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JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

OVERSEAS REGULATORY ANNOUNCEMENT

FOURTH QUARTER REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015 AND PRELIMINARY ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED

This overseas regulatory announcement is made by Jinhui Holdings Company Limited (the “Company”) in compliance with Rule 13.09 and 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Please refer to the attached announcement released on 29 February 2016 through the Oslo Stock Exchange by Jinhui Shipping and Transportation Limited (“Jinhui Shipping”), an approximately 54.77% owned subsidiary of the Company, in accordance with the regulations of the Oslo Stock Exchange.

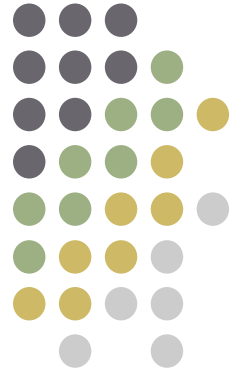
The principal accounting policies and methods of computation used in the preparation of the attached unaudited consolidated results of Jinhui Shipping and its subsidiaries are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Jinhui Holdings Company Limited
Ng Siu Fai
Chairman

Hong Kong, 29 February 2016

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



JINHUI SHIPPING AND TRANSPORTATION LIMITED



**Fourth Quarter Report for the
Quarter Ended 31 December 2015
and
Preliminary Annual Results for the
Year Ended 31 December 2015**

HIGHLIGHTS

For the Year Ended 31 December 2015

- Revenue for the year dropped 35% to US\$86 million
- Net loss for the year of US\$379 million included non-cash impairment loss on owned vessels of US\$325 million
- Basic loss per share: US\$4.506
- Gearing ratio as at 31 December 2015: 47%
- EBITDA* : US\$5 million

*EBITDA is calculated as operating loss before depreciation and amortization, and excluding non-cash impairment loss on owned vessels

For the Fourth Quarter of 2015

- Revenue for the quarter declined 35% to US\$20 million
- Net loss for the quarter of US\$338 million included non-cash impairment loss on owned vessels of US\$325 million
- Basic loss per share: US\$4.027

The Board of **Jinhui Shipping and Transportation Limited** (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the quarter and year ended 31 December 2015.

FOURTH QUARTER AND ANNUAL RESULTS

The Group’s revenue amounted to US\$19,723,000 for the fourth quarter of 2015, representing a decrease of 35% as compared to US\$30,154,000 in the same quarter of 2014. The Company reported a consolidated net loss for the current quarter was US\$338,429,000, as compared to a consolidated net loss of US\$68,427,000 for the corresponding quarter in 2014. Basic loss per share was US\$4.027 for the fourth quarter of 2015 as compared to basic loss per share was US\$0.814 for the corresponding quarter in 2014.

Revenue for the year 2015 declined 35% to US\$86,303,000, comparing to US\$132,249,000 for the year 2014. The Company recorded a consolidated net loss of US\$378,743,000 for the year 2015, as compared to a consolidated net loss of US\$86,748,000 in year 2014. Basic loss per share was US\$4.506 for the current year as compared to US\$1.032 for the year 2014. The considerable consolidated net loss for both the fourth quarter and the year 2015 were primarily attributable to the recognition of substantial impairment loss of US\$325,011,000 on certain owned dry bulk vessels and reduced hire and freight revenue due to low freight rates in weak shipping market. The consolidated net loss for the year 2015 was also attributable to a net loss of US\$19,277,000 recognized on the Group’s investment portfolio which comprised of listed equity and debt securities. Such net loss included both realized loss on trading transactions and unrealized fair value loss on securities instruments from the abrupt correction of global stock markets in late 2015.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2015. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2015.

REVIEW OF OPERATIONS

Fourth Quarter of 2015. Year 2015 was another tough year for dry bulk shipping market, with drastic confidence crisis in the final quarter stimulated by the reverse of the U.S. interest rate cycle marking the end of the quantitative easing era; the deeper than expected slowdown of the China’s economic growth; ambiguous currency policies with competitive devaluation between different central banks; and a meltdown in commodities prices from metals to oil all occurring more or less simultaneously.

