



**JINHUI HOLDINGS COMPANY LIMITED**

*Stock Code: 137*



# 2015

*Interim Report*



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Ng Siu Fai, *Chairman*  
Ng Kam Wah Thomas, *Managing Director*  
Ng Ki Hung Frankie  
Ho Suk Lin

### Independent Non-executive Directors

Cui Jianhua  
Tsui Che Yin Frank  
William Yau

## AUDIT COMMITTEE

Tsui Che Yin Frank, *Chairman*  
Cui Jianhua  
William Yau

## REMUNERATION COMMITTEE

Cui Jianhua, *Chairman*  
Tsui Che Yin Frank  
William Yau

## NOMINATION COMMITTEE

Cui Jianhua, *Chairman*  
Tsui Che Yin Frank  
William Yau

## COMPANY SECRETARY

Ho Suk Lin

## SHARE REGISTRAR

Tricor Standard Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## REGISTERED OFFICE

26th Floor  
Yardley Commercial Building  
1-6 Connaught Road West  
Hong Kong

## AUDITOR

Grant Thornton Hong Kong Limited  
*Certified Public Accountants*

## CONTACTS

Tel: (852) 2545 0951  
Fax: (852) 2541 9794  
E-mail: [info@jinhuiship.com](mailto:info@jinhuiship.com)

## WEBSITE

[www.jinhuiship.com](http://www.jinhuiship.com)

## SHARE LISTING

The Company's shares are listed on the Hong Kong Stock Exchange (stock code: 137)

## HIGHLIGHTS FOR THE FIRST HALF OF 2015

- Revenue from continuing operation for the period: HK\$331 million
- Revenue from discontinued operation for the period: HK\$126 million
- Discontinued trading business in June 2015
- Loss attributable to shareholders for the period: HK\$46 million
- Basic loss per share: HK\$0.087
- Gearing ratio as at 30 June 2015: 21%
- EBITDA\* from continuing operation: HK\$163 million

\* EBITDA from continuing operation is calculated as operating profit before depreciation and amortization



## Chairman's Statement

The Board is pleased to present the interim report of **Jinhui Holdings Company Limited** (the "Company") and its subsidiaries (the "Group") for the six months ended 30 June 2015.

### INTERIM RESULTS

The Group's revenue for the first half of 2015 was HK\$456,669,000 whereas HK\$715,414,000 was reported in the same period of 2014. The loss attributable to shareholders of the Company for the first half of 2015 was HK\$46,420,000 as compared to a loss of HK\$15,482,000 for the first half of 2014. The increase in loss for the period was primarily attributable to the reduced revenue earned by the Group's fleet in prevailing weak freight market environment, coupled with the recognition of loss of HK\$22,698,000 on write-off of vessel under construction upon entering into a deed of novation in May 2015 to cease a vessel construction commitment in order to reduce future capital expenditure during an extremely challenging operating environment.

On 1 June 2015, the Group announced to dispose the trading business by selling its entire 75% equity interest in Yee Lee Technology Company Limited ("YLTCL") at a consideration of HK\$32,000,000, and YLTCL and its subsidiaries ("YL Group") had ceased to be treated as subsidiaries of the Company upon completion of the disposal in June 2015. The disposal allowed the Group be better focus and concentrated its resources on shipping business in the prevailing tough operating environment and allowed the management to consider other business which could bring synergy to its shipping business in future.

Basic loss per share was HK\$0.087 for the six months ended 30 June 2015 as compared to basic loss per share of HK\$0.029 for the corresponding period in 2014.

### INTERIM DIVIDEND

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

### BUSINESS REVIEW

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

## Chairman's Statement

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

The Group's segment revenue from chartering freight and hire for the first half of the year dropped 43% from HK\$585,458,000 in 2014 to HK\$330,794,000 in 2015. Segment loss from chartering freight and hire of HK\$82,829,000 for the first half of 2015 was primarily attributable to the reduced revenue earned by the Group's fleet in prevailing weak freight market environment. The average daily time charter equivalent rates ("TCE") earned by the Group's fleet dropped 38% to US\$6,486 for the first half of 2015 as compared to US\$10,515 for the corresponding period in 2014 when certain charter contracts were entered into with charterers at relatively low freight rates at spot market.

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

Other operating income for chartering freight and hire for the first half of 2015 mainly included ballast bonus income received from particular charterers for certain charter contracts and settlement income of HK\$144,300,000 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 HK\$437,438,000 for the first half of 2014 to HK\$292,165,000 for the first half of 2015 due to reduced voyage-related direct costs, including bunker expenses, when less voyage charters were engaged in current period. Shipping related expenses for the first half of 2014 included hire payment and compensation paid for early redelivery of the Group's only chartered-in Capesize to its owner in January 2014 while there was no hire payment and compensation paid for chartered-in vessel in current period. The decrease was also attributable to the reduction in vessels' running costs under the Group's continuing effort on cost reduction strategy in order to remain competitive in the current tough market environment.



