JINHUI

JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

2016 RESULTS ANNOUNCEMENT

HIGHLIGHTS
FOR THE YEAR 2016

- Revenue for the year: HK$468 million
- Loss attributable to shareholders for the year: HK$805 million
- Operating loss for the year: HK$1,433 million included non-cash impairment losses on owned vessels of HK$881 million and assets held for sale (disposed vessels) of HK$355 million
- Basic loss per share: HK$1.519
- Gearing ratio as at 31 December 2016: 52%

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the results of **Jinhui Holdings Company Limited** (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2016.

2016 ANNUAL RESULTS

The Group’s revenue for the year was HK$467,649,000 whereas HK$799,038,000 was reported for the year 2015. The loss attributable to shareholders of the Company for the year was HK$805,394,000 as compared to a loss of HK$1,683,183,000 for the year 2015. The substantial net losses for both years were mainly attributable to the recognition of impairment loss on owned vessels of HK$881,478,000 in 2016 and HK$2,535,083,000 in 2015 in the annual test for impairment on owned vessels for both years and impairment loss on assets held for sale (disposed vessels) of HK$354,602,000 recognized upon reclassification to assets held for sale of two Panamaxes, five Supramaxes and one Handymax for which the Group entered into disposal agreements and relevant disposals were completed in 2016. The disposal of the eight vessels represented an opportunity for the Group to readjust its fleet profile and reduce our operational risk exposures in current high-risk volatile markets and the disposal of the vessels will improve the liquidity position of the Group. 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 impairment losses on owned vessels and assets held for sale (disposed vessels) are non-cash in nature and do not have impact on the operating cash flows of the Group.

Basic loss per share was HK$1.519 for the year as compared to basic loss per share of HK$3.174 for the year 2015.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2016. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2016.

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.

Year 2016 had been the worst year for dry bulk shipping market. With the backdrop of a prolonged oversupply in tonnages, the dry bulk shipping market was extremely tough in the early months of 2016 due to an unexpected fall of global seaborne activities. The unexpected difficult market environments inevitably added tremendous liquidity pressures to ship owners. The vessels asset prices and freight rates had gone in a downward spiral given the literal meltdown of confidence and freight rates were bottoming below ship owners' operating costs. The Baltic Dry Index hit new historical lows at 290 points in February 2016. The dry bulk commodities market and shipping market had regained some momentums since March 2016 and it was widely believed that the dry bulk shipping market was bottoming out as both freight rates and vessels values tend to move in an upward trend. While we believed the market would continue to recover where a better balance of demand and supply of tonnages, the volatility in freight rates had deeply dent our business performance, as well as the carrying value of our shipping assets and financial assets. We continue to see uncertainties towards the recovery and its sustainability in dry bulk shipping market and we believe it will be prudent to periodically reduce indebtedness and enhance our liquidity when such opportunities arise. Despite the market improved later in the year, we continue to see uncertainty and market volatility remaining as an operational risk to the Group. In order to further reduce operational risk and liquidity risk, we believe it is prudent for the Group to readjust the fleet size and lower the overall indebtedness and it is vital to remain financially nimble in today's tough and ever-changing market environment. The overall recovery in dry bulk shipping market require a stronger demand and supply rebalance through slowing fleet growth, layups and scrapping of tonnages.

Average daily time charter equivalent rates ("TCE")	**2016**	2015
	US$	*US$*
Post-Panamax / Panamax fleet	**4,475**	5,456
Supramax / Handymax / Handysize fleet	**4,922**	6,519
In average	**4,871**	6,412

The average daily TCE earned by the Group's fleet dropped 24% to US$4,871 (approximately HK$38,000) for the year 2016 as compared to US$6,412 (approximately HK$50,000) for the year 2015 when certain charter contracts were entered into with charterers at relatively low freight rates at spot market.

