditures and commitments

During the year, capital expenditure on additions of the owned vessels and vessels under construction was HK$870,956,000 (2011: HK$1,162,826,000), on other property, plant and equipment was HK$5,799,000 (2011: HK$18,291,000), and on investment properties was HK$31,318,000 (2011: nil).

At the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK$339,333,000 (2011: HK$1,227,135,000), representing the Group's outstanding capital expenditure commitments to acquire two (2011: five) newbuildings at total contract price of US$17,500,000 and JPY6,410,500,000 (2011: US$35,000,000 and JPY16,221,000,000). The capital expenditure commitments included a Supramax newbuilding at original cost of US$17,500,000 and JPY1,910,500,000, which was contracted to be disposed to a third party at a consideration of US$17,685,600 and JPY1,929,798,000.

15. Comparative figures

Certain comparative figures have been included in order to conform to the current year’s presentation.

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Company for the year ended 31 December 2012 containing all the detailed information will be despatched to shareholders of the Company and available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com in due course.

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