## Chairman's Statement

Other operating expenses for chartering freight and hire for the current period included a loss of HK\$22,698,000 on write-off of vessel under construction, being the forfeiture of deposit paid under the contract dated 10 April 2014 for the acquisition of a dry bulk carrier entered into between a subsidiary of the Company and a contractor. The subsidiary and the contractor entered into a deed of novation on 28 May 2015 and agreed to novate the subsidiary's rights and obligations under the said contract to a new incoming party, and the subsidiary agreed to the forfeiture of HK\$22,698,000 already paid under the said contract. The Group would have the benefit of reducing future capital expenditure during an extremely challenging operating environment.

Finance costs for chartering freight and hire for the first half of 2015 decreased by 15% to HK\$18,848,000, as comparing to HK\$22,091,000 for the corresponding period in 2014. The decrease was mainly attributable to the decrease in average outstanding loan principal under aggressive loan repayment schedules of the Group.

**Other financial information.** The unallocated other operating income increased to HK\$13,957,000 for the first half of 2015, as comparing to HK\$9,635,000 for the first half of 2014, due to net gain on financial assets at fair value through profit or loss of HK\$6,838,000 was recognized in the first half of 2015 whereas HK\$2,820,000 was recognized in the first half of 2014.

**Trading – Disposal and discontinued operation.** The Group operated its trading of chemical and industrial raw materials through Yee Lee Technology Company Limited (“YLTCCL”), a 75% indirectly owned subsidiary of the Company, and its subsidiaries (“YL Group”). On 1 June 2015, the Group announced to dispose the trading business by selling its entire 75% equity interest in YLTCCL at a consideration of HK\$32,000,000, and YL Group had ceased to be treated as subsidiaries of the Company upon completion of the disposal in June 2015. The disposal allowed the Group be better focus and concentrated its resources on shipping business in the prevailing tough operating environment and allowed the management to consider other business which could bring synergy to its shipping business in future. The loss from discontinued trading business for the period was HK\$10,099,000 while the loss from discontinued trading business for the first half of 2014 was HK\$2,802,000. The increase in segment loss from trading business was mainly due to the recognition of provision for warehouse reinstatement expense of HK\$7.7 million in current period due to receiving a removal order from the Government of Hong Kong when the Government exercised its landlord's right to terminate the tenancy of the premises that YL Group has been using as the sole storage location of its trading goods in Hong Kong for decades. There was no such expense incurred in corresponding period in 2014. Gain on disposal of YLTCCL of HK\$23,000 was recognized upon the completion of disposal in June 2015 and was included in other operating income for the period.

# Chairman's Statement

## FINANCIAL REVIEW

**Liquidity, financial resources and capital structure.** As at 30 June 2015, the total of the Group's equity and debt securities, bank balances and cash decreased to HK\$1,525,690,000 (31/12/2014: HK\$1,610,201,000). The Group's bank borrowings decreased to HK\$2,849,723,000 (31/12/2014: HK\$3,171,827,000), of which 21%, 20%, 48% and 11% 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 21% (31/12/2014: 24%) as at 30 June 2015. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

**Pledge of assets.** As at 30 June 2015, the Group's property, plant and equipment and investment properties with an aggregate net book value of HK\$7,307,763,000 (31/12/2014: HK\$7,479,018,000), financial assets at fair value through profit or loss of HK\$363,052,000 (31/12/2014: nil) and deposits of HK\$176,761,000 (31/12/2014: HK\$176,411,000) placed with banks were pledged together with the assignment of thirty six (31/12/2014: thirty six) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of thirty (31/12/2014: thirty) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

**Capital expenditures and commitments.** During the six months ended 30 June 2015, capital expenditure on additions of owned vessels and vessels under construction was HK\$33,600,000 (30/6/2014: HK\$58,373,000), and on other property, plant and equipment was HK\$15,000 (30/6/2014: HK\$745,000). During the six months ended 30 June 2014, there was also capital expenditure on additions of investment properties of HK\$39,254,000.

As at 30 June 2015, there was no capital expenditure commitments contracted by the Group but not provided for. As at 31 December 2014, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK\$204,282,000, representing the Group's outstanding capital expenditure commitments to acquire one newbuilding at contract price of US\$29,100,000 (approximately HK\$226,980,000) under the contract dated 10 April 2014 entered into between a subsidiary of the Company and a contractor. On 28 May 2015, the subsidiary and the contractor entered into a deed of novation. Upon signing the deed of novation, the parties agreed to novate the subsidiary's rights and obligations under the said contract to a new incoming party, which is an independent third party and the subsidiary agreed to the forfeiture of HK\$22,698,000 already paid under the said contract.