Key Performance Indicators for Shipping Business	2016	2015
	HK$'000	*HK$'000*
Average daily TCE	**38**	50
Daily vessel running cost	**29**	32
Daily vessel depreciation	**21**	31
Daily vessel finance cost	**3**	3
	53	66
Average utilization rate	**98%**	98%

As at 31 December 2016, the Group had twenty eight owned vessels. Average daily TCE dropped 24% to US$4,871 (approximately HK$38,000) for the year 2016 as compared to US$6,412 (approximately HK$50,000) for the year 2015 in the prevailing weak dry bulk shipping market. Daily vessel running cost dropped 10% from US$4,072 (approximately HK$32,000) for the year 2015 to US$3,684 (approximately HK$29,000) for the year 2016. The decrease was attributable 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 recognition of substantial impairment loss on owned vessels in 2015 which led to the adjustment and reduction in depreciation to reflect the adjusted carrying amount of owned vessels. However, daily vessel finance cost increased 16% from US$359 (approximately HK$2,800) for the year 2015 to US$415 (approximately HK$3,200) for the year 2016 due to the rising interest rates on both market LIBOR and increased margin on the rescheduling of indebtedness arrangement. Fleet utilization rate remained at 98% for both years 2016 and 2015. 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.

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers. As at 31 December 2016, the Group had twenty eight owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	25
Handysize fleet	1
Total fleet	**28**

Given the abrupt changes in shipping market environment in 2016 and the overall unexpected volatility in the macro environment has caused a disruption in many markets including the dry bulk shipping market, which has gone through extreme wild swings within a very short timescale, we consider there is a change in the expectation of the long term intrinsic values since the Group's last review of our assets. In view of the significant decrease in market value of dry bulk vessels in the market, the management considered that impairment indication of the Group's fleet existed at end of 2016.

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the impairment review, the Group's owned vessels' recoverable amounts which were determined based on value in use and were significantly less than their respective carrying amounts at end of 2016. Accordingly, an impairment loss of HK$881,478,000 on owned vessels was recognized at end of 2016 to reflect our change in the expectation on the long term global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use of our vessels. The impairment losses on owned vessels and assets held for sale (disposed vessels) are non-cash in nature and do not have impact on the operating cash flows of the Group. Long term financial stability is more important and defensive actions in reducing indebtedness and further increase of liquidity will ensure the Group to safely sail through any unexpected volatilities in the market going forward.

Subsequent to the reporting date, the Group entered into four memorandums of agreement on 24 February 2017 to dispose of four Supramaxes at a total consideration of US$48 million (approximately HK$374 million) with expected delivery dates between 1 March 2017 and 15 April 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.

FINANCIAL REVIEW

Revenue and operating loss. The Group's revenue from continuing operation for the year dropped 31% from HK$673,163,000 in 2015 to HK$467,649,000 in 2016. The drop in the revenue was mainly due to the reduced number of owned vessels and the large exposure to spot market as freight rates kept declining to unexpectedly low level in early 2016. The substantial losses from continuing operation of HK$1,472,496,000 for the year 2016 and HK$3,011,850,000 for the year 2015 were also attributable to the recognition of impairment loss on owned vessels of HK$881,478,000 in 2016 and HK$2,535,083,000 in 2015 in the annual test for impairment on owned vessels for both years and impairment loss on assets held for sale (disposed vessels) of HK$354,602,000 recognized upon reclassification to assets held for sale of two Panamaxes, five Supramaxes and one Handymax for which the Group entered into disposal agreements and relevant disposals were completed in 2016. The impairment losses on owned vessels and assets held for sale (disposed vessels) are non-cash in nature and do not have impact on the operating cash flows of the Group.

Other operating income. Other operating income from continuing operation decreased from HK$266,100,000 for the year 2015 to HK$179,253,000 for the year 2016 due to the reduced settlement income received from charterers in relation to repudiation claims from HK$183,271,000 in 2015 to HK$43,841,000 in 2016. 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 year 2016 dropped 31% to HK$424,831,000 as compared to HK$614,245,000 for the year 2015 due to the reduced number of owned vessels, and reduced voyage-related direct costs, including bunker expenses, when less voyage charters were engaged in 2016. The decrease was also attributable to the reduction in vessels' running costs under the Group's continuing effort on cost reduction strategy in order to remain competitive in the current tough market environment.

Other operating expenses. Other operating expenses from continuing operation decreased from HK$242,875,000 for the year 2015 to HK$82,299,000 for the year 2016 due to the net loss on financial assets at fair value through profit or loss of HK$19,089,000 was recognized in 2016 whereas net loss on financial assets at fair value through profit or loss of HK$166,785,000 was recognized in 2015.

