JINHUI

JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137

INTERIM REPORT **2017**

Contents

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

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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)

Financial Highlights

HIGHLIGHTS FOR THE FIRST HALF OF 2017

- Revenue for the period: HK$268 million
- Net loss attributable to shareholders for the period: HK$36 million
- Operating loss for the period: HK$43 million included non-cash impairment loss on assets held for sale (disposed vessels) of HK$49 million
- Basic loss per share: HK$0.068
- Gearing ratio as at 30 June 2017: 22%

Management Discussion and Analysis

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 2017.

INTERIM RESULTS

The Group's revenue for the first half of 2017 was HK$267,513,000 whereas HK$195,180,000 was reported in the same period of 2016. The net loss attributable to shareholders of the Company for the first half of 2017 was HK$35,983,000 as compared to a net loss of HK$175,026,000 for the first half of 2016. The net loss for the first half of 2017 was attributable to the impairment loss on assets held for sale (disposed vessels) of HK$49,149,000 recognized in the first half of 2017 whereas HK$97,906,000 was recognized in the same period in 2016. 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.

Basic loss per share was HK$0.068 for the six months ended 30 June 2017 as compared to basic loss per share of HK$0.330 for the corresponding period in 2016.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2017 (30/6/2016: 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.

With the continued dry commodities demand coupled with limited new tonnages entering the market, dry bulk sector has shown a notable improvement in the first half of 2017, and we expect this positive momentum is likely to continue into the second half of 2017. There was noticeable improvement in market freight rates of all types of dry bulk vessels in the first half of 2017 as comparing to same period in 2016. 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. Despite the freight rates have softened in May and June 2017, the average of Baltic Dry Index for the first half of 2017 was 975 points, which compares to 485 points in the same period in 2016.

Average daily time charter equivalent rates ("TCE")	**2017 1st half US$**	2016 1st half US$	2016 US$
Post-Panamax / Panamax fleet	**7,399**	3,450	4,475
Supramax / Handymax / Handysize fleet	**7,015**	3,891	4,922
In average	**7,044**	3,841	4,871

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. Despite reduced number of owned vessels, our hire income under time charters during the first half of 2017 grew 38% compared with the same period in 2016 due to the recovering freight rates in the spot market.

Key Performance Indicators for Shipping Business	**2017 1st half HK$'000**	2016 1st half HK$'000	2016 HK$'000
Average daily TCE	**55**	30	38
Daily vessel running cost	**28**	29	29
Daily vessel depreciation	**16**	22	21
Daily vessel finance cost	**5**	3	3
	49	54	53
Average utilization rate	**99%**	97%	98%

Management Discussion and Analysis

As at 30 June 2017, the Group had twenty three owned vessels. The average daily TCE earned by the Group's fleet increased 83% to US$7,044 (approximately HK$55,000) for the first half of 2017 as compared to US$3,841 (approximately HK$30,000) for the first half of 2016 due to a notable improvement of dry bulk shipping market in the first half of 2017. Daily vessel running cost dropped 4% from US$3,669 (approximately HK$29,000) for the first half of 2016 to US$3,535 (approximately HK$28,000) for the first half of 2017 due to the Group's continuing effort on cost reduction strategy in order to remain competitive in the current tough market environment. 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 66% from US$374 (approximately HK$3,000) for the first half of 2016 to US$620 (approximately HK$5,000) for the first half of 2017 due to the rising interest rates on both market LIBOR and increased margin on the rescheduling of indebtedness arrangement. Fleet utilization rate increased from 97% for the first half of 2016 to 99% for the first half of 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 beyond the current crisis.

As at 30 June 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 first half of 2017, 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 first half of 2017.

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 in order to sail through the current storm by placing further emphasis on prudence and stability as our core objectives going forward.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and operating loss. The Group's revenue for the first half of 2017 increased 37% to HK$267,513,000, comparing to HK$195,180,000 for the first half of 2016. The increase in revenue was primarily attributable to the recovering freight rates in the spot market. The net losses of HK$66,870,000 for the first half of 2017 and HK$313,122,000 for the corresponding period in 2016 were attributable to the impairment loss on assets held for sale (disposed vessels) of HK$49,149,000 recognized in the first half of 2017 whereas HK$97,906,000 was recognized in the same period in 2016. 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$61,618,000 for the first half of 2016 to HK$41,943,000 for the first half of 2017 due to the reduced settlement income received from charterers in relation to repudiation claims from HK$34,262,000 for the first half of 2016 to HK$5,108,000 for the first half of 2017. The Group will continue to seek all legal means to recover the amounts granted in the arbitration awards.