# Chairman's Statement

## OUTLOOK

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

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

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

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

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

## Chairman's Statement

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

Looking ahead, we will continue to focus on the basics: maintain a strong financial position, monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, lock in longer term charters to enhance the stability of income at the right time, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins. We will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios.

By Order of the Board

**Ng Siu Fai**  
*Chairman*

Hong Kong, 28 August 2015



# Disclosure of Interests

## SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 18 November 2004 (the "Share Option Scheme") whereby the Board was authorized to grant share options to acquire the shares of the Company to the directors of the Company (the "Directors"), officers and employees of the Group and other person(s) selected by the Board who have contributed or will contribute to the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

Details of share options under the Share Option Scheme during the six months ended 30 June 2015 were as follows:

Name	Date of grant	Exercise price per share HK\$	Exercisable period	Number of outstanding options as at 1 January and 30 June 2015
<b>Directors</b>				
Ng Siu Fai	29 June 2006	1.57	29 June 2006 to 28 June 2016	<b>3,184,000</b>
Ng Kam Wah Thomas	29 June 2006	1.57	29 June 2006 to 28 June 2016	<b>3,184,000</b>
Ng Ki Hung Frankie	29 June 2006	1.57	29 June 2006 to 28 June 2016	<b>3,184,000</b>
				<b>9,552,000</b>

### Notes:

1. No share option was granted, exercised, cancelled or lapsed during the six months ended 30 June 2015.
2. The Share Option Scheme was valid and effective for a period of ten years commencing on 18 November 2004 up to 17 November 2014. The outstanding options remain in full force and effect within the exercisable period.
3. The exercise price of HK\$1.57 per share was determined by the higher of (i) the closing price per share of the Company on the date of grant of options on 29 June 2006; and (ii) the average closing price per share of the Company for the five business days immediately preceding the date of grant of options on 29 June 2006.
4. As at the date of grant of options on 29 June 2006, the closing price per share of the Company was HK\$1.57.
5. As at 30 June 2015, the closing price per share of the Company was HK\$1.34.
6. As at 30 June 2015, the total number of shares available for issue of the outstanding options under the Share Option Scheme was 9,552,000, which represented 1.80% of the issued shares of the Company.

## Disclosure of Interests

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

As at 30 June 2015, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

#### Long positions

##### (i) Directors' interests in shares of the Company

Name	Number of shares in the Company held and capacity			Total	Percentage of total issued shares of the Company
	Beneficial owner	Interest of spouse	Beneficiary of trust		
Ng Siu Fai	19,917,000	15,140,000	342,209,280 <i>Note</i>	377,266,280	71.15%
Ng Kam Wah Thomas	5,909,000	–	342,209,280 <i>Note</i>	348,118,280	65.65%
Ng Ki Hung Frankie	3,000,000	–	342,209,280 <i>Note</i>	345,209,280	65.10%
Ho Suk Lin	3,850,000	–	–	3,850,000	0.73%
Cui Jianhua	960,000	–	–	960,000	0.18%
Tsui Che Yin Frank	1,000,000	–	–	1,000,000	0.19%
William Yau	441,000	–	–	441,000	0.08%

*Note:* As at 30 June 2015, Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline Consultants Limited ("Fairline") which is the legal and beneficial owner of 342,209,280 shares of the Company (representing approximately 64.53% of the total issued shares of the Company). The Ng Hing Po 1991 Trust is a discretionary trust, the eligible beneficiaries of which include members of the Ng family. Both Messrs. Ng Siu Fai and Ng Kam Wah Thomas are directors of Fairline.

## Disclosure of Interests

### (ii) Directors' interests in underlying shares of the Company (rights to acquire shares of the Company under the Share Option Scheme)

The interests of the Directors' rights to acquire shares of the Company under the Share Option Scheme are stated in details in the preceding section of "Share Option Scheme" on page 10.

### (iii) Directors' interests in associated corporation

Name	Number of shares in Jinhui Shipping held and capacity			Total	Percentage of total issued shares of Jinhui Shipping
	Beneficial owner	Interest of spouse	Beneficiary of trust		
Ng Siu Fai	1,214,700	708,100	46,534,800 <i>Note</i>	48,457,600	57.66%
Ng Kam Wah Thomas	50,000	–	46,534,800 <i>Note</i>	46,584,800	55.43%
Ng Ki Hung Frankie	–	–	46,534,800 <i>Note</i>	46,534,800	55.37%

*Note:* Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline which is the controlling shareholder of the Company as disclosed hereinabove.

As at 30 June 2015, each of Messrs. Ng Siu Fai, Ng Kam Wah Thomas and Ng Ki Hung Frankie, the eligible beneficiaries of the Ng Hing Po 1991 Trust, is deemed to be interested in 46,034,800 shares of Jinhui Shipping (representing approximately 54.77% of the total issued shares of Jinhui Shipping) held by the Company and 500,000 shares of Jinhui Shipping (representing approximately 0.59% of the total issued shares of Jinhui Shipping) held by Fairline through their beneficial interests in the Company and Fairline respectively.

