JINHUI

JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

2017 RESULTS ANNOUNCEMENT

HIGHLIGHTS

FOR THE YEAR 2017

- Revenue for the year: HK$574 million

- Net loss attributable to shareholders for the year: HK$14 million

- Operating profit for the year: HK$12 million included non-cash impairment loss on assets held for sale (disposed vessels) of HK$49 million

- Basic loss per share: HK$0.026

- Gearing ratio as at 31 December 2017: 13%

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the results of **Jinhui Holdings Company Limited** (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2017.

2017 ANNUAL RESULTS

The Group's revenue for the year was HK$573,663,000 whereas HK$467,649,000 was reported for the year 2016. The net loss attributable to shareholders of the Company had been significantly reduced from HK$805,394,000 for the year 2016 to HK$13,631,000 for the year 2017. The net loss for the year was attributable to the impairment loss on assets held for sale (disposed vessels) of HK$49,149,000 recognized in 2017 whereas impairment loss on owned vessels of HK$881,478,000 and impairment loss on assets held for sale (disposed vessels) of HK$354,602,000 were recognized in 2016. The impairment losses on assets held for sale (disposed vessels) and on owned vessels are non-cash in nature and do not have impact on the operating cash flows of the Group. Basic loss per share was HK$0.026 for the year as compared to basic loss per share of HK$1.519 for the year 2016.

During the year, the Group took the opportunity to enter into five memorandums of agreement to dispose four Supramaxes and one Handysize at a total consideration of US$63,000,000 (approximately HK$491,400,000). By using the net sale proceeds arisen from the disposals for the repayment of the vessel mortgage loans, the Group's overall indebtedness had been reduced by approximately HK$408 million. The disposal of these five vessels would enable the Group to further enhance its working capital position and to strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. For financial reporting purposes, these five disposed vessels were reclassified to "Assets held for sale" in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with a total impairment loss on assets held for sale (disposed vessels) of HK$49,149,000 was recognized in 2017 upon reclassification to assets held for sale. Two vessels were delivered to the respective buyers in April 2017 while the three remaining vessels were delivered to the respective buyers in June 2017. Given the unpredictable and often high earnings volatility in our industry, the disposal of the vessels can further reduce our debt service pressure from both principal repayments and interest payments in an expected rising interest rate environment. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2017. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Chartering freight and hire. The Group operates its worldwide shipping activities through Jinhui Shipping and Transportation Limited ("Jinhui Shipping"), an approximately 55.69% owned subsidiary of the Company as at date of this announcement, whose shares are listed on the Oslo Stock Exchange, Norway.

After a very tough year in 2016, the dry bulk shipping market has regained positive momentum since mid of 2017. The improved market conditions are driven by the accelerating seaborne activities, Chinese dry bulk demand in particular, and the slowdown of fleet growth in the market. Dry bulk shipping market have benefited from the improved balance between supply and demand in the second half of 2017. However, we remain cautious that the recent spike is driven by Chinese imports activities, any change in such demand would impact the freight rates and the dry bulk shipping market remains highly volatile. We remain positive in the longer term outlook as the supply side of dry bulk vessels would be limited, but it would take more years to prove a sustainable rebound. The overall recovery in dry bulk shipping market require a stronger demand and supply rebalance through slowing fleet growth, layups and scrapping of tonnages.

Dry bulk shipping market has been improving since February 2017 on the back of rising dry seaborne trade volumes which were stimulated by both increasing agricultural products and coal trading activities. The average of Baltic Dry Index for the year was 1,145 points, which compares to 673 points in 2016. Revenue for the year 2017 was HK$573,663,000, representing an increase of 23% as compared to HK$467,649,000 for the year 2016.

Average daily time charter equivalent rates ("TCE")	**2017**	2016
	US$	*US$*
Post-Panamax / Panamax fleet	**8,645**	4,475
Supramax / Handymax / Handysize fleet	**8,063**	4,922
In average	**8,111**	4,871

Key Performance Indicators for Shipping Business	**2017**	2016
	HK$'000	*HK$'000*
Average daily TCE	**63**	38
Daily vessel running cost	**30**	29
Daily vessel depreciation	**16**	21
Daily vessel finance cost	**4**	3
	50	53
Average utilization rate	**99%**	98%

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2017, the Group had twenty three owned vessels. The average daily TCE earned by the Group's owned vessels increased 67% to US$8,111 (approximately HK$63,000) for the year 2017 as compared to US$4,871 (approximately HK$38,000) for the year 2016 due to the regained dry bulk shipping market since mid of 2017. Daily vessel running cost increased 4% from US$3,684 (approximately HK$29,000) for the year 2016 to US$3,843 (approximately HK$30,000) for the year 2017. Daily vessel depreciation dropped due to the readjusted depreciation upon the recognition of impairment loss on owned vessels at end of 2016. However, daily vessel finance cost increased 37% from US$415 (approximately HK$3,200) for the year 2016 to US$568 (approximately HK$4,400) for the year 2017. The interest saving from the reduction in outstanding loan principal upon disposal of five vessels in 2017 was offset by the increased interest margin of 0.75% per annum for those loans restructured during the forbearance period under the intercreditor deed (the "ICD") forming between the Group and major lenders at end of 2016 and remained effective during the year 2017. Fleet utilization rate increased from 98% for the year 2016 to 99% for the year 2017. We will intimately monitor cargo flows in order to deploy our vessels efficiently to optimize revenue and fleet utilization rate and we will keep costs in check to enhance our margins.