Shipping related expenses. Shipping related expenses for the period reduced from HK$226,334,000 for the first half of 2016 to HK$165,376,000 for the first half of 2017 due to reduced number of owned vessels from thirty five for the first half of 2016 to twenty three at end of the first half of 2017 and the continued efforts on cost reduction strategy in order to remain competitive in the current tough market environment.

Financial assets at fair value through profit or loss. As at 30 June 2017, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK$414,879,000 (31/12/2016: HK$391,868,000), in which HK$159,646,000 (31/12/2016: HK$150,540,000) was investment in listed equity securities and HK$255,233,000 (31/12/2016: HK$241,328,000) was investment in listed debt securities.

Liquidity, financial resources and capital structure. As at 30 June 2017, the Company maintained positive working capital position of HK$622,418,000 (31/12/2016: HK$409,448,000) and the total of the Group's equity and debt securities, bank balances and cash increased to HK$713,424,000 (31/12/2016: HK$632,740,000). During the first half of 2017, net cash generated from operating activities amounted to HK$19,669,000 (30/06/2016: HK$186,133,000).

Management Discussion and Analysis

As at 30 June 2017, the Group's bank borrowings decreased to HK$1,129,397,000 (31/12/2016: HK$1,657,916,000), of which 8%, 52%, 39% and 1% 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, decreased to 22% (31/12/2016: 52%) as at 30 June 2017. 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 30 June 2017, the Group is able to service its debt obligations, including principal and interest payments.

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 30 June 2017, the Group's property, plant and equipment with an aggregate net book value of HK$2,047,807,000 (31/12/2016: HK$2,608,529,000), investment properties with an aggregate carrying amount of HK$146,570,000 (31/12/2016: HK$106,975,000), and deposits of HK$50,785,000 (31/12/2016: HK$50,663,000) placed with banks were pledged together with the assignment of twenty three (31/12/2016: twenty eight) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of eighteen (31/12/2016: twenty two) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the six months ended 30 June 2017, capital expenditure on additions of owned vessels was HK$18,184,000 (30/6/2016: HK$17,349,000), and on other property, plant and equipment was HK$18,000 (30/6/2016: HK$55,000). As at 30 June 2017 and 31 December 2016, there was no capital expenditure commitments contracted by the Group but not provided for.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSALS

DISPOSAL OF VESSELS

During the first half of 2017, 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 the first half of 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.

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 six months ended 30 June 2017.

ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY UNDER RIGHTS ISSUE

Subsequent to the reporting date, the board of Jinhui Shipping resolved on 3 July 2017 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 (ie. 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 (the "VPS") and the transaction in relation to full acceptance of Jinhui Shipping Rights Issue had been completed. After the completion of Jinhui Shipping Rights Issue and as of the date of this report, Jinhui Shipping is an approximately 55.69% owned subsidiary of the Company, whose shares are listed on the Oslo Stock Exchange, Norway.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group had 68 (31/12/2016: 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.

Management Discussion and Analysis

OUTLOOK

The first half of 2017 marked a more encouraging market for dry bulk shipping, with significant pick-up in activity in the freight market, and a busy S&P market reflected by a recovery in asset prices. Both the freight market and asset prices have since rebounded from its trough to more reasonable levels albeit still low from a historical stand point. We remain cautious nevertheless, and continue to see the path to a persistent recovery and demand supply equilibrium will not be without challenges given the changes we are facing in today's global economic landscape, an ever increasing global population, as well as changes in food, living and energy requirements.

A number of factors will continue to determine the pace of dry bulk market recovery: (1) continued positive demand growth in key dry bulk commodities importing activities from China and Asian countries; (2) a continue recovery or stabilization of dry commodity prices; and most importantly in our view (3) the reduction in shipbuilding capacity where irrational ordering, and hence oversupply in the market will be discouraged; and (4) geopolitical risks that affect world trading.