All the interests stated above represent long positions. No short positions were recorded in the register maintained by the Company under Section 352 of the SFO as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

# Disclosure of Interests

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, in accordance with the register kept under Section 336 of the SFO, the following persons (other than Directors or chief executives of the Company) had interests representing 5% or more of the issued share capital of the Company:

### Long positions

Name of shareholders	Capacity	Number of shares in the Company	Number of share options in the Company	Percentage of total issued shares of the Company
Fairline Consultants Limited	Beneficial owner	342,209,280	–	64.53%
Wong Yee Man Gloria	Beneficial owner and interest of spouse	377,266,280 <i>Note 1</i>	–	71.15%
	Interest of spouse	–	3,184,000 <i>Note 2</i>	0.60%

#### Notes:

1. The interest in shares includes 15,140,000 shares of the Company in which Ms. Wong Yee Man Gloria is interested as a beneficial owner and 362,126,280 shares of the Company in which she is deemed to be interested through the interest of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).
2. Ms. Wong Yee Man Gloria is deemed to be interested in the options to subscribe for 3,184,000 shares of the Company held by her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).

Save as disclosed herein, as at 30 June 2015, the Company has not been notified of any person (other than Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.





# Corporate Governance

## 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 2015, 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 2015.

## **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 2015.



# 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 2015.

## EMPLOYEES

As at 30 June 2015, the Group had 74 (31/12/2014: 109) 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

### Owned Vessels

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers. As at 30 June 2015, the Group had thirty six owned vessels as follows:

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

# Independent Review Report



**To the Board of Directors of Jinhui Holdings Company Limited**  
*(Incorporated in Hong Kong with limited liability)*

## Introduction

We have reviewed the interim financial report set out on pages 18 to 38 which comprises the condensed consolidated statement of financial position of Jinhui Holdings Company Limited as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

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

## Scope of Review

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

## Conclusion

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

**Grant Thornton Hong Kong Limited**  
*Certified Public Accountants*  
Level 12  
28 Hennessy Road, Wanchai  
Hong Kong

28 August 2015

Kwong Kam Wing Kelvin  
Practising Certificate No.: P05373

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

		Six months ended 30 June 2015 (Unaudited)	Six months ended 30 June 2014 (Unaudited) (Restated)
	Note	HK\$'000	HK\$'000
<b>CONTINUING OPERATION</b>			
<b>Revenue</b>	3	<b>330,794</b>	585,458
Other operating income	5	<b>195,024</b>	122,316
Interest income		<b>19,573</b>	23,265
Shipping related expenses		<b>(292,165)</b>	(437,438)
Staff costs		<b>(45,195)</b>	(36,561)
Other operating expenses		<b>(45,426)</b>	(33,321)
<hr/>			
<b>Operating profit before depreciation and amortization</b>	6	<b>162,605</b>	223,719
Depreciation and amortization		<b>(210,271)</b>	(224,096)
<hr/>			
<b>Operating loss</b>		<b>(47,666)</b>	(377)
Finance costs		<b>(19,198)</b>	(22,205)
<hr/>			
<b>Loss before taxation</b>		<b>(66,864)</b>	(22,582)
Taxation	7	-	-
<hr/>			
Loss for the period from continuing operation		<b>(66,864)</b>	(22,582)
<hr/>			
<b>DISCONTINUED OPERATION</b>			
Loss for the period from discontinued operation	2(a)	<b>(10,099)</b>	(2,802)
<hr/>			
<b>Loss for the period</b>		<b>(76,963)</b>	(25,384)
<hr/>			
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Change in fair value of available-for-sale financial assets from continuing operation		<b>2,600</b>	-
<hr/>			
<b>Total comprehensive loss for the period</b>		<b>(74,363)</b>	(25,384)

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June 2015 (Unaudited)	Six months ended 30 June 2014 (Unaudited) (Restated)
Note	HK\$'000	HK\$'000
<b>Loss for the period attributable to:</b>		
Shareholders of the Company		
– Continuing operation	(38,909)	(13,455)
– Discontinued operation	(7,511)	(2,027)
	<b>(46,420)</b>	<b>(15,482)</b>
Non-controlling interests		
– Continuing operation	(27,955)	(9,127)
– Discontinued operation	(2,588)	(775)
	<b>(30,543)</b>	<b>(9,902)</b>
	<b>(76,963)</b>	<b>(25,384)</b>
<b>Total comprehensive loss for the period attributable to:</b>		
Shareholders of the Company		
– Continuing operation	(36,309)	(13,455)
– Discontinued operation	(7,511)	(2,027)
	<b>(43,820)</b>	<b>(15,482)</b>
Non-controlling interests		
– Continuing operation	(27,955)	(9,127)
– Discontinued operation	(2,588)	(775)
	<b>(30,543)</b>	<b>(9,902)</b>
	<b>(74,363)</b>	<b>(25,384)</b>
<b>Loss per share</b>		
Basic and diluted	8	
– Continuing operation	HK\$(0.073)	HK\$(0.025)
– Discontinued operation	HK\$(0.014)	HK\$(0.004)
	<b>HK\$(0.087)</b>	<b>HK\$(0.029)</b>



