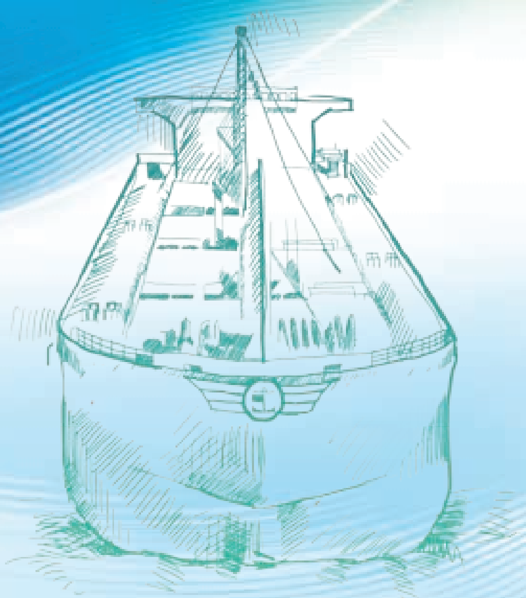
JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137



INTERIM REPORT 2013

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Cui Jianhua
Tsui Che Yin Frank
William Yau

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ho Suk Lin

SHARE REGISTRAR

Tricor Standard Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

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

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants

CONTACTS

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

WEBSITE

www.jinhuiship.com

SHARE LISTING

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

Financial Highlights

HIGHLIGHTS FOR THE FIRST HALF OF 2013

- Revenue for the period: HK$975 million
- Net profit attributable to shareholders for the period: HK$13 million
- Basic earnings per share: HK$0.025
- Gearing ratio as at 30 June 2013: 38%

Chairman's Statement

The Board is pleased to present the interim report of **Jinhui Holdings Company Limited** (the "Company") and its subsidiaries (the "Group") for the six months ended 30 June 2013.

INTERIM RESULTS

The Group's revenue for the first half of 2013 was HK$975,278,000 whereas HK$1,066,674,000 was reported in the same period of 2012. The net profit attributable to shareholders of the Company for the first half of 2013 was HK$13,069,000, representing a decline of 81% as compared to HK$67,992,000 for the first half of 2012.

Basic earnings per share was HK$0.025 for the six months ended 30 June 2013 as compared to basic earnings per share of HK$0.128 for the last corresponding period in 2012.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2013 (30/6/2012: nil).

BUSINESS REVIEW

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

Dry bulk shipping market had showed a moderate improvement in the first half of 2013. With continued scrapping activities of old tonnages and the slowdown of newbuildings delivery, market freight rates recovered on the back of increasing dry seaborne activities in early 2013 due to bumper harvest of grain and crops in South American countries and rising coal exporting activities in Asia-pacific countries encouraged demand for dry bulk vessels in shipping market. Baltic Dry Index ("BDI") opened at 699 points at the beginning of 2013, gradually climbed to 935 points on 25 March 2013 and dropped slowly to around 800 points in early June. The dry bulk shipping market was reenergized since mid-June and continued its upward trend when restocking activities of iron ore and coal resumed noticeably in China. BDI rose over 45% in June and closed at its peak of the period at 1,171 points by end of June 2013. The recent surge could only be sustainable when market demand for dry bulk vessels would outpace the tonnages supply. However, the oversupply of tonnages and excessive shipbuilding capacity would continue to hinder the turnaround of dry bulk shipping market.

Chairman's Statement

The Group's operating results from chartering freight and hire for the first half of 2013 was affected by the decreased segment revenue in a low freight rate environment. Revenue from chartering freight and hire for the first half of year dropped 9% from HK$930,286,000 in 2012 to HK$846,174,000 in 2013. The decrease in segment revenue for the period was mainly due to the fall in chartering freight and hire income arising from the Group's owned and chartered-in vessels when certain charter contracts were entered into with charterers at relatively low freight rates, and less segment revenue was contributed from chartered-in vessels as two chartered-in vessels were redelivered to owners in August 2012 and January 2013.