Revenue for the fourth quarter of 2015 declined 35% to US\$19,723,000, comparing to US\$30,154,000 for the corresponding quarter in 2014. The decrease in revenue was mainly due to the falling market freight rates. The average daily time charter equivalent rates ("TCE") earned by the Group's fleet dropped 33% to US\$5,632 for the fourth quarter of 2015 as compared to US\$8,350 for the corresponding quarter in 2014. The average daily TCE of the Group's fleet were as follows:

	2015 Q4	2014 Q4	2015	2014
Average daily TCE	US\$	<i>US\$</i>	US\$	<i>US\$</i>
Capesize fleet	-	-	-	13,477
Post-Panamax / Panamax fleet	5,456	8,308	5,456	9,139
Supramax / Handymax / Handysize fleet	5,654	8,355	6,519	9,235
In average	5,632	8,350	6,412	9,234

Other operating income increased from US\$3,605,000 for the fourth quarter of 2014 to US\$6,228,000 for the fourth quarter of 2015. The increase was mainly attributed to the settlement income of US\$2,100,000 from charterers in relation to repudiation claims. The Group will continue to seek all legal means to recover the amounts granted in the arbitration awards.

Shipping related expenses dropped from US\$28,045,000 for the fourth quarter of 2014 to US\$20,451,000 for the current quarter. The decrease was mainly attributable to the lower spare parts and consumable stores expenses were incurred during the current quarter under the Group's continuing effort on cost reduction strategy in order to remain competitive in the current tough market environment.

Other operating expenses dropped from US\$4,720,000 for the fourth quarter of 2014 to US\$2,233,000 for the fourth quarter of 2015. The decrease was primarily attributable to the recognition of net gain of US\$1,703,000 on investment portfolio, predominantly in equity securities listed in Hong Kong, which was included in other operating income. For the last corresponding quarter, the Group recorded net loss on investment portfolio of US\$2,294,000.

At end of 2015, the Group performed an impairment review on owned dry bulk vessels and recognized impairment loss of US\$325,011,000 on owned vessels and the reason of such recognition was explained in later paragraph.

Year 2015. Dry bulk shipping market faced severe challenges in year 2015. The languid dry bulk shipping market continued to be affected by the weak demand growth due to the slowdown of Chinese coal and iron ore imports and an oversupply of bulk carriers in the market. Baltic Dry Index, as well as Baltic Supramax Index had plunged once again to new record lows in 2015 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 with confidence in world trade reaching an all-time low driving market into chaos in the final months.

Revenue for the year dropped vigorously as the Group faced current market challenges, particularly for some owned vessels were chartered out in short term at relatively low freight rates at spot market. The Group's revenue for the year was US\$86,303,000, decreased by 35% as compared to US\$132,249,000 for the year 2014. The Group's net loss for the year was US\$378,743,000 as compared to a net loss of US\$86,748,000 for the year 2014. Basic loss per share for the year was US\$4.506 while basic loss per share of US\$1.032 was reported in 2014.

At end of 2015, the management cautiously reviewed the fundamentals in dry bulk shipping market and considered the low freight rate environment shall persist for a longer time than previously expected and the timing of the rebalancing of demand and supply of tonnage is expected to be hard to ascertain, and unlikely to materialize in the near term. As a result, the management considered that impairment indication of the Group's fleet existed at end of 2015 due to the tuning of expectation on the pace of recovery and the change of the long term fundamentals of the global economic and the dry bulk shipping industry outlook.

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the impairment review, certain owned vessels' recoverable amounts which were determined based on value in use, were significantly less than their respective carrying amounts. Accordingly, an impairment loss of US\$325,011,000 on owned vessels was recognized at end of 2015. For the year 2014, the Group recorded impairment loss of US\$50,586,000 on owned vessels.

Other operating income for the year 2015 mainly included settlement income of US\$23,496,000 from charterers 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 year 2015 dropped by 26% to US\$78,749,000 as compared to US\$107,099,000 for the year 2014 due to reduced voyage-related direct costs, including bunker expenses, when less voyage charters were engaged in current year. 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.