# Condensed Consolidated Statement of Financial Position

As at 30 June 2015

		30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
	Note		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		7,396,398	7,595,913
Investment properties	10	141,860	141,860
Goodwill		39,040	39,040
Available-for-sale financial assets	11	24,711	22,111
Intangible assets		1,357	1,439
		<b>7,603,366</b>	<b>7,800,363</b>
<b>Current assets</b>			
Inventories		14,875	49,427
Trade and other receivables	12	181,078	233,359
Financial assets at fair value through profit or loss	13	1,183,418	1,048,218
Pledged deposits		176,761	176,411
Bank balances and cash	14	342,272	561,983
		<b>1,898,404</b>	<b>2,069,398</b>
<b>Current liabilities</b>			
Trade and other payables	15	286,645	247,590
Current taxation		-	460
Secured bank loans	16	595,022	530,451
		<b>881,667</b>	<b>778,501</b>
<b>Net current assets</b>		<b>1,016,737</b>	<b>1,290,897</b>
<b>Total assets less current liabilities</b>		<b>8,620,103</b>	<b>9,091,260</b>
<b>Non-current liabilities</b>			
Secured bank loans	16	2,254,701	2,641,376
<b>Net assets</b>		<b>6,365,402</b>	<b>6,449,884</b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Issued capital	17	381,639	381,639
Reserves		3,203,406	3,247,226
		<b>3,585,045</b>	<b>3,628,865</b>
<b>Non-controlling interests</b>		<b>2,780,357</b>	<b>2,821,019</b>
<b>Total equity</b>		<b>6,365,402</b>	<b>6,449,884</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	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 2014	53,029	324,590	4,020	4,777	26,259	13,195	3,584,118	4,009,988	3,128,348	7,138,336
Transfer on 3 March 2014 upon adoption of the new Companies Ordinance	328,610	(324,590)	(4,020)	-	-	-	-	-	-	-
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(15,482)	(15,482)	(9,902)	(25,384)
At 30 June 2014	381,639	-	-	4,777	26,259	13,195	3,568,636	3,994,506	3,118,446	7,112,952
At 1 January 2015	381,639	-	-	4,777	26,259	11,995	3,204,195	3,628,865	2,821,019	6,449,884
Loss for the period	-	-	-	-	-	-	(46,420)	(46,420)	(30,543)	(76,963)
Other comprehensive income for the period	-	-	-	-	-	2,600	-	2,600	-	2,600
Total comprehensive income (loss) for the period	-	-	-	-	-	2,600	(46,420)	(43,820)	(30,543)	(74,363)
Disposal of subsidiaries (Note 2c)	-	-	-	-	-	-	-	-	(10,119)	(10,119)
At 30 June 2015	381,639	-	-	4,777	26,259	14,595	3,157,775	3,585,045	2,780,357	6,365,402

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June 2015 (Unaudited) HK\$'000	Six months ended 30 June 2014 (Unaudited) HK\$'000
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations	82,069	215,217
Interest paid	(19,688)	(23,153)
PRC Corporate Income Tax paid	(576)	(239)
<b>Net cash from operating activities</b>	<b>61,805</b>	<b>191,825</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	20,118	20,369
Decrease in bank deposits with more than three months to maturity when placed	112,379	–
Dividend income received	3,396	4,233
Net cash inflow from disposal of subsidiaries 2(c)	18,699	–
Purchase of property, plant and equipment	(33,615)	(59,118)
Purchase of investment properties	–	(39,254)
Proceeds from disposal of assets held for sale	–	436,800
<b>Net cash from investing activities</b>	<b>120,977</b>	<b>363,030</b>
<b>FINANCING ACTIVITIES</b>		
New secured bank loans	13,124	15,452
Repayment of secured bank loans	(302,888)	(485,016)
Decrease (Increase) in pledged deposits	(350)	7,547
<b>Net cash used in financing activities</b>	<b>(290,114)</b>	<b>(462,017)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(107,332)</b>	<b>92,838</b>
<b>Cash and cash equivalents at 1 January</b>	<b>449,604</b>	<b>633,776</b>
<b>Cash and cash equivalents at 30 June</b>	<b>342,272</b>	<b>726,614</b>

# 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 2015 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 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.

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2014.