Financial assets at fair value through profit or loss. As at 31 December 2016, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK$391,868,000 (2015: HK$715,674,000), in which HK$150,540,000 (2015: HK$341,605,000) was investments in listed equity securities and HK$241,328,000 (2015: HK$374,069,000) was investments in listed debt securities.

Liquidity, financial resources and capital structure. As at 31 December 2016, the Company maintained positive working capital position of HK$409,448,000 (2015: HK$355,758,000). The total of the Group's equity and debt securities, bank balances and cash decreased to HK$632,740,000 (2015: HK$992,890,000). During the year, net cash generated from operating activities amounted to approximately HK$276,916,000 (2015: HK$315,373,000).

The Group's bank borrowings decreased to HK$1,657,916,000 (2015: HK$2,476,367,000), of which 13%, 9%, 77% 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, increased to 52% (2015: 43%) as at 31 December 2016. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements. As at 31 December 2016, the Group is able to service its debt obligations, including principal and interest payments.

In order to preserve the Group's liquidity and financial resources to weather the unprecedented storm in dry bulk shipping market, the Group has decided to manage liquidity risk ahead and initiated rescheduling of indebtedness arrangement discussion with its lenders. An intercreditor deed (the "ICD") between Jinhui Shipping (as corporate guarantor), twenty five wholly-owned subsidiaries of Jinhui Shipping as borrowers of relevant vessel mortgage loans (the "Borrowers") and four major lenders (as lenders of relevant vessel mortgage loans) (collectively, the "Parties") was executed on 8 December 2016 and the effective date took place on 28 December 2016 after the conditions precedent had been fulfilled.

Pursuant to the terms of the ICD, among others, the Parties agreed that the Borrowers shall pay 50% of each repayment installment during the forbearance period until 31 December 2018 (with early restructuring exit option) and the remaining 50% of each such installment be deferred and repaid within two business days after the end of the forbearance period in 2019. Any asset coverage ratio covenant and financial covenant as set out in the relevant loan facilities are waived and suspended, among others, during the forbearance period. The Borrowers are not required to provide additional securities under the ICD, but have agreed on cross-collateralization over the mortgaged vessels among each lender. The Borrowers shall pay an increased margin of 0.75% per annum during the forbearance period and 0.5% per annum after the forbearance period as long as any amount is outstanding under the relevant loan facilities. The rescheduling of indebtedness would allow the Group to preserve liquidity and financial resources to weather the unprecedented storm in dry bulk shipping market.

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

Pledge of assets. As at 31 December 2016, the Group's property, plant and equipment with an aggregate net book value of HK$2,608,529,000 (2015: HK$4,565,421,000), investment properties with an aggregate carrying amount of HK$106,975,000 (2015: HK$79,630,000), and deposits of HK$50,663,000 (2015: HK$80,937,000) placed with banks were pledged together with the assignment of twenty eight (2015: thirty six) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of twenty two (2015: thirty) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the year, capital expenditure on additions of owned vessels was HK$38,310,000 (2015: HK$84,163,000), on other property, plant and equipment was HK$818,000 (2015: HK$15,440,000) and on investment properties was HK$6,668,000 (2015: HK$3,508,000). As at 31 December 2016 and 2015, there was no capital expenditure commitments contracted by the Group but not provided for.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSALS

For the year 2016, the Group took the opportunity to enter into eight memorandums of agreement to dispose two Panamaxes, five Supramaxes and one Handymax. The reduction of number of vessels is part of the risk management measures to lower the operational risk in the volatile and tough shipping environment, where freight rate earnings may or may not be able to cover the related running costs. Given the cost side of our business is rather rigid, we believe a readjustment of fleet size to reduce operational risk and store up additional liquidity is a prudent and responsible action of the Company and it is in the interests of the Company and its shareholders as a whole. Even though the considerations of the disposal of the vessels are below the disposed vessels' net book values and a loss is recognized, the disposal of the vessels would generate positive cash inflow to boost its working capital and liquidity, and eventually lower the Group's upcoming debt service payments and total indebtedness.

