JINHUI

JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

HIGHLIGHTS

FOR THE FIRST HALF OF 2013

Revenue for the period: HK$975 million

Net profit attributable to shareholders for the period: HK$13 million

Basic earnings per share: HK$0.025

Gearing ratio as at 30 June 2013: 38%

CHAIRMAN'S STATEMENT

The Board is pleased to present the interim results of **Jinhui Holdings Company Limited** (the "Company") and its subsidiaries (the "Group") for the six months ended 30 June 2013.

INTERIM RESULTS

The Group's revenue for the first half of 2013 was HK$975,278,000 whereas HK$1,066,674,000 was reported in the same period of 2012. The net profit attributable to shareholders of the Company for the first half of 2013 was HK$13,069,000, representing a decline of 81% as compared to HK$67,992,000 for the first half of 2012.

Basic earnings per share was HK$0.025 for the six months ended 30 June 2013 as compared to basic earnings per share of HK$0.128 for the last corresponding period in 2012.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2013 (30/6/2012: nil).

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 had showed a moderate improvement in the first half of 2013. With continued scrapping activities of old tonnages and the slowdown of newbuildings delivery, market freight rates recovered on the back of increasing dry seaborne activities in early 2013 due to bumper harvest of grain and crops in South American countries and rising coal exporting activities in Asia-pacific countries encouraged demand for dry bulk vessels in shipping market. Baltic Dry Index ("BDI") opened at 699 points at the beginning of 2013, gradually climbed to 935 points on 25 March 2013 and dropped slowly to around 800 points in early June. The dry bulk shipping market was reenergized since mid-June and continued its upward trend when restocking activities of iron ore and coal resumed noticeably in China. BDI rose over 45% in June and closed at its peak of the period at 1,171 points by end of June 2013. The recent surge could only be sustainable when market demand for dry bulk vessels would outpace the tonnages supply. However, the oversupply of tonnages and excessive shipbuilding capacity would continue to hinder the turnaround of dry bulk shipping market.

CHAIRMAN'S STATEMENT

The Group's operating results from chartering freight and hire for the first half of 2013 was affected by the decreased segment revenue in a low freight rate environment. Revenue from chartering freight and hire for the first half of year dropped 9% from HK$930,286,000 in 2012 to HK$846,174,000 in 2013. The decrease in segment revenue for the period was mainly due to the fall in chartering freight and hire income arising from the Group's owned and chartered-in vessels when certain charter contracts were entered into with charterers at relatively low freight rates, and less segment revenue was contributed from chartered-in vessels as two chartered-in vessels were redelivered to owners in August 2012 and January 2013.

The average daily time charter equivalent rates ("TCE") of the Group's fleet were as follows:

	2013 1st half	2012 1st half	2012
	US$	*US$*	*US$*
Capesize Fleet	**13,030**	11,253	11,709
Post-Panamax / Panamax Fleet	**14,989**	15,261	15,238
Supramax / Handymax / Handysize Fleet	**13,432**	16,531	15,512
In average	**13,568**	16,128	15,292

Shipping related expenses decreased by 22% to HK$505,065,000 for the first half of 2013 as compared to HK$651,266,000 for the first half of 2012. The decrease was mainly attributable to the absence of provision for loss on charter hire being recognized in current period while a net provision for loss on charter hire of HK$91,117,000 was provided in the first half of 2012 for two loss-making vessel employment contracts and included in shipping related expenses. In addition, due to the redelivery of two chartered-in vessels to owners in August 2012 and January 2013, hire payments in current period for chartered-in vessels reduced by HK$61,672,000 as compared to the last corresponding period in 2012. However, the decrease was partially offset by the rising bunker expenses incurred in additional voyage charters being carried out in current period.

Despite there was no provision for loss on charter hire being recognized in current period, segment profit from chartering freight and hire for the first half of 2013 declined to HK$72,122,000 as compared to HK$149,446,000 for the same period in 2012. The significant decline in segment profit for the period was mainly due to no exceptional settlement income being recognized in current period while settlement income of HK$123,337,000 from two charterers was recognized in the first half of 2012 and such income was included in other operating income. Segment profit from chartering freight and hire for the period was also affected by the reduced segment revenue and rising depreciation charges of our owned vessels during current period.

