



JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137



**2014
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

WEBSITE

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 2014

- Revenue for the period: HK\$715 million
- Net loss attributable to shareholders for the period: HK\$15 million
- Basic loss per share: HK\$0.029
- Gearing ratio as at 30 June 2014: 22%

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 2014.

INTERIM RESULTS

The Group's revenue for the first half of 2014 was HK\$715,414,000 whereas HK\$975,278,000 was reported in the same period of 2013. The net loss attributable to shareholders of the Company for the first half of 2014 was HK\$15,482,000 as compared to a net profit of HK\$13,069,000 for the first half of 2013.

Basic loss per share was HK\$0.029 for the six months ended 30 June 2014 as compared to basic earnings per share of HK\$0.025 for the last corresponding period in 2013.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2014 (30/6/2013: 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.

Dry bulk shipping market underwent typical seasonal demand decline in early 2014 with sluggish seaborne activities and characterized by disparity in supply and demand for dry bulk shipping across different regions. Remarkably high or exceptional low fixtures were reported in the first quarter of 2014 and vessels in ballast seeking better chartering opportunities or prolonging positioning period were also common. While dry bulk shipping market is expected to improve in longer term as supply of newbuildings deliveries slows down and global economic indicators remain encouraging, market freight rates were still suppressed by short-term imbalance tonnage supply and demand in certain regions as large number of vessels have been ballasting from the weaker Pacific basin to Atlantic basin and the unexpected weakening of global minor bulk trading activities in early 2014. The recent crackdown of commodity-backed lending in China further exacerbated negative sentiment given the slowdown of importing activities of China would bring weighty impact on fragile dry bulk shipping market. Baltic Dry Index ("BDI") opened at 2,113 points on 2 January 2014 and trended downward in January as seasonal demand decline in January, followed by a soft rebound of BDI after Chinese New Year in the first quarter. However, there was a sharp fall in April again as mounting uncertainty lay ahead of

Chairman's Statement

the slower economic growth in China as well as other geopolitical events in some emerging countries. BDI fell to around 930 points in mid-April and hovered at a level between 850 to 1,000 points during the remaining period of the first half of the year.

The Group's operating results from chartering freight and hire for the first half of 2014 was affected by the decreased segment revenue in a low freight rate environment. Revenue from chartering freight and hire for the first half of the year dropped 31% from HK\$846,174,000 in 2013 to HK\$585,458,000 in 2014. Segment loss from chartering freight and hire of HK\$35,853,000 for the first half of 2014 was primarily attributable to an unexpected weak freight market due to a reduction in dry seaborne trade volume in the first half of 2014. This weak dry bulk commodities demand is primarily driven by a slowdown of Chinese economic activities as well as other geopolitical events. In addition, the ample availability of shipping finance in the past months also encouraged an unanticipated increase in the supply side. A byproduct of global quantitative easing, this over extension of credit in the shipping industry only slowed down recently partly due to the crackdown of commodity-backed lending in China.

The Group's segment revenue and operating results from chartering freight and hire for the first half of 2014 were also impacted by reduced number of owned fleet and chartered-in fleet in operation as the only chartered-in Capesize was redelivered to its owner in January 2014 whereas two chartered-in vessels were in operation in the first half of 2013. Operating days in current period were less than those in the first half of 2013 due to increased vessels ballast days and prolonging positioning period for increased voyage charters. The average daily time charter equivalent rates ("TCE") earned by the Group's fleet dropped to US\$10,515 for the first half of 2014 as compared to US\$13,568 for the last corresponding period in 2013 when certain charter contracts were recently entered into with charterers at relatively low freight rates.

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

	2014	2013	2013
	1st half	1st half	
	US\$	US\$	US\$
Capesize fleet	13,477	13,030	13,202
Post-Panamax / Panamax fleet	10,506	14,989	15,817
Supramax / Handymax / Handysize fleet	10,501	13,432	13,424
In average	10,515	13,568	13,653

Chairman's Statement

Shipping related expenses decreased by 13% to HK\$437,438,000 for the first half of 2014 as compared to HK\$505,065,000 for the first half of 2013. Shipping related expenses for the period included compensation paid for early redelivery of the Group's only chartered-in Capesize to its owner in January 2014. Upon the redelivery of this chartered-in Capesize, the Group has not operated chartered-in fleet and hence hire payments for the first half of the year reduced significantly by approximately HK\$113 million comparing to the first half of 2013 in which two chartered-in vessels were in operation. However, such decrease was partially offset by the increased bunker expenses incurred in repositioning of vessels into more favourable areas and increased voyage charters taken in current period.