The previous round of excessive newbuilding orders driven by irrational expectations of financial return by parties with limited operating experience, with investment rationale driven mainly by their ability to access cheap funding in both the money and capital markets, and fee driven intermediaries acting as a catalyst backfired hard in 2016, leaving its mark as one of the most difficult years in the history of commercial shipping. Shipyards, buyers and ship financiers alike continue to face challenges left by the aftermath of this down cycle, resulting in a reduced projected fleet growth in the foreseeable future.

Delays, conversions of bulk newbuilding orders to other vessel types, cancellations, and shipyard defaults are currently leading to much fewer actual deliveries than previously scheduled. Asset based financing, in particular with respect to maritime assets continue to be a lot less easy and expensive to come by. A more stable operating environment will result if this continues, time will tell and we remain patient to witness a healthy 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, interest rate and currency markets. Unexpected events will occur and these 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 focusing 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.

Looking ahead, 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 remain resolute in our potential and ability to remain a trustworthy partner to those who support us, and continue to be a long term preferred tonnage provider to our customers.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 30 August 2017

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2017, 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 specified undertakings, and 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

	Number of shares in the Company held and capacity				
Name	Beneficial owner	Interest of spouse	Beneficiary of trust	Total	Percentage of total issued shares of the Company
Ng Siu Fai	20,083,000	15,140,000	342,209,280 *Note*	377,432,280	71.17%
Ng Kam Wah Thomas	5,909,000	–	342,209,280 *Note*	348,118,280	65.65%
Ng Ki Hung Frankie	3,000,000	–	342,209,280 *Note*	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 2017, 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.

(ii) Directors' interests in associated corporation

Name	Number of shares in Jinhui Shipping held and capacity				Percentage of total issued shares of Jinhui Shipping
	Beneficial owner	Interest of spouse	Beneficiary of trust	Total	
Ng Siu Fai	1,214,700	708,100	46,534,800 *Note*	48,457,600	57.66%
Ng Kam Wah Thomas	50,000	–	46,534,800 *Note*	46,584,800	55.43%
Ng Ki Hung Frankie	–	–	46,534,800 *Note*	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 2017, 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 2017.

Save as disclosed above, as at 30 June 2017, 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 specified undertakings, and 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' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2017, 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	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	377,432,280 *Note 1*	71.17%
Bian Ximing	Interest in controlled corporation	29,378,000 *Note 2*	5.54%
Zhongcai Merchants Investment Group Co., Ltd.	Interest in controlled corporation	29,378,000 *Note 3*	5.54%
Zhongcai (Holdings) Limited	Beneficial owner	26,949,000	5.08%

Note 1: Ms. Wong Yee Man Gloria is interested in 15,140,000 shares of the Company as a beneficial owner and she is deemed to be interested in 362,292,280 shares of the Company through the interest of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).

Note 2: Mr. Bian Ximing is deemed to be interested in 29,378,000 shares of the Company through his interest in 65.32% of the issued capital in Zhongcai Merchants Investment Group Co., Ltd. (as disclosed in Note 3 below).

Note 3: Zhongcai Merchants Investment Group Co., Ltd. is deemed to be interested in 29,378,000 shares of the Company through its subsidiaries, Zhongcai (Holdings) Limited and Hong Kong Zhongcai Finance Investment Limited, which are the beneficial owners of 26,949,000 shares and 2,429,000 shares of the Company respectively.

Save as disclosed herein, as at 30 June 2017, 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.

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 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 six months ended 30 June 2017.

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, risk management and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017.

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 2017.

Independent Review Report

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

Introduction

We have reviewed the condensed consolidated interim financial statements of Jinhui Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 22 to 38, which comprise the condensed consolidated statement of financial position as at 30 June 2017 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 other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the interim financial report information 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 these condensed consolidated interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 these condensed consolidated interim financial statements 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.