For financial reporting purposes, these eight disposed vessels were reclassified to "Assets held for sale" in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with a total impairment loss on assets held for sale (disposed vessels) of HK$354,602,000 was recognized in 2016 upon reclassification to assets held for sale. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate.

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 as at 31 December 2016. Both transactions were completed in the first quarter of 2017 and no material gain or loss is realized. The disposal of the two investment properties generated positive cashflow resulting in the strengthening of the Group's overall financial liquidity. As the Group is principally engaged in the business of ship chartering and ship owning and having regard to the prevailing property market conditions, the Directors are of the view that the disposal of the properties which are non-core assets of the Company, represented a good opportunity for the Group to realize its investment properties for a reasonable return and improve its liquidity position.

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group had 70 (2015: 75) 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.

OUTLOOK

2016 was one of the toughest years for dry bulk shipping. Both the freight market and asset price went through a confidence meltdown during the first half of 2016, and have since rebounded from its trough to better levels though still uninspiring. The expected path to meaningful recovery and equilibrium not without its challenges.

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; (2) a continue recovery or stabilization of dry commodity prices; and most importantly in our view (3) the reduction in shipbuilding capacity where irrational order, and hence oversupply will be discouraged; (4) the US policies will be a swing factor with a new president in office.

The difficulties faced by shipyards, buyers and financiers are all pointing towards a much reduced projected fleet growth. 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 all industry participants a very bitter memory.

Delays, conversions of bulk newbuilding orders to other vessel types, cancellations, and shipyard defaults are leading to much fewer actual deliveries than previously scheduled. Asset based financing, in particular with respect to maritime assets will be harder and more expensive to come by going forward.

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

We are in a relatively fortunate position where we have no capital expenditure commitment in relation to newbuilding contracts, as well as no charter-in contracts at this juncture. 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.

We will intimately monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, secure and maximize income including potential recoveries from outstanding charter disputes, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins in order to remain competitive beyond the current crisis.

We will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios. We will exercise our best efforts to be one of the survivors, a trustworthy partner to those who support us, and be a long term preferred vessel provider to our customers.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 20 March 2017

COMPLIANCE OF THE CODE PROVISIONS

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2016, 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 be responsible for internal control and risk management of the Group and for reviewing their effectiveness.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the year ended 31 December 2016.

SCOPE OF WORK OF THE AUDITOR

The figures in the results announcement of the Group for the year ended 31 December 2016 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the results announcement.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors. The Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the Company's interim and annual reports before submission to the Board. The Group's financial statements for the year ended 31 December 2016 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

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

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

ANNUAL GENERAL MEETING AND BOOK CLOSURE

The Annual General Meeting of the Company will be held on Friday, 19 May 2017. Notice of the Annual General Meeting will be published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com, and will be despatched to shareholders of the Company in due course.