The Group's operating results for the year 2015 was negatively impacted by the substantial increase of other operating expenses from US\$14,058,000 for the year 2014 to US\$28,585,000 for the year 2015. The increase was primarily attributable to the recognition of net loss of US\$19,277,000 on the Group's investment portfolio which comprised of listed equity and debt securities. Such net loss included both realized loss on trading transactions and unrealized fair value loss on securities instruments which comprised mainly of major blue-chip stocks, constituent stocks of the Hang Seng Index, and large-cap or mid-cap Mainland companies listed in Hong Kong. The occurrence of the said loss coincided with the global stock markets sell off during the later months of 2015 where the main theme was risk off. For the year 2014, the Group recorded net loss on investment portfolio of US\$5,923,000.

Other operating expenses for the year 2015 also included a loss of US\$2,910,000 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 wholly-owned 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 US\$2,910,000 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 the year decreased by 11% from US\$5,441,000 in 2014 to US\$4,846,000 in 2015. The decrease was mainly attributable to the reduction in average outstanding loan principal under aggressive loan repayment schedules of the Group.

FINANCIAL REVIEW

As at 31 December 2015, the total of the Group's equity and debt securities, bank balances and cash decreased to US\$121,195,000 (2014: US\$202,903,000) and bank borrowings decreased to US\$317,483,000 (2014: US\$402,498,000). The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, increased to 47% (2014: 25%) as at 31 December 2015. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

During the year, capital expenditure on additions of property, plant and equipment was US\$12,326,000 (2014: US\$11,629,000) and on investment properties was US\$450,000 (2014: US\$5,052,000). As at 31 December 2015, there was no capital expenditure commitments contracted by the Group but not provided for. As at 31 December 2014, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was US\$26,190,000, representing the Group's outstanding capital expenditure commitments to acquire one newbuilding at contract price of US\$29,100,000 under the contract dated 10 April 2014 entered into between a wholly-owned subsidiary of the Company and a contractor. On 28 May 2015, the subsidiary and the contractor entered into a deed of novation. Upon signing the deed of novation, the parties agreed to novate the subsidiary's rights and obligations under the said contract to a new incoming party, which is an independent third party and the subsidiary agreed to the forfeiture of US\$2,910,000 already paid under the said contract.

FLEET

Owned Vessels

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers. As at 31 December 2015, the Group had thirty six owned vessels as follows:

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

RISK FACTORS

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

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

OUTLOOK

We expected the 2015 dry bulk shipping market would be a tough market, it has turned out to be unprecedentedly tough and now an outright confidence crisis. Freight rate is now below vessel operating expenses, asset prices have gone in a downward spiral given the lack of confidence. We believe the current market cannot be sustainable for all ship owners. So far a number of established shipping companies are already in financial distress, with some others seeking renegotiations of long term charter rates with owners in order to save liquidity. On the supply capacity front, more shipyards are expected to run into financial distress given buyers have insufficient liquidity to pay the instalments and shipyards also run out of capital. Lenders are doing their best to avoid new exposure to new shipping financing against such backdrop.

Currently, a number of factors continue to hinder the dry bulk market recovery: (1) slower demand growth in key dry bulk commodities importing activities from China due to economic slowdown, with a weak demand growth largely due to the continued slowdown in Chinese coal and iron ore imports which together represent a large proportion of overall dry bulk trade; (2) a much lower oil price which discourages slow steaming and effectively releasing further supply to the market; (3) the meltdown of commodity prices which means operators find it is hard to make profit in trades; and (4) the irrational ordering of newbuildings in the past two years.

On a positive note, this excess newbuilding orders driven by irrational expectations of financial return by parties with limited operating experience, backed by access to cheap funding in the capital market, and fee driven intermediary institutions seems to come to a halt. In fact, given the reality of the prevailing tough trading environment, delays, conversions, cancellations, and shipyard defaults are leading to much fewer actual deliveries than previously scheduled. Owners are running out of liquidity and lenders are certainly avoiding new additional exposure to the sector.