As at 31 December 2017, the Group had twenty three owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	21
Total fleet	**23**

During the year, the Group had entered into five memorandums of agreement to dispose four Supramaxes and one Handysize, at a total consideration of US$63 million (approximately HK$491 million). Following the disposal of five vessels, the Group's total carrying capacity had been reduced from deadweight 1,602,343 metric tons to 1,341,902 metric tons. Five vessels had been delivered to the respective buyers during the year.

Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position. We will continuously monitor the market as well as our operations going forward and will maintain a young and modern fleet, not ruling out any future disposal or acquisition of vessels and will make such decisions on an ad hoc basis to readjust our fleet size.

FINANCIAL REVIEW

Revenue and operating loss. The Group's revenue for the year 2017 increased 23% to HK$573,663,000, comparing to HK$467,649,000 for the year 2016. The Company recorded a consolidated net loss of HK$28,149,000 for the year 2017 while a consolidated net loss of HK$1,472,496,000 was reported in 2016. The consolidated net loss for the year 2017 was attributable to the impairment loss on assets held for sale (disposed vessels) of HK$49,149,000 recognized upon reclassification to assets held for sale of four Supramaxes and one Handysize for which the Group entered into disposal agreements and relevant disposals were completed in 2017. The impairment loss on assets held for sale (disposed vessels) is non-cash in nature and does not have impact on the operating cash flows of the Group.

Other operating income. Other operating income decreased from HK$179,253,000 for the year 2016 to HK$105,449,000 for the year 2017 due to the reduced settlement income received from charterers in relation to repudiation claims from HK$43,841,000 in 2016 to HK$8,301,000 in 2017 and the reduced fair value gain on investment properties from HK$53,350,000 in 2016 to HK$14,580,000 in 2017. The Group will continue to seek all legal means to recover the amounts granted in the arbitration awards. Other operating income also included a net gain of HK$38,340,000 on financial assets at fair value through profit or loss in 2017 whereas net loss of HK$19,089,000 on financial assets at fair value through profit or loss was recognized in 2016 and was included in other operating expenses.

Shipping related expenses. Shipping related expenses dropped from HK$424,831,000 for the year 2016 to HK$340,841,000 for the current year. The decrease was mainly attributable to the reduced number of owned vessels and the continued efforts in reducing vessels' running costs under the Group's cost reduction strategy in order to remain competitive in the current tough market environment.

Finance costs. Finance costs slightly increased to HK$40,498,000 for the year 2017, as compared to HK$39,902,000 for the year 2016. The interest saving from the reduction in outstanding loan principal upon disposal of five vessels in 2017 was offset by the increased interest margin of 0.75% per annum for those loans restructured during the forbearance period under the intercreditor deed forming between the Group and major lenders at end of 2016 and remained effective during the year 2017.

Financial assets at fair value through profit or loss. As at 31 December 2017, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK$208,572,000 (2016: HK$391,868,000), in which HK$173,924,000 (2016: HK$150,540,000) was investment in listed equity securities and HK$34,648,000 (2016: HK$241,328,000) was investment in listed debt securities.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, financial resources and capital structure. As at 31 December 2017, the Company maintained positive working capital position of HK$349,766,000 (2016: HK$409,448,000) and the total of the Group's equity and debt securities, bank balances and cash increased to HK$819,533,000 (2016: HK$632,740,000). During the year, net cash generated from operating activities amounted to HK$307,287,000 (2016: HK$276,916,000).

As at 31 December 2017, the Group's bank borrowings decreased to HK$1,077,034,000 (2016: HK$1,657,916,000), of which 44%, 26% and 30% are repayable respectively within one year, one to two years and two to five years. Vessel mortgage loans 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, decreased to 13% (2016: 52%) as at 31 December 2017. The drop in gearing ratio for the year was mainly attributable to the decrease in bank borrowings upon repayment of loans for five disposed vessels and the increase in bank balances from the proceeds of the rights issue carried out by Jinhui Shipping. 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. As at 31 December 2017, the Group is able to service its debt obligations, including principal and interest payments.