Independent Review Report

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are 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

30 August 2017

Chan Tze Kit
Practising Certificate No.: P05707

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Note	**Six months ended 30 June 2017 (Unaudited) *HK$'000***	Six months ended 30 June 2016 (Unaudited) *HK$'000*
Revenue	*3*	**267,513**	195,180
Other operating income	*4*	**41,943**	61,618
Interest income		**7,257**	9,145
Shipping related expenses		**(165,376)**	(226,334)
Staff costs		**(29,947)**	(42,569)
Impairment loss on assets held for sale	*5*	**(49,149)**	(97,906)
Other operating expenses		**(32,164)**	(45,539)
Operating profit (loss) before depreciation and amortization	*6*	**40,077**	(146,405)
Depreciation and amortization		**(83,313)**	(147,733)
Operating loss		**(43,236)**	(294,138)
Finance costs		**(23,634)**	(18,984)
Loss before taxation		**(66,870)**	(313,122)
Taxation	*7*	**–**	–
Net loss for the period		**(66,870)**	(313,122)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets		**50**	(678)
Total comprehensive loss for the period		**(66,820)**	(313,800)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Note	**Six months ended 30 June 2017 (Unaudited)** ***HK$'000***	Six months ended 30 June 2016 (Unaudited) *HK$'000*
Net loss for the period attributable to:			
Shareholders of the Company		**(35,983)**	(175,026)
Non-controlling interests		**(30,887)**	(138,096)
		(66,870)	(313,122)
Total comprehensive loss for the period attributable to:			
Shareholders of the Company		**(35,933)**	(175,646)
Non-controlling interests		**(30,887)**	(138,154)
		(66,820)	(313,800)
Loss per share	*8*		
Basic and diluted		**HK$(0.068)**	HK$(0.330)

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Note	**30 June 2017 (Unaudited) *HK$'000***	31 December 2016 (Audited) *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,144,296**	2,736,987
Investment properties	*10*	**156,470**	252,888
Available-for-sale financial assets	*11*	**25,031**	24,981
Intangible assets		**1,088**	1,111
		2,326,885	3,015,967
Current assets			
Inventories		**4,128**	1,833
Trade and other receivables	*12*	**111,204**	131,644
Financial assets at fair value through profit or loss	*13*	**414,879**	391,868
Pledged deposits		**50,785**	50,663
Bank balances and cash		**298,545**	240,872
		879,541	816,880
Current liabilities			
Trade and other payables	*14*	**165,011**	196,093
Secured bank loans	*15*	**92,112**	211,339
		257,123	407,432
Net current assets		**622,418**	409,448
Total assets less current liabilities		**2,949,303**	3,425,415
Non-current liabilities			
Secured bank loans	*15*	**1,037,285**	1,446,577
Net assets		**1,912,018**	1,978,838

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**381,639**	381,639
Reserves	**756,314**	792,247
	1,137,953	1,173,886
Non-controlling interests	**774,065**	804,952
Total equity	**1,912,018**	1,978,838

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to shareholders of the Company							
	Issued capital (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 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 period	–	–	–	–	(175,026)	(175,026)	(138,096)	(313,122)
Other comprehensive loss								
Change in fair value of available-for-sale financial assets	–	–	–	(620)	–	(620)	(58)	(678)
Total comprehensive loss for the period	–	–	–	(620)	(175,026)	(175,646)	(138,154)	(313,800)
At 30 June 2016	381,639	35,523	26,259	14,375	1,345,986	1,803,782	1,333,980	3,137,762
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 period	–	–	–	–	(35,983)	(35,983)	(30,887)	(66,870)
Other comprehensive income								
Change in fair value of available-for-sale financial assets	–	–	–	50	–	50	–	50
Total comprehensive loss for the period	–	–	–	50	(35,983)	(35,933)	(30,887)	(66,820)
Transfer to retained profits upon disposal of investment properties	–	(33,784)	–	–	33,784	–	–	–
At 30 June 2017	**381,639**	**1,739**	**–**	**14,897**	**739,678**	**1,137,953**	**774,065**	**1,912,018**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June 2017 (Unaudited) ***HK$'000***	Six months ended 30 June 2016 (Unaudited) *HK$'000*
OPERATING ACTIVITIES		
Cash generated from operations	**44,688**	204,903
Interest paid	**(25,019)**	(18,770)
Net cash from operating activities	**19,669**	186,133
INVESTING ACTIVITIES		
Interest received	**6,823**	10,014
Dividend income received	**787**	1,985
Purchase of property, plant and equipment	**(18,202)**	(17,404)
Proceeds from disposal of property, plant and equipment	**–**	530
Proceeds from disposal of investment properties, net	**96,445**	–
Proceeds from disposal of assets held for sale, net	**480,792**	21,879
Net cash from investing activities	**566,645**	17,004
FINANCING ACTIVITIES		
Repayment of secured bank loans	**(528,519)**	(186,868)
(Increase) Decrease in pledged deposits	**(122)**	2,833
Net cash used in financing activities	**(528,641)**	(184,035)
Net increase in cash and cash equivalents	**57,673**	19,102
Cash and cash equivalents at 1 January	**240,872**	277,216
Cash and cash equivalents at 30 June	**298,545**	296,318