The average daily time charter equivalent rates ("TCE") of the Group's fleet were as follows:

	2013 1st half *US$*	2012 1st half *US$*	2012 *US$*
Capesize Fleet	**13,030**	11,253	11,709
Post-Panamax / Panamax Fleet	**14,989**	15,261	15,238
Supramax / Handymax / Handysize Fleet	**13,432**	16,531	15,512
In average	**13,568**	16,128	15,292

Shipping related expenses decreased by 22% to HK$505,065,000 for the first half of 2013 as compared to HK$651,266,000 for the first half of 2012. The decrease was mainly attributable to the absence of provision for loss on charter hire being recognized in current period while a net provision for loss on charter hire of HK$91,117,000 was provided in the first half of 2012 for two loss-making vessel employment contracts and included in shipping related expenses. In addition, due to the redelivery of two chartered-in vessels to owners in August 2012 and January 2013, hire payments in current period for chartered-in vessels reduced by HK$61,672,000 as compared to the last corresponding period in 2012. However, the decrease was partially offset by the rising bunker expenses incurred in additional voyage charters being carried out in current period.

Chairman's Statement

Despite there was no provision for loss on charter hire being recognized in current period, segment profit from chartering freight and hire for the first half of 2013 declined to HK$72,122,000 as compared to HK$149,446,000 for the same period in 2012. The significant decline in segment profit for the period was mainly due to no exceptional settlement income being recognized in current period while settlement income of HK$123,337,000 from two charterers was recognized in the first half of 2012 and such income was included in other operating income. Segment profit from chartering freight and hire for the period was also affected by the reduced segment revenue and rising depreciation charges of our owned vessels during current period.

Due to relatively higher contract price of recently delivered owned vessels, depreciation and amortization for the segment of chartering freight and hire increased by 8% to HK$225,725,000 for the first half of 2013.

Finance costs for chartering freight and hire segment for the first half of 2013 decreased by 17% to HK$28,117,000, as comparing to HK$33,794,000 for the last corresponding period in 2012. The decrease was mainly attributable to the reduction in average outstanding loan principal under aggressive loan repayment schedules, and partially offset by higher loan interest margin being agreed under loan facilities for the recently delivered owned vessels.

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

The Group's segment revenue from trading business dropped slightly to HK$129,104,000 for the first half of 2013 as comparing to HK$136,388,000 for the first half of 2012. The Group's segment results from trading business improved in current period when the Group strived to source and introduce new products with better profit margin to reach new customers through new sales channels. For the first half of 2013, the Group reported segment profit of HK$1,827,000 from trading business, whereas segment loss of HK$632,000 was reported in last corresponding period in 2012.

Other financial information. The unallocated corporate expenses rose over 50% to HK$65,445,000 for the first half of 2013 due to the increase in fair value loss on investment portfolio. Global financial markets experienced a volatile period when U.S. Federal Reserve officials indicated in May that the massive quantitative easing measures would be scaling back at an earlier time than the market previously expected and Chinese authorities imposed tightening measures of liquidity to moderate the excessive lending in banking sectors in June. Most Asian stock markets and commodities markets slumped as a consequence of heavy fund outflows and bond prices generally fell as interest rates of U.S. and China soared at end of June. In the first half of 2013, the Group recognized fair value loss on investment portfolio, predominantly in equity securities listed in Hong Kong, of HK$50,309,000 which was accounted for net loss on financial assets at fair value through profit or loss and was included in other operating expenses. For the last corresponding period in 2012, the Group recorded fair value loss on investment portfolio of HK$28,644,000 when global stock markets slipped on continued concerns over deteriorating European sovereign debt crisis.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. As at 30 June 2013, the total of the Group's equity and debt securities, bank balances and cash fell to HK$1,484,445,000 (31/12/2012: HK$1,638,758,000). The Group's bank borrowings decreased to HK$4,121,979,000 as at 30 June 2013 (31/12/2012: HK$4,431,376,000), of which 13%, 13%, 37% and 37% are repayable respectively within one year, one to two years, two to five years and over five years. All bank borrowings were denominated in United States Dollars and were committed on floating rate basis.

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, dropped to 38% as at 30 June 2013 (31/12/2012: 40%). With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Pledge of assets. As at 30 June 2013, the Group's property, plant and equipment and investment properties with an aggregate net book value of HK$8,986,714,000 (31/12/2012: HK$9,193,277,000), and deposits of HK$183,876,000 (31/12/2012: HK$154,248,000) placed with banks were pledged together with the assignment of thirty eight (31/12/2012: thirty eight) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of thirty two (31/12/2012: thirty two) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the six months ended 30 June 2013, capital expenditure on additions of owned vessels and vessels under construction was HK$23,357,000 (30/6/2012: HK$597,109,000), and on other property, plant and equipment was HK$1,003,000 (30/6/2012: HK$4,309,000).