An ICD forming between the Group and major lenders was executed in December 2016 and remained effective throughout the year 2017. Pursuant to the terms of the ICD, the Group shall pay 50% of each repayment installment during the forbearance period until 31 December 2018 (with early restructuring exit option) and the remaining 50% of each such installment be deferred and repaid after the end of the forbearance period in 2019. The ICD specified that an assessment of the Group’s liquidity and financial capability would be completed in December 2017 to decide whether to continue or exit the forbearance period on 31 December 2017. As the Group fulfilled the liquidity and financial capability assessment, we received consent from respective lenders to exit and end the ICD on 31 December 2017.

Subsequent to the reporting date, the Group repaid all deferred installments during the forbearance period of HK$244,971,000 to respective lenders on 10 January 2018. Immediately after the repayment of all deferred installments, the Group’s vessel mortgage loans dropped from HK$1,075,034,000 as of 31 December 2017 to HK$830,063,000 on 10 January 2018.

We will continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate and make adjustments to its capital structure in the light of changes in economic conditions, recent market values of the Group’s assets as well as the risk characteristics of the underlying assets.

Pledge of assets. As at 31 December 2017, the Group's property, plant and equipment with an aggregate net book value of HK$1,995,279,000 (2016: HK$2,608,529,000), investment properties with an aggregate carrying amount of HK$160,880,000 (2016: HK$106,975,000), and deposits of HK$50,864,000 (2016: HK$50,663,000) placed with banks were pledged together with the assignment of twenty three (2016: twenty eight) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of eighteen (2016: twenty two) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the year, capital expenditure on additions of owned vessels was HK$38,776,000 (2016: HK$38,310,000), and on other property, plant and equipment was HK$34,000 (2016: HK$818,000). As at 31 December 2017 and 2016, there was no capital expenditure commitments contracted by the Group but not provided for.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSALS

SIGNIFICANT INVESTMENT

As at 31 December 2017, the Group had investments in listed equity and debt securities with fair value of HK$173,924,000 and HK$34,648,000 respectively. These investments had been classified as financial assets at fair value through profit or loss as the primary objective of these investments is held for trading. During the year 2017, the Group recognized realized trading gain of HK$21,816,000 and unrealized gain from mark-to-market fair value adjustments of HK$19,033,000 from its investment in equity securities.

The Directors consider that equity investment with a market value that account for more than 1% of the Group's net assets at the reporting date as significant investment. The details of the equity investment which accounted for more than 1% of the Group's net assets as at 31 December 2017 is set out below:

(1) Guoco Group Limited ("Guoco") (Stock Code: 53), listed on The Stock Exchange of Hong Kong Limited, is an investment holding and investment management company with diversified sources of revenue generated from core businesses which include property development and investment; principal investment; hospitality and leisure business; and financial services.

The Group held 491,000 shares of Guoco with investment cost of HK$45,366,000. The fair value of these shares as at 31 December 2017 was HK$49,296,000, which represented approximately 2.4% of the Group's net assets.

As disclosed in the interim results announcement of Guoco for the six months ended 31 December 2017, Guoco Group recorded unaudited consolidated profit attributable to equity shareholders for the six months ended 31 December 2017, after taxation and non-controlling interests of HK$3,697 million, up 21% as compared to HK$3,052 million for the previous corresponding period. Basic earnings per share for the six months ended 31 December 2017 amounted to HK$11.38. We consider the future earnings growth prospect of Guoco is positive.

(2) United Overseas Bank Limited ("UOB") (Stock Code: U11), listed on Singapore Exchange, provides a wide range of financial services from core business segments which include personal financial services, private banking, business banking, commercial and corporate banking, transaction banking, investment banking, corporate finance, capital market activities, treasury services, brokerage and clearing services.

The Group held 362,923 shares of UOB with investment cost of approximately HK$51,382,000. The fair value of these shares as at 31 December 2017 was approximately HK$56,067,000, which represented approximately 2.8% of the Group's net assets.

As disclosed in the results announcement of UOB for the year ended 31 December 2017, UOB recorded an audited net earnings of SGD3.39 billion, 9% higher than the year of 2016. Basic earnings per share for the year 2017 was SGD1.99 as compared to basic earnings per share of SGD1.86 for the year 2016. We consider the future earnings growth prospect of UOB is positive.

Save as disclosed above, the Group also invested in other equity securities. The fair value of each of these shares represented less than 1% of the net assets of the Group as at 31 December 2017. The principal activities of these companies include mainly money lending and financial services; fund management; securities trading and investment; property development and investment; infrastructure; operation of casinos; solar energy; and construction, operation and maintenance of power stations.

DISPOSAL OF VESSELS

During the year, the Group took the opportunity to enter into five memorandums of agreement to dispose four Supramaxes and one Handysize at a total consideration of US$63,000,000 (approximately HK$491,400,000). By using the net sale proceeds arisen from the disposals for the repayment of the vessel mortgage loans, the Group’s overall indebtedness had been reduced by approximately HK$408 million. The disposal of these five vessels would enable the Group to further enhance its working capital position and to strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. For financial reporting purposes, these five disposed vessels were reclassified to “Assets held for sale” in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, with a total impairment loss on assets held for sale (disposed vessels) of HK$49,149,000 was recognized in 2017 upon reclassification to assets held for sale. Two vessels were delivered to the respective buyers in April 2017 while the three remaining vessels were delivered to the respective buyers in June 2017.