The register of members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 15 May 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
CONTINUING OPERATION			
Revenue	3	**467,649**	673,163
Other operating income	5	**179,253**	266,100
Interest income		**16,542**	32,741
Shipping related expenses		**(424,831)**	(614,245)
Staff costs		**(78,622)**	(88,325)
Impairment loss on owned vessels	6	**(881,478)**	(2,535,083)
Impairment loss on assets held for sale	7	**(354,602)**	-
Impairment loss on goodwill		**-**	(39,040)
Other operating expenses		**(82,299)**	(242,875)
Operating loss before depreciation and amortization	8	**(1,158,388)**	(2,547,564)
Depreciation and amortization		**(274,206)**	(426,319)
Operating loss		**(1,432,594)**	(2,973,883)
Finance costs		**(39,902)**	(37,967)
Loss before taxation		**(1,472,496)**	(3,011,850)
Taxation	9	**-**	-
Loss for the year from continuing operation		**(1,472,496)**	(3,011,850)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	2(a)	**-**	(10,099)
Loss for the year		**(1,472,496)**	(3,021,949)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties upon disposal of subsidiaries		**-**	30,746
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets from continuing operation		**(228)**	3,000
Total comprehensive loss for the year		**(1,472,724)**	(2,988,203)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Shareholders of the Company			
- Continuing operation		**(805,394)**	(1,675,672)
- Discontinued operation		**-**	(7,511)
		(805,394)	(1,683,183)
Non-controlling interests			
- Continuing operation		**(667,102)**	(1,336,178)
- Discontinued operation		**-**	(2,588)
		(667,102)	(1,338,766)
		(1,472,496)	(3,021,949)
Total comprehensive loss for the year attributable to:			
Shareholders of the Company			
- Continuing operation		**(805,542)**	(1,641,926)
- Discontinued operation		**-**	(7,511)
		(805,542)	(1,649,437)
Non-controlling interests			
- Continuing operation		**(667,182)**	(1,336,178)
- Discontinued operation		**-**	(2,588)
		(667,182)	(1,338,766)
		(1,472,724)	(2,988,203)
Loss per share	*10*		
Basic and diluted			
- Continuing operation		**HK$(1.519)**	HK$(3.160)
- Discontinued operation		**N/A**	HK$(0.014)
		HK$(1.519)	HK$(3.174)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016	2015
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,736,987**	4,702,753
Investment properties	*12*	**252,888**	192,870
Available-for-sale financial assets	*13*	**24,981**	25,209
Intangible assets		**1,111**	1,275
		3,015,967	4,922,107
Current assets			
Inventories		**1,833**	14,947
Trade and other receivables	*14*	**131,644**	140,436
Financial assets at fair value through profit or loss	*15*	**391,868**	715,674
Pledged deposits		**50,663**	80,937
Bank balances and cash		**240,872**	277,216
		816,880	1,229,210
Current liabilities			
Trade and other payables	*16*	**196,093**	223,388
Secured bank loans	*17*	**211,339**	650,064
		407,432	873,452
Net current assets		**409,448**	355,758
Total assets less current liabilities		**3,425,415**	5,277,865
Non-current liabilities			
Secured bank loans	*17*	**1,446,577**	1,826,303
Net assets		**1,978,838**	3,451,562

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**381,639**	381,639
Reserves	**792,247**	1,597,789
	1,173,886	1,979,428
Non-controlling interests	**804,952**	1,472,134
Total equity	**1,978,838**	3,451,562

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to shareholders of the Company							
	Issued capital *HK$'000*	Other asset revaluation reserve *HK$'000*	Employee share-based compensation reserve *HK$'000*	Reserve for available-for-sale financial assets *HK$'000*	Retained Profits *HK$'000*	Subtotal *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2015	381,639	4,777	26,259	11,995	3,204,195	3,628,865	2,821,019	6,449,884
Comprehensive loss								
Loss for the year	-	-	-	-	(1,683,183)	(1,683,183)	(1,338,766)	(3,021,949)
Other comprehensive income								
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties upon disposal of subsidiaries	-	30,746	-	-	-	30,746	-	30,746
Change in fair value of available-for-sale financial assets from continuing operation	-	-	-	3,000	-	3,000	-	3,000
Total other comprehensive income for the year	-	30,746	-	3,000	-	33,746	-	33,746
Total comprehensive income (loss) for the year	-	30,746	-	3,000	(1,683,183)	(1,649,437)	(1,338,766)	(2,988,203)
Disposal of subsidiaries *(Note 2c)*	-	-	-	-	-	-	(10,119)	(10,119)
At 31 December 2015	381,639	35,523	26,259	14,995	1,521,012	1,979,428	1,472,134	3,451,562
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								
Loss for the year	-	-	-	-	(805,394)	(805,394)	(667,102)	(1,472,496)
Other comprehensive loss								
Change in fair value of available-for-sale financial assets from continuing operation	-	-	-	(148)	-	(148)	(80)	(228)
Total comprehensive loss for the year	-	-	-	(148)	(805,394)	(805,542)	(667,182)	(1,472,724)
Transaction with owners								
Lapse of employee share options	-	-	(26,259)	-	26,259	-	-	-
Total Transaction with owners	-	-	(26,259)	-	26,259	-	-	-
At 31 December 2016	**381,639**	**35,523**	**-**	**14,847**	**741,877**	**1,173,886**	**804,952**	**1,978,838**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016	2015
	Note	***HK$'000***	*HK$'000*
OPERATING ACTIVITIES			
Cash generated from operations		**316,894**	354,530
Interest paid		**(39,978)**	(38,581)
PRC Corporate Income Tax paid		**-**	(576)
Net cash from operating activities		**276,916**	315,373
INVESTING ACTIVITIES			
Interest received		**19,060**	35,576
Decrease in bank deposits with more than three months to maturity when placed		**-**	112,379
Dividend income received		**6,197**	16,192
Net cash inflow from disposal of subsidiaries	*2(c)*	**-**	18,699
Purchase of property, plant and equipment		**(38,937)**	(99,453)
Purchase of investment properties		**(6,668)**	(3,508)
Proceeds from disposal of property, plant and equipment		**530**	-
Proceeds from disposal of assets held for sale		**494,735**	-
Net cash from investing activities		**474,917**	79,885
FINANCING ACTIVITIES			
New secured bank loans		**-**	13,124
Repayment of secured bank loans		**(818,451)**	(676,244)
Decrease in pledged deposits		**30,274**	95,474
Net cash used in financing activities		**(788,177)**	(567,646)
Net decrease in cash and cash equivalents		**(36,344)**	(172,388)
Cash and cash equivalents at 1 January		**277,216**	449,604
Cash and cash equivalents at 31 December		**240,872**	277,216