Due to relatively higher contract price of recently delivered owned vessels, depreciation and amortization for the segment of chartering freight and hire increased by 8% to HK$225,725,000 for the first half of 2013.

Finance costs for chartering freight and hire segment for the first half of 2013 decreased by 17% to HK$28,117,000, as comparing to HK$33,794,000 for the last corresponding period in 2012. The decrease was mainly attributable to the reduction in average outstanding loan principal under aggressive loan repayment schedules, and partially offset by 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 slightly to HK$129,104,000 for the first half of 2013 as comparing to HK$136,388,000 for the first half of 2012. The Group's segment results from trading business improved in current period when the Group strived to source and introduce new products with better profit margin to reach new customers through new sales channels. For the first half of 2013, the Group reported segment profit of HK$1,827,000 from trading business, whereas segment loss of HK$632,000 was reported in last corresponding period in 2012.

Other financial information. The unallocated corporate expenses rose over 50% to HK$65,445,000 for the first half of 2013 due to the increase in fair value loss on investment portfolio. Global financial markets experienced a volatile period when U.S. Federal Reserve officials indicated in May that the massive quantitative easing measures would be scaling back at an earlier time than the market previously expected and Chinese authorities imposed tightening measures of liquidity to moderate the excessive lending in banking sectors in June. Most Asian stock markets and commodities markets slumped as a consequence of heavy fund outflows and bond prices generally fell as interest rates of U.S. and China soared at end of June. In the first half of 2013, the Group recognized fair value loss on investment portfolio, predominantly in equity securities listed in Hong Kong, of HK$50,309,000 which was accounted for net loss on financial assets at fair value through profit or loss and was included in other operating expenses. For the last corresponding period in 2012, the Group recorded fair value loss on investment portfolio of HK$28,644,000 when global stock markets slipped on continued concerns over deteriorating European sovereign debt crisis.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. As at 30 June 2013, the total of the Group's equity and debt securities, bank balances and cash fell to HK$1,484,445,000 (31/12/2012: HK$1,638,758,000). The Group's bank borrowings decreased to HK$4,121,979,000 as at 30 June 2013 (31/12/2012: HK$4,431,376,000), of which 13%, 13%, 37% and 37% are repayable respectively within one year, one to two years, two to five years and over five years. All bank borrowings were denominated in United States Dollars and were committed on floating rate basis.

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, dropped to 38% as at 30 June 2013 (31/12/2012: 40%). 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 30 June 2013, the Group's property, plant and equipment and investment properties with an aggregate net book value of HK$8,986,714,000 (31/12/2012: HK$9,193,277,000), and deposits of HK$183,876,000 (31/12/2012: HK$154,248,000) placed with banks were pledged together with the assignment of thirty eight (31/12/2012: thirty eight) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of thirty two (31/12/2012: thirty two) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the six months ended 30 June 2013, capital expenditure on additions of owned vessels and vessels under construction was HK$23,357,000 (30/6/2012: HK$597,109,000), and on other property, plant and equipment was HK$1,003,000 (30/6/2012: HK$4,309,000).

As at 30 June 2013, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK$176,013,000 (31/12/2012: HK$339,333,000), representing the Group's outstanding capital expenditure commitments to acquire one (31/12/2012: two) newbuildings at total contract price of JPY4,500,000,000 (31/12/2012: US$17,500,000 and JPY6,410,500,000).

OUTLOOK

2013 has proven to be a very challenging year for dry bulk shipping market so far. The global economic growth continues to vary from region to region, with U.S. showing more encouraging signs of improvement than Europe. As mentioned previously, relying growth driven by Asia region, in particular China is unrealistic given super-fast growth rate cannot be expected perpetually.

To date, Chinese Leaders continue to focus on measures that curb fixed asset investments and asset prices, the country that has been driving the most demand growth in dry bulk commodities continues to slow down their import requirements. While the overall demand volume is rising and is expected to rise over the longer term, when piece together the oversupply in tonnages and excess shipbuilding capacity, it is expected a low freight rate environment is likely for the remaining of the year. Although recent activities that positively reduced the supply side such as slippage and scrapping have been higher than previous years, we expect that the operating environment of our industry will remain tough in 2013.