Other operating income for chartering freight and hire for the first half of 2014 mainly included ballast bonus income received from particular charterers for certain charter contracts and settlement income of HK\$40,812,000 which comprised of partial settlement on an arbitration award granted in relation to a repudiation claim against a charterer; and settlement income received from a charterer for early redelivery of an owned vessel to the Group. There was no settlement income being recognized for chartering freight and hire in the first half of 2013.

Finance costs for chartering freight and hire for the first half of 2014 decreased by 21% to HK\$22,091,000, as comparing to HK\$28,117,000 for the last corresponding period in 2013. The decrease was attributable to the decrease in average outstanding loan principal under aggressive loan repayment schedules and full repayment of vessel mortgage loans for two disposed owned vessels during the period.

The Group entered into agreements in February 2014 to dispose two vessels at a total consideration of HK\$436,800,000 to a purchaser, an independent third party. These two vessels were classified as "Assets held for sale" with recoverable amount of HK\$432,432,000 as at 31 December 2013. Both vessels were delivered to the purchaser in March 2014 as scheduled and gain on disposal of assets held for sale of HK\$4,368,000 was recorded in other operating income for chartering freight and hire in current period.



Chairman's Statement

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

The Group's segment revenue from trading business increased slightly to HK\$129,956,000 for the first half of 2014 as comparing to HK\$129,104,000 for the first half of 2013. However, the Group reported segment loss of HK\$2,778,000 from trading business for the first half of 2014, whereas segment profit of HK\$1,827,000 was reported in last corresponding period in 2013. While the Group strived to source and introduce new products with better profit margin to reach new customers through new sales channels, due to the falling of commodity prices, the overall gross profit margin reduced and segment loss was reported from trading business for the period.

Other financial information. The unallocated corporate expenses reduced to HK\$19,629,000 for the first half of 2014, as comparing to HK\$65,445,000 for the first half of 2013, due to fair value loss of HK\$50,309,000 on investment portfolio of equity and debt securities was recognized in the first half of 2013 as most Asian stock markets tumbled sharply and bond prices fell in June 2013. In early 2014, bond market continued to underperform on the back of U.S. tapering quantitative easing policies and rising treasury yields expectation and equity markets in Asian region plunged as funds continued to flow out of the Asian region. With the swift turnaround of equity and bond performance in the second quarter of 2014 supported by encouraging macroeconomic data among U.S., European and emerging Asian countries, the Group recorded fair value gain of HK\$1,001,000 on investment portfolio of equity and debt securities for the first half of 2014 and such gain was included in unallocated other operating income.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. As at 30 June 2014, the total of the Group's equity and debt securities, bank balances and cash increased to HK\$1,882,182,000 (31/12/2013: HK\$1,675,253,000). The Group's bank borrowings decreased to HK\$3,418,691,000 (31/12/2013: HK\$3,863,014,000), of which 16%, 17%, 42% and 25% 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 22% (31/12/2013: 31%) as at 30 June 2014. 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.

Chairman's Statement

Pledge of assets. As at 30 June 2014, the Group's property, plant and equipment and investment properties with an aggregate net book value of HK\$8,065,667,000 (31/12/2013: HK\$8,248,836,000), and deposits of HK\$176,353,000 (31/12/2013: HK\$183,900,000) placed with banks were pledged together with the assignment of thirty six (31/12/2013: thirty eight) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of thirty (31/12/2013: thirty two) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the six months ended 30 June 2014, capital expenditure on additions of owned vessels and vessels under construction was HK\$58,373,000 (30/6/2013: HK\$23,357,000), on other property, plant and equipment was HK\$745,000 (30/6/2013: HK\$1,003,000) and on investment properties was HK\$39,254,000 (30/6/2013: nil).

As at 30 June 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 (31/12/2013: nil), representing the Group's outstanding capital expenditure commitments to acquire one (31/12/2013: nil) newbuilding at contract price of US\$29,100,000 (approximately HK\$226,980,000) (31/12/2013: nil).