1. Basis of preparation and accounting policies

The financial information relating to the years ended 31 December 2016 and 2015 included in this announcement of 2016 annual results do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2015 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) and will deliver the financial statements for the year ended 31 December 2016 in due course.

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

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

Certain amended HKFRS are effective for the accounting period beginning on 1 January 2016. The Group has applied for the first time, all amendments to HKFRS issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the current accounting year. The management has assessed and considered that the adoption of these amendments to the HKFRS has had no material impact on the Group's financial statements for the current and prior years that have been presented.

Apart from the above, the accounting policies and basis of preparation adopted in these financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2015.

2. Disposal group and discontinued operation

On 1 June 2015, the Group announced to dispose its trading business by selling its entire 75% equity interest in Yee Lee Technology Company Limited (“YLTCL”) and YLTCL and its subsidiaries (“YL Group”) had ceased to be treated as subsidiaries of the Company upon completion of the disposal in June 2015. The disposal allowed the Group be better focus and concentrated its resources on shipping business in the prevailing tough operating environment and allowed the management to consider other business which could bring synergy to its shipping business in future.

The operating results of the disposed trading business for the year ended 31 December 2015 have been presented as discontinued operation.

(a) Loss from discontinued operation

The analysis of the loss from discontinued trading business for the year ended 31 December 2015, presented as discontinued operation in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” is as follows:

	2015 *HK$'000*
DISCONTINUED OPERATION	
Revenue	125,875
Other operating income	634
Interest income	10
Cost of trading goods sold	(121,402)
Staff costs	(3,367)
Other operating expenses	(11,359)
Operating loss before depreciation and amortization	(9,609)
Depreciation and amortization	(29)
Operating loss	(9,638)
Finance costs	(180)
Loss before taxation	(9,818)
Taxation	(281)
Loss for the year from discontinued operation	(10,099)
Loss for the year attributable to:	
Shareholders of the Company	(7,511)
Non-controlling interests	(2,588)
	(10,099)

2. Disposal group and discontinued operation *(Continued)*

(b) Analysis of the cash flows from discontinued operation:

	2015
	HK$'000
DISCONTINUED OPERATION	
Net cash from operating activities	7,479
Net cash from investing activities	10
Net cash inflow from discontinued operation	7,489

(c) Notes to condensed consolidated statement of cash flows – Net cash inflow from disposal of YL Group:

	2015
	HK$'000
Net assets disposed of as at the date of disposal:	
Property, plant and equipment	214
Inventories	21,454
Trade and other receivables	66,787
Bank balances and cash	13,301
Trade and other payables	(27,161)
Current taxation	(165)
Secured bank loans	(32,334)
	42,096
Non-controlling interests	(10,119)
	31,977
Gain on disposal of subsidiaries	23
Total consideration	32,000
Satisfied by:	
Cash	32,000
Analysis of net cash flow arising from the disposal:	
Cash consideration	32,000
Bank balances and cash disposed of	(13,301)
Net cash inflow from disposal of subsidiaries	18,699

3. Revenue

Revenue represents chartering freight and hire income arising from the Group's owned vessels and the aggregate of the invoiced value of goods sold. Revenue recognized during the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
CONTINUING OPERATION		
Chartering freight and hire income:		
Hire income under time charters	**447,811**	557,521
Freight income under voyage charters	**19,838**	115,642
	467,649	673,163
DISCONTINUED OPERATION		
Sale of goods	**-**	125,875
	467,649	799,038

4. 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 financial statements for the year 2016.