As at 30 June 2013, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK$176,013,000 (31/12/2012: HK$339,333,000), representing the Group's outstanding capital expenditure commitments to acquire one (31/12/2012: two) newbuildings at total contract price of JPY4,500,000,000 (31/12/2012: US$17,500,000 and JPY6,410,500,000).

OUTLOOK

2013 has proven to be a very challenging year for dry bulk shipping market so far. The global economic growth continues to vary from region to region, with U.S. showing more encouraging signs of improvement than Europe. As mentioned previously, relying growth driven by Asia region, in particular China is unrealistic given super-fast growth rate cannot be expected perpetually.

To date, Chinese Leaders continue to focus on measures that curb fixed asset investments and asset prices, the country that has been driving the most demand growth in dry bulk commodities continues to slow down their import requirements. While the overall demand volume is rising and is expected to rise over the longer term, when piece together the oversupply in tonnages and excess shipbuilding capacity, it is expected a low freight rate environment is likely for the remaining of the year. Although recent activities that positively reduced the supply side such as slippage and scrapping have been higher than previous years, we expect that the operating environment of our industry will remain tough in 2013.

One factor which we watch carefully on our radar screen is the interest rate environment. With U.S. dollar remaining to be the primary currency for global trade, the imminent retreat of the Quantitative Easing measures by U.S. will no doubt affect the global funding environment as well as the appetite for new investments across all industries. Ship financing for newbuildings projects will become even more expensive and hard to come by, especially when lesser financial institutions now participate in financing for this industry. Funding costs, a relatively rigid cost as well as challenging environment to increase revenue in our shipping industry should increase the barriers of entry and discourage excess new supply being ordered. Smaller and non-competitive industry participants with lesser industry expertise, commitment and financial strength would be forced to exit the market in time, though restoration of balance in shipping capacity versus demand in dry seaborne trade is not expected in the near future.

Looking ahead, we expect further company defaults and rising counterparty risks, but at the same time we believe there will be interesting opportunities for those who are patient, prepared and have placed liquidity as a priority in the past years.

We aspire to grow our business over the longer term, and will patiently and selectively look at suitable opportunities as they arise.

For the remaining of the year, we will continue to focus on the basics: maintain a strong financial position and a healthy gearing level, monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins. We will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 30 August 2013

Disclosure of Interests

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 18 November 2004 (the "Share Option Scheme") whereby the Board was authorized to grant share options to acquire the shares of the Company to the directors of the Company (the "Directors"), officers and employees of the Group and other person(s) selected by the Board who have contributed or will contribute to the Group. Each option gives the holder the right to subscribe for one ordinary share of HK$0.10 each of the Company.

Details of share options under the Share Option Scheme during the six months ended 30 June 2013 were as follows:

Name	Date of grant	Exercise price per share *HK$*	Exercisable period	Number of outstanding options as at 1 January and 30 June 2013
Directors				
Ng Siu Fai	23 December 2004	1.60	31 March 2006 to 22 December 2014	**31,570,000**
	29 June 2006	1.57	29 June 2006 to 28 June 2016	**3,184,000**
Ng Kam Wah Thomas	23 December 2004	1.60	31 March 2006 to 22 December 2014	**21,050,000**
	29 June 2006	1.57	29 June 2006 to 28 June 2016	**3,184,000**
Ng Ki Hung Frankie	29 June 2006	1.57	29 June 2006 to 28 June 2016	**3,184,000**
				62,172,000

Notes:

1. No share option was granted, exercised, cancelled or lapsed during the six months ended 30 June 2013.

2. As at the dates of grant of options on 23 December 2004 and 29 June 2006, the closing prices per share of the Company were HK$1.53 and HK$1.57 respectively.

3. The closing price per share of the Company as at 30 June 2013 was HK$1.60.

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

As at 30 June 2013, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long positions

(i) Directors' interests in shares of the Company

Name	Number of shares in the Company held and capacity				Percentage of total issued shares of the Company
	Beneficial owner	Interest of spouse	Beneficiary of trust	Total	
Ng Siu Fai	19,917,000	15,140,000	342,209,280 *Note*	377,266,280	71.15%
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 2013, Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline Consultants Limited ("Fairline") which is the legal and beneficial owner of 342,209,280 shares of the Company (representing approximately 64.53% of the total issued shares of the Company). The Ng Hing Po 1991 Trust is a discretionary trust, the eligible beneficiaries of which include members of the Ng family. Both Messrs. Ng Siu Fai and Ng Kam Wah Thomas are directors of Fairline.