## 2. Disposal group and discontinued operation

The Group operated its trading of chemical and industrial raw materials through Yee Lee Technology Company Limited (“YLTCCL”), a 75% indirectly owned subsidiary of the Company, and its subsidiaries (“YL Group”). On 1 June 2015, Pantow Profits Limited (the “Vendor”), a wholly-owned subsidiary of the Company, and Asiawide Profits Limited (the “Purchaser”), a connected person at the subsidiary level of the Company, entered into an agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 3,000,000 issued shares of YLTCCL held by the Vendor, representing 75% equity interest in YLTCCL at a consideration of HK\$32,000,000 (the “Disposal”). Upon completion of the Disposal on 15 June 2015, the Company, through the Vendor had disposed of its entire 75% equity interest in YLTCCL. YL Group had ceased to be treated as subsidiaries of the Company. The Disposal allowed the Group be better focus and concentrated its resources on shipping business in the prevailing tough operating environment and allowed the management to consider other business which could bring synergy to its shipping business in future.

The operating results of the disposed trading business for current period (prior to the completion of the Disposal) have been presented as discontinued operation in this interim financial report. The presentation of comparative financial information in respect of the period ended 30 June 2014 has been restated to conform with current period’s presentation in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

# Notes to the Interim Financial Statements

## 2. Disposal group and discontinued operation (Continued)

### (a) Loss from discontinued operation

The analysis of the loss from discontinued trading business, presented as discontinued operation in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” is as follows:

	<b>Six months ended 30 June 2015 (Unaudited) <i>HK\$'000</i></b>	Six months ended 30 June 2014 (Unaudited) (Restated) <i>HK\$'000</i>
<b>DISCONTINUED OPERATION</b>		
<b>Revenue</b>	<b>125,875</b>	129,956
Other operating income	<b>634</b>	769
Interest income	<b>10</b>	52
Cost of trading goods sold	<b>(121,402)</b>	(124,496)
Staff costs	<b>(3,367)</b>	(4,522)
Other operating expenses	<b>(11,359)</b>	(4,277)
<hr/>		
<b>Operating loss before depreciation and amortization</b>	<b>(9,609)</b>	(2,518)
Depreciation and amortization	<b>(29)</b>	(42)
<hr/>		
<b>Operating loss</b>	<b>(9,638)</b>	(2,560)
Finance costs	<b>(180)</b>	(166)
<hr/>		
<b>Loss before taxation</b>	<b>(9,818)</b>	(2,726)
Taxation	<b>(281)</b>	(76)
<hr/>		
<b>Loss for the period from discontinued operation</b>	<b>(10,099)</b>	(2,802)
<hr/>		
<b>Loss for the period attributable to:</b>		
Shareholders of the Company	<b>(7,511)</b>	(2,027)
Non-controlling interests	<b>(2,588)</b>	(775)
<hr/>		
	<b>(10,099)</b>	(2,802)
<hr/>		

# Notes to the Interim Financial Statements

## 2. Disposal group and discontinued operation (Continued)

### (b) Analysis of the cash flows from discontinued operation:

	Six months ended 30 June 2015 (Unaudited) <i>HK\$'000</i>	Six months ended 30 June 2014 (Unaudited) <i>HK\$'000</i>
<b>DISCONTINUED OPERATION</b>		
Net cash from operating activities	7,479	263
Net cash from investing activities	10	52
<b>Net cash inflow from discontinued operation</b>	<b>7,489</b>	<b>315</b>





# Notes to the Interim Financial Statements

## 2. Disposal group and discontinued operation (Continued)

### (c) Notes to condensed consolidated statement of cash flows – Net cash inflow from disposal of YL Group:

As at  
15 June 2015  
(Unaudited)  
HK\$'000

#### Net assets disposed of:

Property, plant and equipment	214
Inventories	21,454
Trade and other receivables	66,787
Bank balances and cash	13,301
Trade and other payables	(27,161)
Current taxation	(165)
Secured bank loans	(32,334)

	42,096
Non-controlling interests	(10,119)

	<b>31,977</b>
Gain on disposal of subsidiaries	23

<b>Total consideration</b>	<b>32,000</b>
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#### Satisfied by:

Cash	32,000
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#### Analysis of net cash flow arising from the disposal:

Cash consideration	32,000
Bank balances and cash disposed of	(13,301)

<b>Net cash inflow from disposal of subsidiaries</b>	<b>18,699</b>
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# Notes to the Interim Financial Statements

## 3. Revenue

Revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels, and the aggregate of the invoiced value of goods sold. Revenue recognized during the period is as follows:

	<b>Six months ended 30 June 2015 (Unaudited)</b>	Six months ended 30 June 2014 (Unaudited) (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CONTINUING OPERATION</b>		
Chartering freight and hire income:		
Hire income under time charters from owned vessels	295,620	395,142
Hire income under time charters from chartered-in vessel	–	2,759
Freight income under voyage charters	35,174	187,557
	<b>330,794</b>	585,458
<b>DISCONTINUED OPERATION</b>		
Sale of goods	125,875	129,956
	<b>456,669</b>	715,414

## 4. 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. During the period, the Group disposed its entire trading business and this segment has been presented as discontinued operation in this interim financial report.