OUTLOOK

Shipping is tightly tied to the overall global economic health and is sensitive to intricate changes of the trade patterns, geopolitical situation, as well as the balance of demand and supply in shipping capacity.

The U.S. and European economies have been showing further encouraging signs. However, the key driver of the dry bulk market, China has caught a cold with economic activity, due to Government measures to limit credit growth, curb fixed asset investments and asset prices. As a result, the country that has been driving the most demand growth in dry bulk commodities has slowed down their import requirements recently. Growing geopolitical tension has also negatively affected business sentiment in a lot of regions. Together with a sharp reduction in certain minor bulk trades, the operating environment so far in 2014 has been a lot more challenging than anticipated.



Chairman's Statement

At present, we remain positive with the longer term market given the long term import requirement from China and Asian countries are growing, and this growth should be further strengthen, if the recovery of U.S. and European economies proved to be sustainable. Of course, this would only be possible if supply is in check where less or no more irrational ordering of newbuildings by parties with no intention of long term commitment in shipping take place. The good news is, this newbuilding frenzy has significantly slowdown recently as potential buyers are discouraged by this unanticipated weak demand for vessels, shipping financiers have become more cautious, as well as the U.S. Federal Reserve communicating clearly to the market, an eventual end of the quantitative easing program should be expected soon.

We expect a stronger market towards the end of the year and aspire to grow our business over the longer term, and will patiently and selectively look at suitable opportunities as they arise.

For the remaining of the year, we will continue to focus on the basics: maintain a strong financial position and a healthy gearing level, monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, 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, 29 August 2014

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 2014 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 2014
Directors				
Ng Siu Fai	23 December 2004	1.60	31 March 2006 to 22 December 2014	31,570,000
	29 June 2006	1.57	29 June 2006 to 28 June 2016	3,184,000
Ng Kam Wah Thomas	23 December 2004	1.60	31 March 2006 to 22 December 2014	21,050,000
	29 June 2006	1.57	29 June 2006 to 28 June 2016	3,184,000
Ng Ki Hung Frankie	29 June 2006	1.57	29 June 2006 to 28 June 2016	3,184,000
				62,172,000

Notes:

1. No share option was granted, exercised, cancelled or lapsed during the six months ended 30 June 2014.
2. As at the dates of grant of options on 23 December 2004 and 29 June 2006, the closing prices per share of the Company were HK\$1.53 and HK\$1.57 respectively.
3. The closing price per share of the Company as at 30 June 2014 was HK\$1.52.

Disclosure of Interests

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

As at 30 June 2014, 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 2014, 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 2014, 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 2014.

Save as disclosed above, as at 30 June 2014, 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 2014, 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	–	34,754,000 <i>Note 2</i>	6.55%

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 34,754,000 shares of the Company held by her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).

Save as disclosed herein, as at 30 June 2014, 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 2014, 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 2014.

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 2014.

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 2014.

EMPLOYEES

As at 30 June 2014, the Group had 108 (31/12/2013: 108) 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 2014, 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

Ordered Vessel

On 10 April 2014, the Group entered into a construction and sale contract to acquire a Supramax newbuilding at a contract price of US\$29,100,000 (approximately HK\$226,980,000) with expected date of delivery on or before 31 March 2016.

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 34 which comprises the condensed consolidated statement of financial position of Jinhui Holdings Company Limited as of 30 June 2014 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

29 August 2014

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 2014

	Note	Six months ended 30 June 2014 (Unaudited) HK\$'000	Six months ended 30 June 2013 (Unaudited) HK\$'000
Revenue	2	715,414	975,278
Other operating income	4	123,085	41,214
Interest income		23,317	13,489
Shipping related expenses	5	(437,438)	(505,065)
Cost of trading goods sold		(124,496)	(119,338)
Staff costs		(41,083)	(34,962)
Other operating expenses		(37,598)	(81,834)
Operating profit before depreciation and amortization	6	221,201	288,782
Depreciation and amortization		(224,138)	(233,045)
Operating profit (loss)		(2,937)	55,737
Finance costs		(22,371)	(28,306)
Profit (Loss) before taxation		(25,308)	27,431
Taxation	7	(76)	(178)
Net profit (loss) and total comprehensive income (loss) for the period		(25,384)	27,253
Net profit (loss) and total comprehensive income (loss) for the period attributable to:			
Shareholders of the Company		(15,482)	13,069
Non-controlling interests		(9,902)	14,184
		(25,384)	27,253
Earnings (Loss) per share	8		
– Basic		HK\$(0.029)	HK\$0.025
– Diluted		HK\$(0.029)	HK\$0.025