Disclosure of Interests

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

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

(iii) Directors' interests in associated corporation

Name	Number of shares in Jinhui Shipping held and capacity Beneficial owner	 Interest of spouse	 Beneficiary of trust	Total	Percentage of total issued shares of Jinhui Shipping
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 2013, 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 2013.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, in accordance with the register kept under Section 336 of the SFO, the following persons (other than Directors or chief executives of the Company) had interests representing 5% or more of the issued share capital of the Company:

Long positions

Name of shareholders	Capacity	Number of shares in the Company	Number of share options in the Company	Percentage of total issued shares of the Company
Fairline Consultants Limited	Beneficial owner	342,209,280	–	64.53%
Wong Yee Man Gloria	Beneficial owner and interest of spouse	377,266,280 *Note 1*	–	71.15%
	Interest of spouse	–	34,754,000 *Note 2*	6.55%

Notes:

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

2. Ms. Wong Yee Man Gloria is deemed to be interested in the options to subscribe for 34,754,000 shares of the Company held by her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).

Save as disclosed herein, as at 30 June 2013, the Company has not been notified of any person (other than Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Corporate Governance

COMPLIANCE OF THE CODE PROVISIONS

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2013, 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.

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 2013.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors. The Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013.

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 2013.

EMPLOYEES

As at 30 June 2013, the Group had 110 (31/12/2012: 107) full-time employees. The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

FLEET

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers.

As at 30 June 2013, the Group had thirty eight owned vessels which included two modern Post-Panamaxes, two modern Panamaxes, thirty two modern grabs fitted Supramaxes, one Handymax and one Handysize.

Apart from owned vessels, the Group operated two chartered-in vessels which included one Capesize and one Supramax as at 30 June 2013.

Supplementary Information

FLEET DETAILS

As at 30 June 2013 and up to 28 August 2013, the Group had thirty eight owned vessels and two chartered-in vessels in operation as follows:

	Number of vessels in operation		
	Owned	Chartered-in	Total
Capesize Fleet	–	1	1
Post-Panamax Fleet	2	–	2
Panamax Fleet	2	–	2
Supramax / Handymax Fleet	33	1	34
Handysize Fleet	1	–	1
Total Fleet	**38**	**2**	**40**

Supplementary Information

FLEET ACTIVITY

According to the Company's best estimation, the activity of the Group's fleet as at 28 August 2013 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	2013	2014
Capesize Fleet	Coverage	%	79	–
	Operating days covered	*Days*	313	–
	Daily TCE	*US$*	13,170	–
Post-Panamax / Panamax Fleet	Coverage	%	77	6
	Operating days covered	*Days*	1,074	83
	Daily TCE	*US$*	18,170	38,200
Supramax / Handymax / Handysize Fleet	Coverage	%	72	2
	Operating days covered	*Days*	9,031	188
	Daily TCE	*US$*	14,960	32,054

Chartered-in Fleet – TCE cost:

		Unit	2013	2014
Capesize Fleet	Operating days	*Days*	395	41
	Daily TCE cost	*US$*	43,506	44,000
Supramax Fleet	Operating days	*Days*	300	N/A
	Daily TCE cost	*US$*	36,000	N/A

Independent Review Report

Grant Thornton
致同

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

Introduction

We have reviewed the interim financial report set out on pages 20 to 34 which comprises the condensed consolidated statement of financial position of Jinhui Holdings Company Limited as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

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

Scope of Review

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

Conclusion

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

Grant Thornton Hong Kong Limited
Certified Public Accountants
20th Floor, Sunning Plaza
10 Hysan Avenue, Causeway Bay
Hong Kong