Given the unpredictable and often high earnings volatility in our industry, the disposal of the vessels can further reduce our debt service pressure from both principal repayments and interest payments in an expected rising interest rate environment. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate.

ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY UNDER RIGHTS ISSUE

On 3 July 2017, the board of Jinhui Shipping, the Company’s major subsidiary, resolved to carry out the rights issue of Jinhui Shipping for raising up to NOK201.7 million (approximately HK$186.8 million), before expenses, by issuing up to 25,213,602 Jinhui Shipping Offer Shares and list the new Jinhui Shipping Shares on the Oslo Stock Exchange, Norway.

On 3 July 2017, the Company and Jinhui Shipping entered into the Pre-Subscription Agreement in respect of the proposed Jinhui Shipping Rights Issue, under which the Company shall subscribe for its pro-rata share of the Jinhui Shipping Offer Shares (i.e. 13,810,440 Jinhui Shipping Offer Shares) at the Subscription Price of NOK8.00 (approximately HK$7.41) per Jinhui Shipping Offer Share at a total consideration of NOK110,483,520 (approximately HK$102.3 million).

The Company announced on 2 August 2017, all the conditions precedent set out in the Pre-Subscription Agreement in respect of the Jinhui Shipping Rights Issue have been fulfilled. Pursuant to the terms of the Pre-Subscription Agreement, the Company subscribed for 13,810,440 Jinhui Shipping Offer Shares at the Subscription Price of NOK8.00 (approximately HK$7.41) at a total consideration of NOK110,483,520 (approximately HK$102.3 million). During the subscription period of the Jinhui Shipping Rights Issue, the Company also subscribed for the excess of 996,000 Jinhui Shipping Offer Shares through oversubscription at the Subscription Price of NOK8.00 (approximately HK$7.41) at an additional consideration of NOK7,968,000 (approximately HK$7.4 million).

On 26 July 2017, the Company was informed by Arctic Securities AS, sole manager for the Jinhui Shipping Rights Issue, that a total of 14,806,440 Jinhui Shipping Offer Shares had been allocated to the Company on the basis of exercised subscription rights and as a result of oversubscription. On 27 July 2017, the Company paid for the allocated Jinhui Shipping Offer Shares at a total consideration of NOK118,451,520 (approximately HK$109.7 million). On 2 August 2017, the issuance of the new shares of Jinhui Shipping pursuant to the consummation of the Jinhui Shipping Rights Issue has been registered in Jinhui Shipping's register of members and the new allocated shares of 14,806,440 subscribed shares are delivered and registered to the Verdipapirsentralen and the transaction in relation to full acceptance of Jinhui Shipping Rights Issue had been completed. After the completion of Jinhui Shipping Rights Issue, Jinhui Shipping is an approximately 55.69% owned subsidiary of the Company, whose shares are listed on the Oslo Stock Exchange, Norway.

Save as disclosed above, the Group did not hold any significant investment nor did the Group carry out any material acquisition and disposal during the year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group had 69 (2016: 70) 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.

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, inability to obtain restructuring or rescheduling of indebtedness from lenders in liquidity trough, 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.

SIGNIFICANT LITIGATION UPDATE

Galsworthy Limited ("Galsworthy"), a subsidiary of the Group, was the disponent owners of the vessel "CANTON TRADER" which was later renamed "JIN KANG". On 17 June 2008, Galsworthy entered into a time charter with Parakou Shipping Pte Limited ("Parakou Shipping") for a period of approximately five years, with delivery not due until March 2009. On or about 13 March 2009, Parakou Shipping wrongfully refused to take delivery of the vessel and Galsworthy accepted their conduct as a repudiation of the charter, bringing it to an end.

The dispute was the subject of various proceedings, but principally in London arbitration. By Arbitration Awards dated 31 August 2010 and 13 May 2011, the London arbitrators upheld Galsworthy's claims and awarded damages of approximately US$41.25 million (approximately HK$321.75 million) plus interest and costs.

Parakou Shipping went into liquidation in 2011. Galsworthy has submitted a proof of debt in the liquidation in respect of its claim under the arbitration awards. Galsworthy has also been trying *inter alia* to enforce the arbitration awards against Parakou Shipping and its former directors and obtain compensation for its substantial losses. The present amount outstanding is in excess of US$60 million (approximately HK$468 million).