Condensed Consolidated Statement of Financial Position

As at 30 June 2014

	Note	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		8,181,701	8,346,661
Investment properties	10	140,434	101,180
Goodwill		39,040	39,040
Available-for-sale financial assets	11	23,311	23,311
Intangible assets		1,522	1,604
		8,386,008	8,511,796
Current assets			
Inventories		65,407	60,549
Trade and other receivables	12	286,896	456,105
Financial assets at fair value through profit or loss	13	1,155,568	1,041,477
Pledged deposits		176,353	183,900
Bank balances and cash		726,614	633,776
		2,410,838	2,375,807
Assets held for sale	14	–	432,432
		2,410,838	2,808,239
Current liabilities			
Trade and other payables	15	265,159	318,475
Current taxation		44	210
Secured bank loans	16	546,972	723,527
		812,175	1,042,212
Net current assets		1,598,663	1,766,027
Total assets less current liabilities		9,984,671	10,277,823
Non-current liabilities			
Secured bank loans	16	2,871,719	3,139,487
Net assets		7,112,952	7,138,336
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	17	381,639	53,029
Reserves		3,612,867	3,956,959
		3,994,506	4,009,988
Non-controlling interests		3,118,446	3,128,348
Total equity		7,112,952	7,138,336

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	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 2013	53,029	324,590	4,020	4,777	26,259	13,795	3,463,360	3,889,830	3,038,510	6,928,340
Net profit and total comprehensive income for the period	-	-	-	-	-	-	13,069	13,069	14,184	27,253
At 30 June 2013	53,029	324,590	4,020	4,777	26,259	13,795	3,476,429	3,902,899	3,052,694	6,955,593
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 (Note 17)	328,610	(324,590)	(4,020)	-	-	-	-	-	-	-
Net 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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Six months ended 30 June 2014 (Unaudited) HK\$'000	Six months ended 30 June 2013 (Unaudited) HK\$'000
OPERATING ACTIVITIES		
Cash generated from operations	215,217	77,065
Interest paid	(23,153)	(28,982)
PRC Corporate Income Tax paid	(239)	(374)
Net cash from operating activities	191,825	47,709
INVESTING ACTIVITIES		
Interest received	20,369	12,186
Increase in bank deposits with more than three months to maturity when placed	–	(40,729)
Dividend income received	4,233	3,077
Purchase of property, plant and equipment	(59,118)	(24,360)
Purchase of investment properties	(39,254)	–
Proceeds from disposal of assets held for sale	436,800	–
Proceeds from disposal of property, plant and equipment	–	300
Proceeds from termination of unlisted investments	–	3,699
Purchase of available-for-sale financial assets	–	(1,331)
Net cash from (used in) investing activities	363,030	(47,158)
FINANCING ACTIVITIES		
New secured bank loans	15,452	3,905
Repayment of secured bank loans	(485,016)	(289,324)
Decrease (Increase) in pledged deposits	7,547	(29,628)
Net cash used in financing activities	(462,017)	(315,047)
Net increase (decrease) in cash and cash equivalents	92,838	(314,496)
Cash and cash equivalents at 1 January	633,776	903,097
Cash and cash equivalents at 30 June	726,614	588,601

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 2014 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 2013.

2. 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:

	Six months ended 30 June 2014 (Unaudited) HK\$’000	Six months ended 30 June 2013 (Unaudited) HK\$’000
Chartering freight and hire income		
Hire income under time charters	397,901	696,563
Freight income under voyage charters	187,557	149,611
Sale of goods	129,956	129,104
	<hr/> 715,414	<hr/> 975,278

Notes to the Interim Financial Statements

3. Segment information

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

The following tables present the Group's reportable segment revenue and segment results for the six months ended 30 June 2014 and 2013, and reconcile the Group's total reportable segment results to the Group's net profit (loss) for the period as presented in the condensed consolidated statement of profit or loss and other comprehensive income.