CHAIRMAN'S STATEMENT

One factor which we watch carefully on our radar screen is the interest rate environment. With U.S. dollar remaining to be the primary currency for global trade, the imminent retreat of the Quantitative Easing measures by U.S. will no doubt affect the global funding environment as well as the appetite for new investments across all industries. Ship financing for newbuildings projects will become even more expensive and hard to come by, especially when lesser financial institutions now participate in financing for this industry. Funding costs, a relatively rigid cost as well as challenging environment to increase revenue in our shipping industry should increase the barriers of entry and discourage excess new supply being ordered. Smaller and non-competitive industry participants with lesser industry expertise, commitment and financial strength would be forced to exit the market in time, though restoration of balance in shipping capacity versus demand in dry seaborne trade is not expected in the near future.

Looking ahead, we expect further company defaults and rising counterparty risks, 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.

For the remaining of the year, we will continue to focus on the basics: maintain a strong financial position and a healthy gearing level, monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins. We will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 30 August 2013

COMPLIANCE OF THE CODE PROVISIONS

The Company has complied with the Corporate Governance Code (the "CG 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 six months ended 30 June 2013, with deviations as explained in following sections.

CG Code provision A.2.1
Under code provision A.2.1 of 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 deviation from code provision A.2.1 of 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.

CORPORATE GOVERNANCE

CG Code provision A.4.2

Under code provision A.4.2 of 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 deviation from code provision A.4.2 of 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.

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 six months ended 30 June 2013.

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 unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013.

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 six months ended 30 June 2013.

EMPLOYEES

As at 30 June 2013, the Group had 110 (31/12/2012: 107) 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.

As at 30 June 2013, 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 owned vessels, the Group operated two chartered-in vessels which included one Capesize and one Supramax as at 30 June 2013.

Fleet Details

As at 30 June 2013 and up to 28 August 2013, the Group had thirty eight owned vessels and two chartered-in vessels in operation as follows:

	Number of vessels in operation		
	Owned	Chartered-in	Total
Capesize Fleet	-	1	1
Post-Panamax Fleet	2	-	2
Panamax Fleet	2	-	2
Supramax / Handymax Fleet	33	1	34
Handysize Fleet	1	-	1
Total Fleet	**38**	**2**	**40**

SUPPLEMENTARY INFORMATION

Fleet Activity
According to the Company's best estimation, the activity of the Group's fleet as at 28 August 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$*	13,170	-
Post-Panamax / Panamax Fleet	Coverage	%	77	6
	Operating days covered	*Days*	1,074	83
	Daily TCE	*US$*	18,170	38,200
Supramax / Handymax / Handysize Fleet	Coverage	%	72	2
	Operating days covered	*Days*	9,031	188
	Daily TCE	*US$*	14,960	32,054

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Note	**Six months ended 30 June 2013 (Unaudited)** *HK$'000*	Six months ended 30 June 2012 (Unaudited) *HK$'000*
Revenue	2	**975,278**	1,066,674
Other operating income		**41,214**	159,890
Interest income		**13,489**	19,063
Shipping related expenses	3	**(505,065)**	(651,266)
Cost of trading goods sold		**(119,338)**	(129,655)
Staff costs		**(34,962)**	(31,319)
Other operating expenses		**(81,834)**	(56,573)
Operating profit before depreciation and amortization	4	**288,782**	376,814
Depreciation and amortization		**(233,045)**	(215,373)
Operating profit		**55,737**	161,441
Finance costs		**(28,306)**	(33,943)
Profit before taxation		**27,431**	127,498
Taxation	5	**(178)**	(118)
Net profit and total comprehensive income for the period		**27,253**	127,380
Net profit and total comprehensive income for the period attributable to:			
Shareholders of the Company		**13,069**	67,992
Non-controlling interests		**14,184**	59,388
		27,253	127,380
Earnings per share	6		
- Basic		**HK$0.025**	HK$0.128
- Diluted		**HK$0.025**	HK$0.128