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 2017 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 statement of financial position and other explanatory notes as at 31 December 2016 that are included in these unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 as comparative information do not constitute the Company's statutory annual consolidated financial statements for the year ended 31 December 2016 but are derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong 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 Hong Kong Companies Ordinance (Cap. 622).

– The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2016. The independent auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406 (2), 407 (2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

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 2016. Amendments to Hong Kong Financial Reporting Standards ("HKFRS") effective for the financial year ending 31 December 2017 do not have any material impact on the interim financial statements of the Group.

2. Segment information

The Group is principally engaged in the business of ship chartering and ship owning and the management has regarded this business as the only dominant reportable operating segment to be reported to the chief operating decision maker. Thus, no analysis of segment revenue, segment results, segment assets and segment liabilities are presented in the condensed consolidated interim financial statements for the six months ended 30 June 2017.

While the Group's revenue was mainly attributable to its chartering operations which are carried out internationally and cannot be attributable to any particular geographical location, no analysis of revenue from chartering freight and hire business by geographical area is presented in the condensed consolidated interim financial statements.

The Group's non-current assets mainly consist of property, plant and equipment. Property, plant and equipment mainly comprised of the Group's motor vessels. As the Group's motor vessels are operated across different geographical regions, it is meaningless to identify the specific geographical locations of the motor vessels at the reporting date. While majority of the Group's non-current assets cannot be attributable to any particular geographical location, no analysis of non-current assets by geographical area is presented in the condensed consolidated interim financial statements.

3. Revenue

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

	Six months ended 30 June 2017 (Unaudited) ***HK$'000***	Six months ended 30 June 2016 (Unaudited) *HK$'000*
Chartering freight and hire income:		
Hire income under time charters	**254,818**	185,039
Freight income under voyage charters	**12,695**	10,141
	267,513	195,180

Notes to the Interim Financial Statements

4. Other operating income

Other operating income for the first half of 2017 mainly included net gain of HK$15,696,000 on financial assets at fair value through profit or loss and settlement income of HK$5,108,000 from a charterer in relation to repudiation claims.

Other operating income for the first half of 2016 mainly included settlement income of HK$34,262,000 from charterers in relation to repudiation claims.

5. Impairment loss on assets held for sale

During the first half of 2017, the Group took the opportunity to enter into five (30/6/2016: three) memorandums of agreement to dispose four (30/6/2016: three) Supramaxes and one (30/6/2016: nil) Handysize at a total consideration of US$63,000,000, approximately HK$491,400,000 (30/6/2016: US$9,700,000, approximately HK$75,660,000). 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 (30/6/2016: three) 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 (30/6/2016: HK$97,906,000) was recognized in the first half of 2017 upon reclassification to assets held for sale.

6. Operating profit (loss) before depreciation and amortization

This is stated after charging / (crediting):

	Six months ended 30 June 2017 (Unaudited) ***HK$'000***	Six months ended 30 June 2016 (Unaudited) *HK$'000*
Realized loss (gain) on financial assets at fair value through profit or loss	**(6,260)**	15,886
Unrealized loss (gain) on financial assets at fair value through profit or loss	**(9,436)**	6,221
Net loss (gain) on financial assets at fair value through profit or loss	**(15,696)**	22,107
Reversal of impairment loss on trade receivables	**(26)**	(208)
Loss on write-off of property, plant and equipment	**72**	–
Gain on disposal of investment properties	**(27)**	–
Dividend income	**(1,137)**	(2,261)

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. The Group is not subject to taxation in any other jurisdictions in which the Group operates.