In one action Galsworthy has been funding Singapore proceedings commenced by the liquidator of Parakou Shipping against four of Parakou Shipping's former directors and related corporate entities (the "Defendants"), seeking to claw back assets into Parakou Shipping for distribution amongst the creditors. Judgment was obtained in February 2017 in a sum of SGD17 million (approximately HK$99.29 million) against the Defendants but the Defendants have now appealed the same. The Liquidator cross appealed to increase the judgment amount.

(For more information with regards to the February 2017 judgment issued by Singapore High Court, please visit
http://www.singaporelaw.sg/sglaw/laws-of-singapore/case-law/free-law/high-court-judgments/22706-parakou-shipping-pte-ltd-in-liquidation-v-liu-cheng-chan-and-others)

On 17 January 2018, the Singapore Court of Appeal substantially dismissed the Defendants' appeal and found in the Liquidator's favour. Amongst other things, the Singapore Court of Appeal upheld the Liquidator's argument that the London arbitration, and a litigation subsequently filed in the Hong Kong courts seeking indemnity against any liability in the arbitration, were commenced and pursued by the directors in breach of their fiduciary duties. The Court considered that evidence had been disregarded which showed that the directors' key concern was to avoid a statutory clawback period. The Court also agreed that certain asset sales that had taken place in late 2008 were done while Parakou Shipping was insolvent and were not part of a restructuring, as claimed by the former directors of Parakou Shipping. The Court found that a company resolution advanced as evidence of a restructuring plan by the Defendants was in fact an "an afterthought" produced later than its date under "suspicious circumstances". The Liquidator is entitled to seek either damages or an account of profits arising from the relevant breaches.

(For more information with regards to the January 2018 judgment issued by Singapore Court of Appeal, please visit https://www.supremecourt.gov.sg/docs/default-source/module-document/judgement/ca55-ca56-ca57-ca58-2017--2018-sgca-3(ed)-parakoufinal1-17jan18-pdf.pdf)

Separately, in South Africa, actions relating to the two Arbitration Awards have been commenced against the vessel "PRETTY SCENE" in Durban. She was arrested in June 2016 by Galsworthy and remained under arrest (by Galsworthy and, from September 2017, the mortgagee) until she was sold at public auction on the mortgagee's application on 5 December 2017. The price obtained at auction was US$12 million (approximately HK$93.6 million) plus the cost of bunkers.

The proceeds of sale are now the subject of competing claims between the mortgagee and Galsworthy. In the meantime, appeals continue before the South African Courts in respect of applications filed by the owners of the vessel "PRETTY SCENE" (the "Owners") to set aside Galsworthy's two arrests. A counter-claim has also been brought by the Owners against Galsworthy, seeking damages in respect of losses said to arise from the arrests.

Finally, legal action has been commenced in Hong Kong against three of the former directors of Parakou Shipping for unlawful means conspiracy. An injunction order, freezing assets belonging to the directors of Parakou Shipping, has been obtained. The substantive action is at an early stage.

OUTLOOK

2017 represented an encouraging market for dry bulk shipping, with meaningful improvement in the freight market, as well as a healthy recovery in asset prices. Both the freight market and asset prices have rebounded from its trough to better levels. We continue to remain cautious nevertheless.

The difficulties faced by shipyards, buyers and financiers are all pointing towards a much reduced projected fleet growth. Newbuilding supply is currently at a low point by historical standards, and a more stable operating environment will be reached if this continues, time will tell and we remain patient to witness a healthier market ahead of us.

Our mindset remains to be prudent and continue to watch out for uncertainties in the global markets, in particularly the freight market, as well as the financial, commodity and currency markets. The global economy is currently stabilizing and moderate growth is witnessed as evidenced by the economic data from US and Europe. A continue growth in economic activity and hence international trade will benefit the Company. Simultaneously, uncertainties remain as to the unpredictable policies under the Trump administration and hence rising US protectionism, the future development of BREXIT for both EU and the UK, whether the current calm Korean Peninsula conflict will reignite, changes in technology as well as environmental policies causing changes in energy requirements will surely have global implications. Other unexpected events may occur and 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 at this juncture. Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position, maintaining a young and modern fleet, and focus on the further reduction of debt to ensure we sail through stormy waters.

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.

Over the longer term, 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. We will exercise our best efforts to be one of the survivors, a trustworthy partner to those who support us, and be a long term preferred vessel provider to our customers.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 16 March 2018

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 year ended 31 December 2017, 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.

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.

CG Code provision C.2.5

Under code provision C.2.5 of the CG Code, the Group should have an internal audit function. Based on the size and simple operating structure of the Group as well as the existing internal control processes, the Board has decided not to set up an internal audit department for the time being. When necessary, the Audit Committee under the Board would carry out the internal audit function for reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the year ended 31 December 2017.