	Chartering freight and hire (Unaudited) HK\$'000	Trading (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<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)
Net loss for the period			(25,384)

Notes to the Interim Financial Statements

3. Segment information (Continued)

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

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

Notes to the Interim Financial Statements

3. Segment information (Continued)

	Chartering freight and hire (Unaudited) HK\$'000	Trading (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<i>As at 30 June 2014</i>			
Segment assets	8,218,248	103,055	8,321,303
<i>Unallocated assets</i>			2,475,543
Total assets			10,796,846
Segment liabilities	3,587,906	46,571	3,634,477
<i>Unallocated liabilities</i>			49,417
Total liabilities			3,683,894
	Chartering freight and hire (Audited) HK\$'000	Trading (Audited) HK\$'000	Total (Audited) HK\$'000
<i>As at 31 December 2013</i>			
Segment assets	8,581,270	79,232	8,660,502
Assets held for sale	432,432	–	432,432
<i>Unallocated assets</i>			2,227,101
Total assets			11,320,035
Segment liabilities	4,090,294	19,328	4,109,622
<i>Unallocated liabilities</i>			72,077
Total liabilities			4,181,699

Notes to the Interim Financial Statements

4. Other operating income

Other operating income for the six months ended 30 June 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 approximately HK\$41 million which comprised of partial settlement on an arbitration award granted in relation to a repudiation claim against a charterer; and settlement income received from a charterer for early redelivery of an owned vessel to the Group. There was no settlement income being recognized for the six months period ended 30 June 2013.

5. Shipping related expenses

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

6. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	Six months ended 30 June 2014 (Unaudited) HK\$'000	Six months ended 30 June 2013 (Unaudited) HK\$'000
Impairment loss (Reversal of impairment loss)		
on trade receivables	(3,500)	2,237
Dividend income	(5,077)	(3,309)
Net loss (gain) on financial assets at fair value through profit or loss	(2,820)	46,056

Notes to the Interim Financial Statements

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 has been provided at the applicable rate on the estimated assessable profits of a PRC subsidiary for the period. The Group is not subject to taxation in any other jurisdictions in which the Group operates.

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

	Six months ended 30 June 2014 (Unaudited) HK\$'000	Six months ended 30 June 2013 (Unaudited) HK\$'000
PRC Corporate Income Tax		
Current period	76	178

8. Earnings (Loss) per share

Basic earnings (loss) per share was calculated on the net loss attributable to shareholders of the Company for the period of HK\$15,482,000 for the six months ended 30 June 2014 (30/6/2013: net profit of HK\$13,069,000) and the weighted average number of 530,289,480 (30/6/2013: 530,289,480) ordinary shares in issue during the period.

Diluted earnings (loss) per share was calculated on the net loss attributable to shareholders of the Company for the period of HK\$15,482,000 for the six months ended 30 June 2014 (30/6/2013: net profit of HK\$13,069,000) and the weighted average number of 530,289,480 (30/6/2013: 530,289,480) ordinary shares in issue during the period and adjusting for the potential dilutive ordinary shares of 7,522,612 (30/6/2013: 217,821) arising from the share options granted under the Company's share option scheme.

9. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2014 (30/6/2013: nil).

Notes to the Interim Financial Statements

10. Investment properties

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
At 1 January	101,180	93,800
Additions	39,254	–
Change in fair value	–	7,380
	<hr/> 140,434	<hr/> 101,180
At 30 June / 31 December	140,434	101,180

The Group's investment properties 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.

11. Available-for-sale financial assets

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Unlisted club debentures, at fair value	20,400	20,400
Unlisted club membership, at fair value	1,580	1,580
Unlisted club membership, at cost	1,331	1,331
	<hr/> 23,311	<hr/> 23,311

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

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Trade receivables	64,110	60,534
Prepayments, deposits and other receivables	222,786	395,571
	286,896	456,105

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

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within 3 months	57,747	53,160
Over 3 months but within 6 months	1,789	4,731
Over 6 months but within 12 months	2,926	228
Over 12 months	1,648	2,415
	64,110	60,534

As at 31 December 2013, other receivables included a short term receivable of approximately HK\$188 million in relation to the termination of a newbuilding contract. In March 2014, the vendor refunded the amount to the Group and hence other receivables reduced significantly as at 30 June 2014.