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

We are in a relatively fortunate position where we have no capital expenditure commitment in relation to newbuilding contracts, as well as no charter-in contracts. Looking ahead, we will continue to focus on the basics: maintain a strong financial position with an emphasis on liquidity and are discussing with our lenders seeking their support to maximize our liquidity position, with the objective to be one of the survivors coming out of the current crisis and remain as one of the preferred vessel providers in the dry bulk shipping market. We will intimately monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, secure and maximize income including potential recoveries from outstanding charter disputes, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins in order to remain competitive beyond the current crisis. We will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios.

PUBLICATION OF FINANCIAL INFORMATION

This report is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

A handwritten signature in black ink, appearing to be "Ng Siu Fai", written over a horizontal line.

Ng Siu Fai
Chairman

29 February 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (PRELIMINARY)

		3 months ended 31/12/2015 (Unaudited) US\$'000	3 months ended 31/12/2014 (Unaudited) US\$'000	Year ended 31/12/2015 (Unaudited) US\$'000	Year ended 31/12/2014 (Audited) US\$'000
	<i>Note</i>				
Revenue	2	19,723	30,154	86,303	132,249
Other operating income		6,228	3,605	33,103	21,091
Interest income		770	1,237	4,198	5,599
Shipping related expenses		(20,451)	(28,045)	(78,749)	(107,099)
Staff costs		(2,572)	(4,374)	(10,989)	(11,138)
Impairment loss on owned vessels	4	(325,011)	(50,586)	(325,011)	(50,586)
Other operating expenses		(2,233)	(4,720)	(28,585)	(14,058)
Operating loss before depreciation and amortization		(323,546)	(52,729)	(319,730)	(23,942)
Depreciation and amortization		(13,732)	(14,416)	(54,167)	(57,365)
Operating loss		(337,278)	(67,145)	(373,897)	(81,307)
Finance costs		(1,151)	(1,282)	(4,846)	(5,441)
Loss before taxation		(338,429)	(68,427)	(378,743)	(86,748)
Taxation	6	-	-	-	-
Net loss and total comprehensive loss for the period / year attributable to shareholders of the Company		(338,429)	(68,427)	(378,743)	(86,748)
Loss per share	7				
- Basic and diluted		US\$(4.027)	US\$(0.814)	US\$(4.506)	US\$(1.032)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)

		31/12/2015 (Unaudited) US\$'000	31/12/2014 (Audited) US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		598,179	967,941
Investment properties	9	9,397	8,546
Available-for-sale financial assets	10	386	373
		607,962	976,860
Current assets			
Inventories		1,917	2,452
Trade and other receivables		17,954	20,879
Financial assets at fair value through profit or loss	11	87,077	132,339
Pledged deposits		10,376	22,617
Bank balances and cash	12	34,118	70,564
		151,442	248,851
Total assets		759,404	1,225,711
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		4,202	4,202
Reserves		409,205	787,948
Total equity		413,407	792,150
Non-current liabilities			
Secured bank loans		234,141	338,638
Current liabilities			
Trade and other payables		28,456	30,961
Amount due to holding company		58	102
Secured bank loans		83,342	63,860
		111,856	94,923
Total equity and liabilities		759,404	1,225,711

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRELIMINARY)

	Issued capital <i>(Audited)</i> <i>US\$'000</i>	Share premium <i>(Audited)</i> <i>US\$'000</i>	Capital redemption reserve <i>(Audited)</i> <i>US\$'000</i>	Contributed surplus <i>(Audited)</i> <i>US\$'000</i>	Employee share-based compensation reserve <i>(Audited)</i> <i>US\$'000</i>	Reserve for available- for-sale financial assets <i>(Audited)</i> <i>US\$'000</i>	Retained profits <i>(Audited)</i> <i>US\$'000</i>	Total equity <i>(Audited)</i> <i>US\$'000</i>
At 1 January 2014	4,202	72,087	719	16,297	4,758	48	780,787	878,898
Net loss and total comprehensive loss for the year	-	-	-	-	-	-	(86,748)	(86,748)
At 31 December 2014	4,202	72,087	719	16,297	4,758	48	694,039	792,150
	<i>(Unaudited)</i> <i>US\$'000</i>	<i>(Unaudited)</i> <i>US\$'000</i>	<i>(Unaudited)</i> <i>US\$'000</i>	<i>(Unaudited)</i> <i>US\$'000</i>	<i>(Unaudited)</i> <i>US\$'000</i>	<i>(Unaudited)</i> <i>US\$'000</i>	<i>(Unaudited)</i> <i>US\$'000</i>	<i>(Unaudited)</i> <i>US\$'000</i>
At 1 January 2015	4,202	72,087	719	16,297	4,758	48	694,039	792,150
Net loss and total comprehensive loss for the year	-	-	-	-	-	-	(378,743)	(378,743)
At 31 December 2015	4,202	72,087	719	16,297	4,758	48	315,296	413,407