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 loss for the period, total assets and total liabilities as presented in the condensed consolidated financial statements.

# Notes to the Interim Financial Statements

## 4. Segment information (Continued)

	Continuing operation	Discontinued operation	
	Chartering freight and hire (Unaudited) HK\$'000	Trading (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<i>Six months ended 30 June 2015</i>			
Segment revenue	330,794	125,875	456,669
Segment results	(82,829)	(9,828)	(92,657)
<i>Unallocated income and expenses</i>			
Interest income			19,583
Unallocated other operating income			13,957
Unallocated corporate expenses			(17,565)
Loss before taxation			(76,682)
Taxation			(281)
Loss for the period			(76,963)
<i>Six months ended 30 June 2014</i>			
Segment revenue	585,458	129,956	715,414
Segment results	(35,853)	(2,778)	(38,631)
<i>Unallocated income and expenses</i>			
Interest income			23,317
Unallocated other operating income			9,635
Unallocated corporate expenses			(19,629)
Loss before taxation			(25,308)
Taxation			(76)
Loss for the period			(25,384)

# Notes to the Interim Financial Statements

## 4. Segment information (Continued)

	Continuing operation	Discontinued operation	
	Chartering freight and hire (Unaudited) HK\$'000	Trading (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<i>As at 30 June 2015</i>			
Segment assets	7,372,330	–	7,372,330
<i>Unallocated assets</i>			
Pledged deposits			176,761
Bank balances and cash			342,272
Other current assets			1,233,323
Other non-current assets			377,084
Total assets			9,501,770
Segment liabilities	3,050,090	–	3,050,090
<i>Unallocated liabilities</i>			
Other current liabilities			86,278
Total liabilities			3,136,368



# Notes to the Interim Financial Statements

## 4. Segment information (Continued)

	Continuing operation	Discontinued operation	
	Chartering freight and hire (Unaudited) HK\$'000	Trading (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<i>As at 31 December 2014</i>			
Segment assets	7,572,124	97,306	7,669,430
<i>Unallocated assets</i>			
Pledged deposits			176,411
Bank balances and cash			561,983
Other current assets			1,080,105
Other non-current assets			381,832
Total assets			9,869,761
Segment liabilities	3,359,586	37,673	3,397,259
<i>Unallocated liabilities</i>			
Other current liabilities			22,618
Total liabilities			3,419,877

## 5. Other operating income

Other operating income for the first half of 2015 mainly included ballast bonus income received from particular charterers for certain charter contracts and settlement income of HK\$144,300,000 from a charterer in relation to repudiation claims.

Other operating income for the first half of 2014 mainly included ballast bonus income received from particular charterers for certain charter contracts, gain on disposal of assets held for sale of HK\$4,368,000; and settlement income of HK\$40,812,000 from certain charterers in relation to repudiation claims under arbitration awards and early redelivery of an owned vessel prior to expiry of charter contract.

## Notes to the Interim Financial Statements

### 6. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	Six months ended 30 June 2015 (Unaudited) HK\$'000	Six months ended 30 June 2014 (Unaudited) HK\$'000
<b>CONTINUING OPERATION</b>		
Reversal of impairment loss on trade receivables	(2,690)	(3,500)
Dividend income	(4,342)	(5,077)
Loss on write-off of vessel under construction	22,698	–
Net gain on financial assets at fair value through profit or loss	(6,838)	(2,820)
Gain on disposal of subsidiaries	(23)	–

### 7. 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 had 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 2015 (Unaudited) HK\$'000	Six months ended 30 June 2014 (Unaudited) HK\$'000
<b>DISCONTINUED OPERATION</b>		
PRC Corporate Income Tax	281	76

# Notes to the Interim Financial Statements

## 8. Loss per share

Basic and diluted loss per share from continuing operation was calculated on the loss from continuing operation attributable to shareholders of the Company for the period of HK\$38,909,000 for the six months ended 30 June 2015 (30/6/2014: HK\$13,455,000) and the weighted average number of 530,289,480 (30/6/2014: 530,289,480) ordinary shares in issue during the period.

Basic and diluted loss per share from discontinued operation was calculated on the loss from discontinued operation attributable to shareholders of the Company for the period of HK\$7,511,000 for the six months ended 30 June 2015 (30/6/2014: HK\$2,027,000) and the weighted average number of 530,289,480 (30/6/2014: 530,289,480) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2015 and 2014 were the same as basic loss per share, the calculation did not assume the exercise of share options granted under the Company's share option scheme as it would have an anti-dilutive effect.

## 9. Interim dividend

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

## 10. Investment properties

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
At 1 January	<b>141,860</b>	101,180
Additions	–	39,404
Change in fair value	–	1,276
	<hr/>	<hr/>
At 30 June / 31 December	<b>141,860</b>	141,860

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 and located in Hong Kong.