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,227,503**	9,436,105
Investment properties		**93,800**	93,800
Goodwill		**39,040**	39,040
Available-for-sale financial assets	*8*	**23,911**	24,081
Intangible assets		**1,686**	1,769
		9,385,940	9,594,795
Current assets			
Inventories		**52,107**	109,093
Trade and other receivables	*9*	**268,527**	430,930
Financial assets at fair value through profit or loss	*10*	**737,470**	618,016
Pledged deposits		**183,876**	154,248
Bank balances and cash	*11*	**746,975**	1,020,742
		1,988,955	2,333,029
Current liabilities			
Trade and other payables	*12*	**272,883**	500,270
Provisions	*13*	**24,346**	67,547
Current taxation		**94**	291
Secured bank loans	*14*	**526,637**	586,475
		823,960	1,154,583
Net current assets		**1,164,995**	1,178,446
Total assets less current liabilities		**10,550,935**	10,773,241
Non-current liabilities			
Secured bank loans	*14*	**3,595,342**	3,844,901
Net assets		**6,955,593**	6,928,340
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**53,029**	53,029
Reserves		**3,849,870**	3,836,801
		3,902,899	3,889,830
Non-controlling interests		**3,052,694**	3,038,510
Total equity		**6,955,593**	6,928,340

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to shareholders of the Company									
	Issued capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Capital redemption reserve (Unaudited) *HK$'000*	Other asset revaluation reserve (Unaudited) *HK$'000*	Employee share-based compensation reserve (Unaudited) *HK$'000*	Reserve for available-for-sale financial assets (Unaudited) *HK$'000*	Retained profits (Unaudited) *HK$'000*	Subtotal (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
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 and total comprehensive income for the period	-	-	-	-	-	-	67,992	67,992	59,388	127,380
At 30 June 2012	53,029	324,590	4,020	4,777	26,259	13,395	3,376,587	3,802,657	2,973,245	6,775,902
At 1 January 2013	53,029	324,590	4,020	4,777	26,259	13,795	3,463,360	3,889,830	3,038,510	6,928,340
Net profit and total comprehensive income for the period	-	-	-	-	-	-	13,069	13,069	14,184	27,253
At 30 June 2013	**53,029**	**324,590**	**4,020**	**4,777**	**26,259**	**13,795**	**3,476,429**	**3,902,899**	**3,052,694**	**6,955,593**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June 2013 (Unaudited) *HK$'000*	Six months ended 30 June 2012 (Unaudited) *HK$'000*
OPERATING ACTIVITIES		
Cash generated from operations	**77,065**	312,771
Interest paid	**(28,982)**	(34,015)
PRC Corporate Income Tax paid	**(374)**	(367)
Net cash from operating activities	**47,709**	278,389
INVESTING ACTIVITIES		
Interest received	**12,186**	16,012
Decrease (Increase) in bank deposits with more than three months to maturity when placed	**(40,729)**	12,448
Dividend income received	**3,077**	1,285
Purchase of property, plant and equipment	**(24,360)**	(601,418)
Proceeds from disposal of property, plant and equipment	**300**	50
Proceeds from termination of unlisted investments	**3,699**	-
Purchase of available-for-sale financial assets	**(1,331)**	-
Purchase of investment properties	**-**	(31,318)
Net cash used in investing activities	**(47,158)**	(602,941)
FINANCING ACTIVITIES		
New secured bank loans	**3,905**	464,450
Repayment of secured bank loans	**(289,324)**	(282,350)
Increase in pledged deposits	**(29,628)**	(218,129)
Net cash used in financing activities	**(315,047)**	(36,029)
Net decrease in cash and cash equivalents	**(314,496)**	(360,581)
Cash and cash equivalents at 1 January	**903,097**	1,410,161
Cash and cash equivalents at 30 June	**588,601**	1,049,580

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013 have been reviewed by our auditor, Grant Thornton Hong Kong Limited, 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 ("HKICPA"). An unmodified review conclusion has been issued by the auditor.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure provisions of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Certain new or amended Hong Kong Financial Reporting Standards ("HKFRS") are effective for the accounting period beginning on 1 January 2013. The Group has applied for the first time, all new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the current accounting period.