30 August 2013

Kwong Kam Wing Kelvin
Practising Certificate No.: P05373

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

	Note	**Six months ended 30 June 2013 (Unaudited) *HK$'000***	Six months ended 30 June 2012 (Unaudited) *HK$'000*
Revenue	*2*	**975,278**	1,066,674
Other operating income		**41,214**	159,890
Interest income		**13,489**	19,063
Shipping related expenses	*3*	**(505,065)**	(651,266)
Cost of trading goods sold		**(119,338)**	(129,655)
Staff costs		**(34,962)**	(31,319)
Other operating expenses		**(81,834)**	(56,573)
Operating profit before depreciation and amortization	*4*	**288,782**	376,814
Depreciation and amortization		**(233,045)**	(215,373)
Operating profit		**55,737**	161,441
Finance costs		**(28,306)**	(33,943)
Profit before taxation		**27,431**	127,498
Taxation	*5*	**(178)**	(118)
Net profit and total comprehensive income for the period		**27,253**	127,380
Net profit and total comprehensive income for the period attributable to:			
Shareholders of the Company		**13,069**	67,992
Non-controlling interests		**14,184**	59,388
		27,253	127,380
Earnings per share	*6*		
– Basic		**HK$0.025**	HK$0.128
– Diluted		**HK$0.025**	HK$0.128

Condensed Consolidated Statement of Financial Position

As at 30 June 2013

	Note	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,227,503**	9,436,105
Investment properties		**93,800**	93,800
Goodwill		**39,040**	39,040
Available-for-sale financial assets	*8*	**23,911**	24,081
Intangible assets		**1,686**	1,769
		9,385,940	9,594,795
Current assets			
Inventories		**52,107**	109,093
Trade and other receivables	*9*	**268,527**	430,930
Financial assets at fair value through profit or loss	*10*	**737,470**	618,016
Pledged deposits		**183,876**	154,248
Bank balances and cash	*11*	**746,975**	1,020,742
		1,988,955	2,333,029
Current liabilities			
Trade and other payables	*12*	**272,883**	500,270
Provisions	*13*	**24,346**	67,547
Current taxation		**94**	291
Secured bank loans	*14*	**526,637**	586,475
		823,960	1,154,583
Net current assets		**1,164,995**	1,178,446
Total assets less current liabilities		**10,550,935**	10,773,241
Non-current liabilities			
Secured bank loans	*14*	**3,595,342**	3,844,901
Net assets		**6,955,593**	6,928,340
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**53,029**	53,029
Reserves		**3,849,870**	3,836,801
		3,902,899	3,889,830
Non-controlling interests		**3,052,694**	3,038,510
Total equity		**6,955,593**	6,928,340

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to shareholders of the Company									
	Issued capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Capital redemption reserve (Unaudited) *HK$'000*	Other asset revaluation reserve (Unaudited) *HK$'000*	Employee share-based compensation reserve (Unaudited) *HK$'000*	Reserve for available-for-sale financial assets (Unaudited) *HK$'000*	Retained profits (Unaudited) *HK$'000*	Subtotal (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
At 1 January 2012	53,029	324,590	4,020	4,777	26,259	13,395	3,308,595	3,734,665	2,913,857	6,648,522
Net profit and total comprehensive income for the period	–	–	–	–	–	–	67,992	67,992	59,388	127,380
At 30 June 2012	53,029	324,590	4,020	4,777	26,259	13,395	3,376,587	3,802,657	2,973,245	6,775,902
At 1 January 2013	53,029	324,590	4,020	4,777	26,259	13,795	3,463,360	3,889,830	3,038,510	6,928,340
Net profit and total comprehensive income for the period	–	–	–	–	–	–	13,069	13,069	14,184	27,253
At 30 June 2013	**53,029**	**324,590**	**4,020**	**4,777**	**26,259**	**13,795**	**3,476,429**	**3,902,899**	**3,052,694**	**6,955,593**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June 2013 (Unaudited) *HK$'000*	Six months ended 30 June 2012 (Unaudited) *HK$'000*
OPERATING ACTIVITIES		
Cash generated from operations	**77,065**	312,771
Interest paid	**(28,982)**	(34,015)
PRC Corporate Income Tax paid	**(374)**	(367)
Net cash from operating activities	**47,709**	278,389
INVESTING ACTIVITIES		
Interest received	**12,186**	16,012
Decrease (Increase) in bank deposits with more than three months to maturity when placed	**(40,729)**	12,448
Dividend income received	**3,077**	1,285
Purchase of property, plant and equipment	**(24,360)**	(601,418)
Proceeds from disposal of property, plant and equipment	**300**	50
Proceeds from termination of unlisted investments	**3,699**	–
Purchase of available-for-sale financial assets	**(1,331)**	–
Purchase of investment properties	**–**	(31,318)
Net cash used in investing activities	**(47,158)**	(602,941)
FINANCING ACTIVITIES		
New secured bank loans	**3,905**	464,450
Repayment of secured bank loans	**(289,324)**	(282,350)
Increase in pledged deposits	**(29,628)**	(218,129)
Net cash used in financing activities	**(315,047)**	(36,029)
Net decrease in cash and cash equivalents	**(314,496)**	(360,581)
Cash and cash equivalents at 1 January	**903,097**	1,410,161
Cash and cash equivalents at 30 June	**588,601**	1,049,580

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 2013 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 ("HKAS") 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.