8. Loss per share

Basic and diluted loss per share were calculated on the net loss attributable to shareholders of the Company of HK$35,983,000 for the six months ended 30 June 2017 (30/6/2016: HK$175,026,000) and the weighted average number of 530,289,480 (30/6/2016: 530,289,480) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2017 and 2016 were the same as basic loss per share. There was no potentially dilutive ordinary shares in existence for the six months ended 30 June 2017. The impact of share options granted under the Company's share option scheme would have an anti-dilutive effect for the six months ended 30 June 2016.

9. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2017 (30/6/2016: nil).

10. Investment properties

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
At 1 January	**252,888**	192,870
Additions	**–**	6,668
Disposals	**(96,418)**	–
Change in fair value	**–**	53,350
At 30 June / 31 December	**156,470**	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.

10. Investment properties (Continued)

The investment properties of the Group were not revalued at 30 June 2017 by independent valuers. The management was aware of the possible change in the conditions of the property market and considered that the carrying amount of the Group's investment properties did not differ significantly from that which had been determined using fair values at 31 December 2016. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

On 8 December 2016, the Group entered into two provisional sale and purchase agreements with a third party 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 at 31 December 2016. Both transactions were completed in the first half of 2017 and no material gain or loss is realized.

11. Available-for-sale financial assets

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Unlisted club debentures, at fair value	**22,200**	22,150
Unlisted club membership, at fair value	**1,500**	1,500
Unlisted club membership, at cost	**1,331**	1,331
	25,031	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 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.

12. Trade and other receivables

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
Trade receivables	**12,974**	21,205
Prepayments, deposits and other receivables	**98,230**	110,439
	111,204	131,644

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

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
Within 3 months	**3,302**	6,375
Over 3 months but within 6 months	**542**	3,250
Over 6 months but within 12 months	**859**	2,792
Over 12 months	**8,271**	8,788
	12,974	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.

13. Financial assets at fair value through profit or loss

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
Held for trading		
Equity securities		
Listed in Hong Kong	**110,694**	103,357
Listed outside Hong Kong	**48,952**	47,183
	159,646	150,540
Debt securities		
Listed in Hong Kong	**249,671**	235,773
Listed outside Hong Kong	**5,562**	5,555
	255,233	241,328
	414,879	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 period / year.

Notes to the Interim Financial Statements

14. Trade and other payables

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Trade payables	**4,271**	8,625
Accrued charges and other payables	**160,740**	187,468
	165,011	196,093

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

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Within 3 months	**213**	1,366
Over 3 months but within 6 months	**–**	715
Over 6 months but within 12 months	**303**	859
Over 12 months	**3,755**	5,685
	4,271	8,625

15. Secured bank loans

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Vessel mortgage loans	**1,129,397**	1,657,916
Less: Amount repayable within one year	**(92,112)**	(211,339)
Amount repayable after one year	**1,037,285**	1,446,577

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 six months ended 30 June 2017, capital expenditure on additions of owned vessels was HK$18,184,000 (30/6/2016: HK$17,349,000), and on other property, plant and equipment was HK$18,000 (30/6/2016: HK$55,000).

As at 30 June 2017 and 31 December 2016, there was no capital expenditure commitments contracted by the Group but not provided for.

17. Related party transactions

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

	Six months ended 30 June 2017 (Unaudited) ***HK$'000***	Six months ended 30 June 2016 (Unaudited) *HK$'000*
Salaries and other benefits	**17,837**	28,045
Contributions to retirement benefits schemes	**817**	1,465
	18,654	29,510

18. Events after the reporting date

Subsequent to the reporting date, the board of Jinhui Shipping resolved on 3 July 2017 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 (ie. 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 had 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 VPS and the transaction in relation to full acceptance of Jinhui Shipping Rights Issue had been completed. After the completion of Jinhui Shipping Rights Issue and as of the date of this report, Jinhui Shipping is an approximately 55.69% owned subsidiary of the Company, whose shares are listed on the Oslo Stock Exchange, Norway.