The management has assessed and considered that the adoption of these new standards or amendments has had no material impact on the Group's financial statements for the current and prior periods that have been presented, except for the change in terminology from statement of comprehensive income to statement of profit or loss and other comprehensive income in accordance with the amendments to HKAS 1 "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income", and additional disclosures related to the fair value of financial assets as a result of consequential amendments to HKAS 34 "Interim Financial Reporting", following the effective of HKFRS 13 "Fair Value Measurement", details of which have been disclosed in note 8 and note 10 to interim financial statements.

Apart from the above, 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 2012.

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 and segment results for the six months ended 30 June 2013 and 2012, and reconcile the Group's total reportable segment results to the Group's net profit for the period as presented in the condensed consolidated statement of profit or loss and other comprehensive income.

	Chartering freight and hire (Unaudited) *HK$'000*	**Trading (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*
Six months ended 30 June 2013			
Segment revenue	**846,174**	**129,104**	**975,278**
Segment results	**72,122**	**1,827**	**73,949**
Unallocated income and expenses			
Interest income			**13,489**
Unallocated other operating income			**5,438**
Unallocated corporate expenses			**(65,445)**
Profit before taxation			**27,431**
Taxation			**(178)**
Net profit for the period			**27,253**

	Chartering freight and hire (Unaudited) *HK$'000*	Trading (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Six months ended 30 June 2012			
Segment revenue	930,286	136,388	1,066,674
Segment results	149,446	(632)	148,814
Unallocated income and expenses			
Interest income			19,063
Unallocated other operating income			2,502
Unallocated corporate expenses			(42,881)
Profit before taxation			127,498
Taxation			(118)
Net profit for the period			127,380

2. Segment information *(Continued)*

The following tables present the Group's reportable segment assets at each of the end of the reporting period, and reconcile the Group's total reportable segment assets to the Group's total assets as presented in the condensed consolidated statement of financial position.

	Chartering freight and hire (Unaudited) *HK$'000*	Trading (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
As at 30 June 2013			
Segment assets	**9,250,171**	**81,542**	**9,331,713**
Unallocated assets			**2,043,182**
Total assets			**11,374,895**

	Chartering freight and hire (Audited) *HK$'000*	Trading (Audited) *HK$'000*	Total (Audited) *HK$'000*
As at 31 December 2012			
Segment assets	9,654,796	102,786	9,757,582
Unallocated assets			2,170,242
Total assets			11,927,824

3. 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.

4. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	Six months ended 30 June 2013 (Unaudited) ***HK$'000***	Six months ended 30 June 2012 (Unaudited) *HK$'000*
Impairment loss (Reversal of impairment loss) on trade receivables	**2,237**	(459)
Dividend income	**(3,309)**	(1,285)
Net loss on financial assets at fair value through profit or loss	**46,056**	25,719

5. Taxation

Hong Kong Profits Tax has not been provided as the Group has no assessable profits for the period. 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 period. The Group is not subject to taxation in any other jurisdictions in which the Group operates.

The amount of taxation charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June 2013 (Unaudited)	Six months ended 30 June 2012 (Unaudited)
	HK$'000	*HK$'000*
PRC Corporate Income Tax:		
Current period	**178**	118

6. Earnings per share

Basic earnings per share for the six months ended 30 June 2013 was calculated on the net profit attributable to shareholders of the Company for the period of HK$13,069,000 and the weighted average number of 530,289,480 ordinary shares in issue during the period.

Diluted earnings per share for the six months ended 30 June 2013 was calculated on the net profit attributable to shareholders of the Company for the period of HK$13,069,000 and the weighted average number of 530,289,480 ordinary shares in issue during the period and adjusting for the potential dilutive ordinary shares of 217,821 arising from the share options granted under the Company's share option scheme.

Basic and diluted earnings per share for the six months ended 30 June 2012 were calculated on the net profit attributable to shareholders of the Company for the period of HK$67,992,000 and the weighted average number of 530,289,480 ordinary shares in issue during the period. Diluted earnings per share for the period 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 period and thus there was no potential dilutive effect on the basic earnings per share.

7. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2013 (30/6/2012: nil).