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (PRELIMINARY)

	<i>Note</i>	Year ended 31/12/2015 (Unaudited) US\$'000	Year ended 31/12/2014 (Audited) US\$'000
OPERATING ACTIVITIES			
Cash generated from operations		47,612	40,239
Interest paid		(4,902)	(5,553)
Net cash from operating activities		42,710	34,686
INVESTING ACTIVITIES			
Interest received		4,560	5,454
Decrease (Increase) in bank deposits with more than three months to maturity when placed		14,408	(14,408)
Dividend income received		1,815	1,912
Purchase of property, plant and equipment		(12,307)	(11,629)
Purchase of investment properties		(450)	(5,052)
Proceeds from disposal of assets held for sale		-	56,000
Net cash from investing activities		8,026	32,277
FINANCING ACTIVITIES			
New secured bank loans		1,683	4,144
Repayment of secured bank loans		(86,698)	(94,582)
Decrease in pledged deposits		12,241	960
Net cash used in financing activities		(72,774)	(89,478)
Net decrease in cash and cash equivalents		(22,038)	(22,515)
Cash and cash equivalents at 1 January		56,156	78,671
Cash and cash equivalents at 31 December	12	34,118	56,156

NOTES (PRELIMINARY):

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and have not been reviewed by our auditor, Grant Thornton Hong Kong Limited. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2014.

2. Revenue

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

	3 months ended 31/12/2015 (Unaudited) US\$’000	3 months ended 31/12/2014 (Unaudited) US\$’000	Year ended 31/12/2015 (Unaudited) US\$’000	Year ended 31/12/2014 (Audited) US\$’000
Chartering freight and hire income:				
Hire income under time charters from owned vessels	14,395	24,655	71,477	97,339
Hire income under time charters from chartered-in vessel	-	-	-	354
Freight income under voyage charters	5,328	5,499	14,826	34,556
	19,723	30,154	86,303	132,249

3. Other operating income

Other operating income for the year 2015 mainly included settlement income of US\$23,496,000 from charterers in relation to repudiation claims.

Other operating income for the year 2014 mainly included ballast bonus income received from particular charterers for certain charter contracts, gain on disposal of assets held for sale of US\$560,000; and settlement income of US\$6,024,000 from certain charterers in relation to repudiation claims under arbitration awards and early redelivery of an owned vessel prior to expiry of charter contract.

4. Impairment loss on owned vessels

Dry bulk shipping market in 2015 had been experienced the most challenging period unseen in the past three decades. At end of 2015, the management cautiously reviewed the fundamentals in dry bulk shipping market and considered the low freight rate environment shall persist for a longer time than previously expected and the timing of the rebalancing of demand and supply of tonnage is expected to be hard to ascertain, and unlikely to materialize in the near term. As a result, the management considered that impairment indication of the Group's fleet existed at end of 2015 due to the tuning of expectation on the pace of recovery and the change of the long term fundamentals of the global economic and the dry bulk shipping industry outlook.

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the impairment review, certain owned vessels' recoverable amounts which were determined based on value in use, were significantly less than their respective carrying amounts. Accordingly, an impairment loss of US\$325,011,000 on owned vessels was recognized at end of 2015.

For the year 2014, the Group recorded impairment loss of US\$50,586,000 on owned vessels.