Certain new or amended Hong Kong Financial Reporting Standards ("HKFRS") are effective for the accounting period beginning on 1 January 2013. The Group has applied for the first time, all new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the current accounting period.

The management has assessed and considered that the adoption of these new standards or amendments has had no material impact on the Group's financial statements for the current and prior periods that have been presented, except for the change in terminology from statement of comprehensive income to statement of profit or loss and other comprehensive income in accordance with the amendments to HKAS 1 "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income", and additional disclosures related to the fair value of financial assets as a result of consequential amendments to HKAS 34 "Interim Financial Reporting", following the effective of HKFRS 13 "Fair Value Measurement", details of which have been disclosed in note 8 and note 10 to interim financial statements.

Apart from the above, 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 2012.

2. Segment information

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

The following tables present the Group's reportable segment revenue and segment results for the six months ended 30 June 2013 and 2012, and reconcile the Group's total reportable segment results to the Group's net profit for the period as presented in the condensed consolidated statement of profit or loss and other comprehensive income.

2. Segment information (Continued)

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

	Chartering freight and hire (Unaudited) *HK$'000*	Trading (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Six months ended 30 June 2012			
Segment revenue	930,286	136,388	1,066,674
Segment results	149,446	(632)	148,814
Unallocated income and expenses			
Interest income			19,063
Unallocated other operating income			2,502
Unallocated corporate expenses			(42,881)
Profit before taxation			127,498
Taxation			(118)
Net profit for the period			127,380

Notes to the Interim Financial Statements

2. Segment information (Continued)

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

	Chartering freight and hire (Unaudited) *HK$'000*	**Trading (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*
As at 30 June 2013			
Segment assets	**9,250,171**	**81,542**	**9,331,713**
Unallocated assets			**2,043,182**
Total assets			**11,374,895**

	Chartering freight and hire (Audited) *HK$'000*	Trading (Audited) *HK$'000*	Total (Audited) *HK$'000*
As at 31 December 2012			
Segment assets	9,654,796	102,786	9,757,582
Unallocated assets			2,170,242
Total assets			11,927,824

3. Shipping related expenses

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

4. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	Six months ended 30 June 2013 (Unaudited) ***HK$'000***	Six months ended 30 June 2012 (Unaudited) *HK$'000*
Impairment loss (Reversal of impairment loss) on trade receivables	**2,237**	(459)
Dividend income	**(3,309)**	(1,285)
Net loss on financial assets at fair value through profit or loss	**46,056**	25,719

5. Taxation

Hong Kong Profits Tax has not been provided as the Group has no assessable profits for the period. In the opinion of the Directors, a substantial portion of the Group's income neither arose in nor was derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax. PRC Corporate Income Tax has been provided at the applicable rate on the estimated assessable profits of a PRC subsidiary for the period. The Group is not subject to taxation in any other jurisdictions in which the Group operates.

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

	Six months ended 30 June 2013 (Unaudited) *HK$'000*	Six months ended 30 June 2012 (Unaudited) *HK$'000*
PRC Corporate Income Tax:		
Current period	**178**	118

6. Earnings per share

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

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

Basic and diluted earnings per share for the six months ended 30 June 2012 were calculated on the net profit attributable to shareholders of the Company for the period of HK$67,992,000 and the weighted average number of 530,289,480 ordinary shares in issue during the period. Diluted earnings per share for the period was the same as basic earnings per share as the exercise prices of the share options were greater than the average market price of the Company's share for the period and thus there was no potential dilutive effect on the basic earnings per share.

7. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2013 (30/6/2012: nil).