8. Available-for-sale financial assets

	30 June 2013	31 December 2012
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Unlisted club debentures, at fair value	**21,000**	21,000
Unlisted club membership, at fair value	**1,580**	1,580
Unlisted club membership, at cost	**1,331**	-
Unlisted investments		
Co-operative joint ventures, at cost less impairment loss	**-**	1,501
	23,911	24,081

Unlisted club debentures and unlisted club membership stated at fair value represented investments in club debentures and club membership which their fair values can be determined directly by reference to published price quotations in active markets. At the reporting date, the fair value measurements of these unlisted club debentures and unlisted club membership were categorized as Level 1 of the three-level fair value hierarchy as defined under HKFRS 7.

For those unlisted club membership stated at cost and unlisted investments stated at cost less impairment loss, as there are no quoted market prices in active markets, the range of reasonable fair value estimates can be varied significantly that their fair values cannot be measured reliably.

9. Trade and other receivables

	30 June 2013	31 December 2012
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**60,201**	61,742
Prepayments, deposits and other receivables	**208,326**	369,188
	268,527	430,930

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

	30 June 2013	31 December 2012
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 3 months	**54,659**	51,433
Over 3 months but within 6 months	**247**	5,615
Over 6 months but within 12 months	**4,089**	3,103
Over 12 months	**1,206**	1,591
	60,201	61,742

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. Financial assets at fair value through profit or loss

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Held for trading or not qualifying as hedges		
Equity securities		
Listed in Hong Kong	**259,241**	192,820
Listed outside Hong Kong	**66,905**	63,024
	326,146	255,844
Debt securities		
Listed in Hong Kong	**203,678**	153,683
Listed outside Hong Kong	**43,115**	46,740
Unlisted	**164,531**	161,749
	411,324	362,172
	737,470	618,016

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 HKFRS 7. For unlisted debt securities, the fair value measurements were determined by reference to price quotations for equivalent financial instruments in active markets provided by financial institutions and were categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 7.

11. Bank balances and cash

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**588,601**	903,097
Bank deposits with more than three months to maturity when placed	**158,374**	117,645
	746,975	1,020,742

12. Trade and other payables

	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
Trade payables	24,251	24,653
Accrued charges and other payables	248,632	475,617
	272,883	500,270

The aging analysis of trade payables is as follows:

	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
Within 3 months	7,608	8,542
Over 3 months but within 6 months	500	1,367
Over 6 months but within 12 months	1,399	559
Over 12 months	14,744	14,185
	24,251	24,653

13. Provisions

At the reporting date, provisions represented provision for loss on charter hire. The movements for provision for loss on charter hire during the period / year are as follows:

	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
At beginning of the period / year	67,547	55,279
Provision recognized	-	174,662
Provision utilized	(43,201)	(162,394)
At end of the period / year	24,346	67,547

14. Secured bank loans

	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
Vessel mortgage loans	4,100,018	4,385,437
Trust receipt loans	21,961	45,939
Total secured bank loans	4,121,979	4,431,376
Less: Amount repayable within one year	(526,637)	(586,475)
Amount repayable after one year	3,595,342	3,844,901

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

15. Capital expenditures and commitments

During the six months ended 30 June 2013, capital expenditure on additions of owned vessels and vessels under construction was HK$23,357,000 (30/6/2012: HK$597,109,000), and on other property, plant and equipment was HK$1,003,000 (30/6/2012: HK$4,309,000).

As at 30 June 2013, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK$176,013,000 (31/12/2012: HK$339,333,000), representing the Group's outstanding capital expenditure commitments to acquire one (31/12/2012: two) newbuildings at total contract price of JPY4,500,000,000 (31/12/2012: US$17,500,000 and JPY6,410,500,000).

16. Related party transactions

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

	Six months ended 30 June 2013 (Unaudited)	Six months ended 30 June 2012 (Unaudited)
	HK$'000	*HK$'000*
Salaries and other benefits	**14,795**	12,749
Contributions to retirement benefits schemes	**720**	610
	15,515	13,359

17. Comparative figures

Certain comparative figures have been included in order to conform to the current period's presentation.

PUBLICATION OF FINANCIAL INFORMATION

The interim report of the Company for the six months ended 30 June 2013 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.