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

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<i>Held for trading or not qualifying as hedges</i>		
Equity securities		
Listed in Hong Kong	404,723	315,918
Listed outside Hong Kong	157,456	136,277
	562,179	452,195
Debt securities		
Listed in Hong Kong	420,955	386,564
Listed outside Hong Kong	162,454	202,718
Unlisted	9,980	–
	593,389	589,282
	1,155,568	1,041,477

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. The fair value measurements of unlisted debt securities at the reporting date were determined by reference to price quotations for equivalent financial instruments in active markets provided by financial institutions and were categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 13. There was no transfer among the three levels of the fair value hierarchy on listed equity securities, listed and unlisted debt securities during the period / year.

Notes to the Interim Financial Statements

14. Assets held for sale

As at 31 December 2013, assets held for sale represented two owned vessels which were ready for sale with recoverable amount of HK\$432,432,000, which were measured at the lower of the net book value of HK\$532,614,000 or estimated fair value less costs to sell of HK\$432,432,000. As a result, impairment loss of HK\$100,182,000 for these two vessels was recognized for the year 2013.

In February 2014, the Group entered into agreements to dispose these two vessels at a total consideration of HK\$436,800,000 to a purchaser. Both vessels were delivered to the purchaser in March 2014 as scheduled.

15. Trade and other payables

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Trade payables	20,288	18,331
Accrued charges and other payables	244,871	300,144
	265,159	318,475

The aging analysis of trade payables is as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within 3 months	3,046	1,350
Over 3 months but within 6 months	439	812
Over 6 months but within 12 months	820	560
Over 12 months	15,983	15,609
	20,288	18,331

Notes to the Interim Financial Statements

16. Secured bank loans

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Vessel mortgage loans	3,375,337	3,844,901
Trust receipt loans	43,354	18,113
<hr/>		
Total secured bank loans	3,418,691	3,863,014
Less: Amount repayable within one year	(546,972)	(723,527)
<hr/>		
Amount repayable after one year	2,871,719	3,139,487
<hr/>		

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

17. Share capital

As at 31 December 2013, 1,000,000,000 ordinary shares, with par value of HK\$0.10 each, were authorized for issue. On 3 March 2014, the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("New CO") came into effect. The New CO abolishes the concepts of nominal (par) value, share premium and authorized share capital for all shares of Hong Kong incorporated companies. In accordance with Section 135 of the New CO, the Company's shares no longer have a nominal (par) value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transaction.

Prior to 3 March 2014, the application of the share premium account and capital redemption reserve were governed by Section 48B and Section 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in Section 37 of Schedule 11 to the New CO, on 3 March 2014 any amount standing to the credit of the company's share premium account and capital redemption reserve becomes part of the company's share capital, as such balances of share premium account of HK\$324,590,000 and capital redemption reserve of HK\$4,020,000 became part of the Company's share capital. The use of share capital as from 3 March 2014 is governed by Section 149 of the New CO.

Notes to the Interim Financial Statements

17. Share capital (Continued)

The Company's share capital is as follows:

	30 June 2014		31 December 2013	
	Number of ordinary shares	Amount HK\$'000	Number of ordinary shares	Amount HK\$'000
Issued and fully paid:				
At 1 January	530,289,480	53,029	530,289,480	53,029
Transfer on 3 March 2014 upon adoption of the New CO	-	328,610	-	-
At 30 June / 31 December	530,289,480	381,639	530,289,480	53,029

18. Capital expenditures and commitments

During the six months ended 30 June 2014, capital expenditure on additions of owned vessels and vessels under construction was HK\$58,373,000 (30/6/2013: HK\$23,357,000), on other property, plant and equipment was HK\$745,000 (30/6/2013: HK\$1,003,000) and on investment properties was HK\$39,254,000 (30/6/2013: nil).

As at 30 June 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 (31/12/2013: nil), representing the Group's outstanding capital expenditure commitments to acquire one (31/12/2013: nil) newbuilding at contract price of US\$29,100,000 (approximately HK\$226,980,000) (31/12/2013: nil).

Notes to the Interim Financial Statements

19. Related party transactions

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

	Six months ended 30 June 2014 (Unaudited) HK\$'000	Six months ended 30 June 2013 (Unaudited) HK\$'000
Salaries and other benefits	20,871	14,795
Contributions to retirement benefits schemes	1,087	720
	21,958	15,515

20. Comparative figures

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