8. Available-for-sale financial assets

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Unlisted club debentures, at fair value	**21,000**	21,000
Unlisted club membership, at fair value	**1,580**	1,580
Unlisted club membership, at cost	**1,331**	–
Unlisted investments		
Co-operative joint ventures, at cost less impairment loss	**–**	1,501
	23,911	24,081

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 7.

For those unlisted club membership stated at cost and unlisted investments stated at cost less impairment loss, as there are no quoted market prices in active markets, the range of reasonable fair value estimates can be varied significantly that their fair values cannot be measured reliably.

9. Trade and other receivables

	30 June 2013 (Unaudited) ***HK$'000***	31 December 2012 (Audited) *HK$'000*
Trade receivables	**60,201**	61,742
Prepayments, deposits and other receivables	**208,326**	369,188
	268,527	430,930

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

	30 June 2013 (Unaudited) ***HK$'000***	31 December 2012 (Audited) *HK$'000*
Within 3 months	**54,659**	51,433
Over 3 months but within 6 months	**247**	5,615
Over 6 months but within 12 months	**4,089**	3,103
Over 12 months	**1,206**	1,591
	60,201	61,742

Management has a credit policy in place for approving the credit limits and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. Credit evaluations including assessing the customer's creditworthiness and financial standing are performed on customers requiring a credit over certain amount.

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment. The credit terms given to trading customers vary based on the financial assessments and payment track records. General credit terms for trading customers range from 30 to 90 days following the month in which sales take place.

10. Financial assets at fair value through profit or loss

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Held for trading or not qualifying as hedges		
Equity securities		
Listed in Hong Kong	**259,241**	192,820
Listed outside Hong Kong	**66,905**	63,024
	326,146	255,844
Debt securities		
Listed in Hong Kong	**203,678**	153,683
Listed outside Hong Kong	**43,115**	46,740
Unlisted	**164,531**	161,749
	411,324	362,172
	737,470	618,016

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 7. For unlisted debt securities, the fair value measurements were determined by reference to price quotations for equivalent financial instruments in active markets provided by financial institutions and were categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 7.

Notes to the Interim Financial Statements

11. Bank balances and cash

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**588,601**	903,097
Bank deposits with more than three months to maturity when placed	**158,374**	117,645
	746,975	1,020,742

12. Trade and other payables

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Trade payables	**24,251**	24,653
Accrued charges and other payables	**248,632**	475,617
	272,883	500,270

The aging analysis of trade payables is as follows:

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Within 3 months	**7,608**	8,542
Over 3 months but within 6 months	**500**	1,367
Over 6 months but within 12 months	**1,399**	559
Over 12 months	**14,744**	14,185
	24,251	24,653

13. Provisions

At the reporting date, provisions represented provision for loss on charter hire. The movements for provision for loss on charter hire during the period / year are as follows:

	30 June 2013 (Unaudited) ***HK$'000***	31 December 2012 (Audited) *HK$'000*
At beginning of the period / year	**67,547**	55,279
Provision recognized	**–**	174,662
Provision utilized	**(43,201)**	(162,394)
At end of the period / year	**24,346**	67,547

14. Secured bank loans

	30 June 2013 (Unaudited) ***HK$'000***	31 December 2012 (Audited) *HK$'000*
Vessel mortgage loans	**4,100,018**	4,385,437
Trust receipt loans	**21,961**	45,939
Total secured bank loans	**4,121,979**	4,431,376
Less: Amount repayable within one year	**(526,637)**	(586,475)
Amount repayable after one year	**3,595,342**	3,844,901

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

Notes to the Interim Financial Statements

15. Capital expenditures and commitments

During the six months ended 30 June 2013, capital expenditure on additions of owned vessels and vessels under construction was HK$23,357,000 (30/6/2012: HK$597,109,000), and on other property, plant and equipment was HK$1,003,000 (30/6/2012: HK$4,309,000).

As at 30 June 2013, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK$176,013,000 (31/12/2012: HK$339,333,000), representing the Group's outstanding capital expenditure commitments to acquire one (31/12/2012: two) newbuildings at total contract price of JPY4,500,000,000 (31/12/2012: US$17,500,000 and JPY6,410,500,000).

16. Related party transactions

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

	Six months ended 30 June 2013 (Unaudited) ***HK$'000***	Six months ended 30 June 2012 (Unaudited) *HK$'000*
Salaries and other benefits	**14,795**	12,749
Contributions to retirement benefits schemes	**720**	610
	15,515	13,359

17. Comparative figures

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