SCOPE OF WORK OF THE AUDITOR

The figures in the results announcement of the Group for the year ended 31 December 2017 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the results announcement.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors. The Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the review of the Company's interim and annual reports before submission to the Board. The Group's financial statements for the year ended 31 December 2017 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

SUPPLEMENTARY INFORMATION

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

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

ANNUAL GENERAL MEETING AND BOOK CLOSURE

The Annual General Meeting of the Company will be held on Thursday, 17 May 2018. Notice of the Annual General Meeting will be published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com, and will be despatched to shareholders of the Company in due course.

The register of members of the Company will be closed from Monday, 14 May 2018 to Thursday, 17 May 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 11 May 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017	2016
		HK$'000	*HK$'000*
Revenue	2	**573,663**	467,649
Other operating income	3	**105,449**	179,253
Interest income		**13,822**	16,542
Shipping related expenses		**(340,841)**	(424,831)
Staff costs		**(67,792)**	(78,622)
Impairment loss on assets held for sale	4	**(49,149)**	(354,602)
Impairment loss on owned vessels		**-**	(881,478)
Other operating expenses		**(62,928)**	(82,299)
Operating profit (loss) before depreciation and amortization	5	**172,224**	(1,158,388)
Depreciation and amortization		**(159,875)**	(274,206)
Operating profit (loss)		**12,349**	(1,432,594)
Finance costs		**(40,498)**	(39,902)
Loss before taxation		**(28,149)**	(1,472,496)
Taxation	6	**-**	-
Net loss for the year		**(28,149)**	(1,472,496)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets		**2,450**	(228)
Total comprehensive loss for the year		**(25,699)**	(1,472,724)
Net loss for the year attributable to:			
Shareholders of the Company		**(13,631)**	(805,394)
Non-controlling interests		**(14,518)**	(667,102)
		(28,149)	(1,472,496)
Total comprehensive loss for the year attributable to:			
Shareholders of the Company		**(11,225)**	(805,542)
Non-controlling interests		**(14,474)**	(667,182)
		(25,699)	(1,472,724)
Loss per share	7		
Basic and diluted		**HK$(0.026)**	HK$(1.519)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,088,363**	2,736,987
Investment properties	*9*	**171,050**	252,888
Available-for-sale financial assets	*10*	**27,431**	24,981
Intangible assets		**1,067**	1,111
		2,287,911	3,015,967
Current assets			
Inventories		**454**	1,833
Trade and other receivables	*11*	**132,986**	131,644
Financial assets at fair value through profit or loss	*12*	**208,572**	391,868
Pledged deposits		**50,864**	50,663
Bank balances and cash	*13*	**610,961**	240,872
		1,003,837	816,880
Current liabilities			
Trade and other payables	*14*	**176,856**	196,093
Secured bank loans	*15*	**477,215**	211,339
		654,071	407,432
Net current assets		**349,766**	409,448
Total assets less current liabilities		**2,637,677**	3,425,415
Non-current liabilities			
Secured bank loans	*15*	**599,819**	1,446,577
Net assets		**2,037,858**	1,978,838

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**381,639**	381,639
Reserves	**795,959**	792,247
	1,177,598	1,173,886
Non-controlling interests	**860,260**	804,952
Total equity	**2,037,858**	1,978,838

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to shareholders of the Company							
	Issued capital *HK$'000*	Other asset revaluation reserve *HK$'000*	Employee share-based compensation reserve *HK$'000*	Reserve for available-for-sale financial assets *HK$'000*	Retained Profits *HK$'000*	Subtotal *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2016	381,639	35,523	26,259	14,995	1,521,012	1,979,428	1,472,134	3,451,562
Comprehensive loss								
Net loss for the year	-	-	-	-	(805,394)	(805,394)	(667,102)	(1,472,496)
Other comprehensive loss								
Change in fair value of available-for-sale financial assets	-	-	-	(148)	-	(148)	(80)	(228)
Total comprehensive loss for the year	-	-	-	(148)	(805,394)	(805,542)	(667,182)	(1,472,724)
Transaction with owners								
Lapse of employee share options	-	-	(26,259)	-	26,259	-	-	-
At 31 December 2016	381,639	35,523	-	14,847	741,877	1,173,886	804,952	1,978,838
At 1 January 2017	381,639	35,523	-	14,847	741,877	1,173,886	804,952	1,978,838
Comprehensive loss								
Net loss for the year	-	-	-	-	(13,631)	(13,631)	(14,518)	(28,149)
Other comprehensive income								
Change in fair value of available-for-sale financial assets	-	-	-	2,406	-	2,406	44	2,450
Total comprehensive loss for the year	-	-	-	2,406	(13,631)	(11,225)	(14,474)	(25,699)
Transfer to retained profits upon disposal of investment properties	-	(33,784)	-	-	33,784	-	-	-
Change in non-controlling interests upon rights issue of a subsidiary	-	-	-	-	14,937	14,937	69,782	84,719
At 31 December 2017	**381,639**	**1,739**	**-**	**17,253**	**776,967**	**1,177,598**	**860,260**	**2,037,858**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017	2016
	Note	***HK$'000***	*HK$'000*
OPERATING ACTIVITIES			
Cash generated from operations		**348,774**	316,894
Interest paid		**(41,487)**	(39,978)
Net cash from operating activities		**307,287**	276,916
INVESTING ACTIVITIES			
Interest received		**16,245**	19,060
Increase in bank deposits with more than three months to maturity when placed		**(104,520)**	-
Dividend income received		**4,059**	6,197
Purchase of property, plant and equipment		**(38,810)**	(38,937)
Purchase of investment properties		**-**	(6,668)
Proceeds from disposal of property, plant and equipment		**435**	530
Proceeds from disposal of investment properties, net		**96,445**	-
Proceeds from disposal of assets held for sale, net		**480,792**	494,735
Net cash from investing activities		**454,646**	474,917
FINANCING ACTIVITIES			
New secured bank loans		**30,000**	-
Repayment of secured bank loans		**(610,882)**	(818,451)
(Increase) Decrease in pledged deposits		**(201)**	30,274
Proceeds from rights issue of a subsidiary, net		**84,719**	-
Net cash used in financing activities		**(496,364)**	(788,177)
Net increase (decrease) in cash and cash equivalents		**265,569**	(36,344)
Cash and cash equivalents at 1 January		**240,872**	277,216
Cash and cash equivalents at 31 December	*13*	**506,441**	240,872