5. Operating loss before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 31/12/2015 (Unaudited) US\$'000	3 months ended 31/12/2014 (Unaudited) US\$'000	Year ended 31/12/2015 (Unaudited) US\$'000	Year ended 31/12/2014 (Audited) US\$'000
Realized loss (gain) on financial assets at fair value through profit or loss	6,569	96	5,767	(123)
Unrealized loss (gain) on financial assets at fair value through profit or loss	(8,272)	2,198	13,510	6,046
Net loss (gain) on financial assets at fair value through profit or loss	(1,703)	2,294	19,277	5,923
Impairment loss (Reversal of impairment loss) on trade receivables	1,058	(392)	701	(644)
Dividend income	(406)	(551)	(2,069)	(2,053)
Loss on write-off of vessel under construction	-	-	2,910	-

6. Taxation

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

7. Loss per share

Basic and diluted loss per share for the quarter and year ended 31 December 2015 were calculated on the respective net loss of US\$338,429,000 for the quarter and US\$378,743,000 for the year and the weighted average number of 84,045,341 ordinary shares in issue during the quarter / year.

Basic and diluted loss per share for the quarter and year ended 31 December 2014 were calculated on the respective net loss of US\$68,427,000 for the quarter and US\$86,748,000 for the year and the weighted average number of 84,045,341 ordinary shares in issue during the quarter / year.

8. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2015 (2014: nil).

9. Investment properties

	31/12/2015	31/12/2014
	(Unaudited)	(Audited)
	US\$'000	US\$'000
At 1 January	8,546	3,513
Additions	450	5,052
Change in fair value	401	(19)
At 31 December	9,397	8,546

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

At the reporting date, the fair values of the Group's investment properties were determined by Centaline Surveyors Limited, an independent qualified professional valuer, on direct comparison approach on annually basis with reference to comparable transactions available in the relevant locality. In estimating the fair value of investment properties, the highest and best use of the properties is their current use. The fair value measurement of these investment properties was categorized as Level 3 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

10. Available-for-sale financial assets

	31/12/2015	31/12/2014
	(Unaudited)	(Audited)
	US\$'000	US\$'000
Unlisted club membership, at fair value	216	203
Unlisted club membership, at cost	170	170
	386	373

Unlisted club membership stated at fair value represented investment in club membership which its fair value can be determined directly by reference to published price quotation in active market. At the reporting date, the fair value measurement of this unlisted club membership was categorized as Level 1 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the 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.

11. Financial assets at fair value through profit or loss

	31/12/2015	31/12/2014
	(Unaudited)	(Audited)
	US\$'000	US\$'000
<i>Held for trading or not qualifying as hedges</i>		
Listed equity securities	39,119	56,408
Listed debt securities	47,958	75,931
	87,077	132,339

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

12. Bank balances and cash

	31/12/2015 (Unaudited) <i>US\$'000</i>	31/12/2014 (Audited) <i>US\$'000</i>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	34,118	56,156
Bank deposits with more than three months to maturity when placed	-	14,408
	34,118	70,564

13. Capital expenditures and commitments

During the year, capital expenditure on additions of property, plant and equipment was US\$12,326,000 (2014: US\$11,629,000) and on investment properties was US\$450,000 (2014: US\$5,052,000).

As at 31 December 2015, there was no capital expenditure commitments contracted by the Group but not provided for. As at 31 December 2014, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was US\$26,190,000, representing the Group's outstanding capital expenditure commitments to acquire one newbuilding at contract price of US\$29,100,000.

14. Related party transactions

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

	3 months ended 31/12/2015 (Unaudited) <i>US\$'000</i>	3 months ended 31/12/2014 (Unaudited) <i>US\$'000</i>	Year ended 31/12/2015 (Unaudited) <i>US\$'000</i>	Year ended 31/12/2014 (Audited) <i>US\$'000</i>
Salaries and other benefits	2,169	3,676	6,951	7,111
Contributions to retirement benefits schemes	90	63	363	254
	2,259	3,739	7,314	7,365

15. Comparative figures

Certain comparative figures have been included in order to conform to the presentation of current period / year.



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