# Notes to the Interim Financial Statements

## 10. Investment properties (Continued)

The investment properties of the Group were not revalued at 30 June 2015 by independent valuers. The management was aware of the possible change in the conditions of the property market and considered that the carrying amount of the Group's investment properties did not differ significantly from that which had been determined using fair values at 31 December 2014. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

## 11. Available-for-sale financial assets

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Unlisted club debentures, at fair value	<b>21,800</b>	19,200
Unlisted club membership, at fair value	<b>1,580</b>	1,580
Unlisted club membership, at cost	<b>1,331</b>	1,331
	<b>24,711</b>	22,111

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 13 and there was no transfer among the three levels of the fair value hierarchy during the period / year.

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



# Notes to the Interim Financial Statements

## 12. Trade and other receivables

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Trade receivables	<b>21,354</b>	70,232
Prepayments, deposits and other receivables	<b>159,724</b>	163,127
	<b>181,078</b>	233,359

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

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Within 3 months	<b>8,046</b>	58,442
Over 3 months but within 6 months	<b>6,796</b>	4,972
Over 6 months but within 12 months	<b>964</b>	4,151
Over 12 months	<b>5,548</b>	2,667
	<b>21,354</b>	70,232

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.

## Notes to the Interim Financial Statements

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

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
<i>Held for trading or not qualifying as hedges</i>		
Equity securities		
Listed in Hong Kong	<b>596,273</b>	361,727
Listed outside Hong Kong	<b>100,056</b>	94,229
	<b>696,329</b>	455,956
Debt securities		
Listed in Hong Kong	<b>398,558</b>	470,471
Listed outside Hong Kong	<b>88,531</b>	121,791
	<b>487,089</b>	592,262
	<b>1,183,418</b>	1,048,218

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 13. There was no transfer among the three levels of the fair value hierarchy during the period / year.

### 14. Bank balances and cash

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<b>342,272</b>	449,604
Bank deposits with more than three months to maturity when placed	–	112,379
	<b>342,272</b>	561,983

# Notes to the Interim Financial Statements

## 15. Trade and other payables

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Trade payables	10,778	22,046
Accrued charges and other payables	275,867	225,544
	<b>286,645</b>	<b>247,590</b>

The aging analysis of trade payables is as follows:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Within 3 months	2,561	5,898
Over 3 months but within 6 months	433	357
Over 6 months but within 12 months	1,482	448
Over 12 months	6,302	15,343
	<b>10,778</b>	<b>22,046</b>

## 16. Secured bank loans

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Vessel mortgage loans	2,849,723	3,139,487
Trust receipt loans	-	32,340
Total secured bank loans	<b>2,849,723</b>	<b>3,171,827</b>
Less: Amount repayable within one year	<b>(595,022)</b>	<b>(530,451)</b>
Amount repayable after one year	<b>2,254,701</b>	<b>2,641,376</b>

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

# Notes to the Interim Financial Statements

## 17. Share capital

The Company's share capital is as follows:

	30 June 2015		31 December 2014	
	Number of ordinary shares	Amount (Unaudited) HK\$'000	Number of ordinary shares	Amount (Audited) HK\$'000
Issued and fully paid:				
At 1 January	530,289,480	381,639	530,289,480	53,029
Transfer on 3 March 2014 upon adoption of the new Companies Ordinance	–	–	–	328,610
<b>At 30 June / 31 December</b>	<b>530,289,480</b>	<b>381,639</b>	<b>530,289,480</b>	<b>381,639</b>

## 18. Capital expenditures and commitments

During the six months ended 30 June 2015, capital expenditure on additions of owned vessels and vessels under construction was HK\$33,600,000 (30/6/2014: HK\$58,373,000), and on other property, plant and equipment was HK\$15,000 (30/6/2014: HK\$745,000). During the six months ended 30 June 2014, there was also capital expenditure on additions of investment properties of HK\$39,254,000.

As at 30 June 2015, there was no capital expenditure commitments contracted by the Group but not provided for. As at 31 December 2014, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK\$204,282,000, representing the Group's outstanding capital expenditure commitments to acquire one newbuilding at contract price of US\$29,100,000 (approximately HK\$226,980,000).



# Notes to the Interim Financial Statements

## 19. Related party transactions

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

	<b>Six months ended 30 June 2015 (Unaudited) HK\$'000</b>	Six months ended 30 June 2014 (Unaudited) HK\$'000
Salaries and other benefits	<b>27,737</b>	20,871
Contributions to retirement benefits schemes	<b>1,494</b>	1,087
	<hr/> <b>29,231</b>	<hr/> 21,958

## 20. Comparative figures

Certain comparative figures have been restated to conform with current period's presentation in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as set out in the note 2 to the interim financial statements.