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The financial information relating to the years ended 31 December 2017 and 2016 included in this announcement of 2017 annual results do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 December 2017 in due course.

- The Company's auditor has reported on the financial statements of the Group for both years. The independent auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

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

Certain amended HKFRS are effective for the accounting period beginning on 1 January 2017. The Group has applied for the first time, all amendments to HKFRS issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the current accounting year. The management has assessed and considered that the adoption of these amendments to the HKFRS has had no material impact on the Group's financial statements for the current and prior years that have been presented.

Apart from the above, the accounting policies and basis of preparation adopted in these financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2016.

2. Revenue

Revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels. Revenue recognized during the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
Chartering freight and hire income:		
Hire income under time charters	**549,946**	447,811
Freight income under voyage charters	**23,717**	19,838
	573,663	467,649

3. Other operating income

Other operating income for the year 2017 mainly included net gain of HK$38,340,000 on financial assets at fair value through profit or loss, change in fair value of investment properties of HK$14,580,000 and settlement income of HK$8,301,000 from a charterer in relation to repudiation claims.

Other operating income for the year 2016 mainly included change in fair value of investment properties of HK$53,350,000 and settlement income of HK$43,841,000 from charterers in relation to repudiation claims.

4. Impairment loss on assets held for sale

During the year, the Group took the opportunity to enter into five memorandums of agreement to dispose four Supramaxes and one Handysize at a total consideration of US$63,000,000 (approximately HK$491,400,000). Five vessels were delivered to the respective buyers and the disposals were completed in April and June 2017. The disposal of these five vessels would enable the Group to further enhance its working capital position and to strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. Given the unpredictable and often high earnings volatility in our industry, the disposal of the vessels can further reduce our debt service pressure from both principal repayments and interest payments in an expected rising interest rate environment. For financial reporting purposes, these five disposed vessels were reclassified to "Assets held for sale" in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with a total impairment loss on assets held for sale (disposed vessels) of HK$49,149,000 was recognized in 2017 upon reclassification to assets held for sale.

For the year 2016, the Group entered into eight memorandums of agreement to dispose two Panamaxes, five Supramaxes and one Handymax at a total consideration of US$65,100,000 (approximately HK$507,780,000). For financial reporting purposes, these eight disposed vessels were reclassified to "Assets held for sale" in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with a total impairment loss on assets held for sale (disposed vessels) of HK$354,602,000 was recognized in 2016 upon reclassification to assets held for sale.

5. Operating profit (loss) before depreciation and amortization

This is stated after charging / (crediting):

	2017	2016
	HK$'000	*HK$'000*
Realized loss (gain) on financial assets at fair value through profit or loss	**(19,655)**	15,900
Unrealized loss (gain) on financial assets at fair value through profit or loss	**(18,685)**	3,189
Net loss (gain) on financial assets at fair value through profit or loss	**(38,340)**	19,089
Reversal of impairment loss on trade and other receivables	**(461)**	(389)
Change in fair value of investment properties	**(14,580)**	(53,350)
Net gain on disposal / write-off of property, plant and equipment	**(363)**	(684)
Net gain on disposal of assets held for sale	**(2,410)**	-
Gain on disposal of investment properties	**(27)**	-
Dividend income	**(4,521)**	(6,672)

6. Taxation

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

7. Loss per share

Basic and diluted loss per share were calculated on the net loss attributable to shareholders of the Company for the year 2017 of HK$13,631,000 (2016: HK$805,394,000) and the weighted average number of 530,289,480 (2016: 530,289,480) ordinary shares in issue during the year.

There was no potentially dilutive ordinary shares in existence for the year ended 31 December 2017. The basic loss per share equals to the diluted loss per share.

Diluted loss per share for the year ended 31 December 2016 was the same as basic loss per share, the impact of share options granted under the Company's share option scheme would have an anti-dilutive effect.

8. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2017 (2016: nil).

9. Investment properties

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**252,888**	192,870
Additions	**-**	6,668
Disposals	**(96,418)**	-
Change in fair value	**14,580**	53,350
At 31 December	**171,050**	252,888

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.

The Group entered into sales and purchase agreements with a third party in 2016 to dispose of two investment properties located in Hong Kong at a total consideration of HK$97,500,000, with carrying amount of HK$96,418,000 as at 31 December 2016. The transactions were completed in 2017 without any material gain or loss being recognized.

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 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

	2017	2016
	HK$'000	*HK$'000*
Unlisted club debentures, at fair value	**24,500**	22,150
Unlisted club membership, at fair value	**1,600**	1,500
Unlisted club membership, at cost	**1,331**	1,331
	27,431	24,981

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 year.

11. Trade and other receivables

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**16,034**	21,205
Prepayments, deposits and other receivables	**116,952**	110,439
	132,986	131,644

The aging analysis of trade receivables (net of impairment loss) based on payment due dates is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**7,724**	6,375
Over 3 months but within 6 months	**400**	3,250
Over 6 months but within 12 months	**116**	2,792
Over 12 months	**7,794**	8,788
	16,034	21,205

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.

Other receivables include a receivable from an interest-bearing note issued by a third party amounting to HK$27,000,000 (2016: HK$27,000,000). This receivable has been reviewed by management as of the reporting date to assess impairment allowances which are based on the evaluation of current creditworthiness and the past collection statistics, and is not considered as impaired. The carrying amount of this receivable is considered to be a reasonable approximation of its fair value.

12. Financial assets at fair value through profit or loss

	2017	2016
	HK$'000	*HK$'000*
Held for trading		
Equity securities		
Listed in Hong Kong	**114,585**	103,357
Listed outside Hong Kong	**59,339**	47,183
	173,924	150,540
Debt securities		
Listed in Hong Kong	**13,304**	235,773
Listed outside Hong Kong	**21,344**	5,555
	34,648	241,328
	208,572	391,868

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 year.

13. Bank balances and cash

	2017	2016
	HK$'000	*HK$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**506,441**	240,872
Bank deposits with more than three months to maturity when placed	**104,520**	-
	610,961	240,872

14. Trade and other payables

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**3,297**	8,625
Accrued charges and other payables	**173,559**	187,468
	176,856	196,093

The aging analysis of trade payables based on payment due dates is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**111**	1,366
Over 3 months but within 6 months	**-**	715
Over 6 months but within 12 months	**-**	859
Over 12 months	**3,186**	5,685
	3,297	8,625

15. Secured bank loans

	2017	2016
	HK$'000	*HK$'000*
Vessel mortgage loans	**1,075,034**	1,657,916
Other bank loans	**2,000**	-
Less: Amount repayable within one year	**(477,215)**	(211,339)
Amount repayable after one year	**599,819**	1,446,577

An intercreditor deed (the "ICD") forming between the Group and major lenders was executed in December 2016 and remained effective throughout the year 2017. Pursuant to the terms of the ICD, the Group shall pay 50% of each repayment installment during the forbearance period until 31 December 2018 (with early restructuring exit option) and the remaining 50% of each such installment be deferred and repaid after the end of the forbearance period in 2019. The ICD specified that an assessment of the Group's liquidity and financial capability would be completed in December 2017 to decide whether to continue or exit the forbearance period on 31 December 2017. As the Group fulfilled the liquidity and financial capability assessment, we received consent from respective lenders to exit and end the ICD on 31 December 2017.

Subsequent to the reporting date, the Group repaid all deferred installments during the forbearance period of HK$244,971,000 to respective lenders on 10 January 2018. Immediately after the repayment of all deferred installments, the Group's vessel mortgage loans dropped from HK$1,075,034,000 as of 31 December 2017 to HK$830,063,000 on 10 January 2018.

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

16. Capital expenditures and commitments

During the year, capital expenditure on additions of owned vessels was HK$38,776,000 (2016: HK$38,310,000), and on other property, plant and equipment was HK$34,000 (2016: HK$818,000).

As at 31 December 2017 and 2016, there was no capital expenditure commitments contracted by the Group but not provided for.

17. Related party transactions

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

	2017	2016
	HK$'000	*HK$'000*
Salaries and other benefits	**41,874**	51,967
Contributions to retirement benefits schemes	**1,633**	2,281
	43,507	54,248

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Company for the year ended 31 December 2017 containing all the detailed information will be despatched to shareholders of the Company and available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com in due course.

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