The Group disposed its entire trading business during the year 2015 and this segment has been presented as discontinued operation in note 2. The following table present the Group's reportable segment revenue, segment results, segment assets and segment liabilities, and reconcile the Group's total reportable segment results, segment assets and segment liabilities to the Group's loss for the year 2015, total assets and total liabilities as presented in the condensed consolidated financial statements as at 31 December 2015.

	Continuing operation	Discontinued operation	
	Chartering freight and hire	Trading	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 December 2015			
Segment revenue	673,163	125,875	799,038
Segment results	(2,836,554)	(9,828)	(2,846,382)
Unallocated income and expenses			
Interest income			32,751
Unallocated other operating income			31,543
Unallocated corporate expenses			(239,580)
Loss before taxation			(3,021,668)
Taxation			(281)
Loss for the year			(3,021,949)
As at 31 December 2015			
Segment assets	4,642,314	-	4,642,314
Unallocated assets			
Pledged deposits			80,937
Bank balances and cash			277,216
Other current assets			760,674
Other non-current assets			390,176
Total assets			6,151,317
Segment liabilities	2,689,977	-	2,689,977
Unallocated liabilities			
Other current liabilities			9,778
Total liabilities			2,699,755

5. Other operating income

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

Other operating income for the year 2015 mainly included settlement income of HK$183,271,000 from charterers in relation to repudiation claims.

6. Impairment loss on owned vessels

For the first half of 2016, it had been the worst for dry bulk shipping market as asset prices had gone in a downward spiral given the literal meltdown of confidence. The market has since rebounded significantly from its trough but while we believe the market will continue to recover where a better balance of demand and supply of vessels, we continue to see uncertainties with respect to the global economic outlook, particularly the freight market as well as the financial, commodity and currency markets going forward. This will inevitably introduce volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. In view of the significant decrease in market value of dry bulk vessels in the market, the management considered that impairment indication of the Group's fleet existed at end of 2016. With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the impairment review, the Group's owned vessels' recoverable amounts which were determined based on value in use and were significantly less than their respective carrying amounts at end of 2016. Accordingly, an impairment loss of HK$881,478,000 on owned vessels was recognized at end of 2016 to reflect our change in the expectation on the long term global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use of our vessels.

For the year 2015, the Group recorded impairment loss of HK$2,535,083,000 on owned vessels.

7. Impairment loss on assets held for sale

The Group took the opportunity to enter into eight memorandums of agreement to dispose two Panamaxes, five Supramaxes and one Handymax at a total consideration of US$65,100,000 (approximately HK$507,780,000) in 2016. These eight vessels had been delivered to the purchasers in the year. The disposal of these eight vessels would enable the Group to enhance its working capital position and to strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio as well as keeping our strategy to maintain a young and modern fleet. 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 eight disposed vessels were reclassified to "Assets held for sale" in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with a total impairment loss on assets held for sale (disposed vessels) of HK$354,602,000 was recognized in 2016 upon reclassification to assets held for sale.

8. Operating loss before depreciation and amortization

This is stated after charging / (crediting):

	2016	2015
	HK$'000	*HK$'000*
CONTINUING OPERATION		
Realized loss on financial assets at fair value through profit or loss	**15,900**	48,612
Unrealized loss on financial assets at fair value through profit or loss	**3,189**	118,173
Net loss on financial assets at fair value through profit or loss	**19,089**	166,785
Impairment loss (Reversal of impairment loss) on trade receivables	**(389)**	5,471
Change in fair value of investment properties	**(53,350)**	(8,172)
Dividend income	**(6,672)**	(18,283)
Loss on write-off of vessel under construction	**-**	22,698
Gain on disposal of subsidiaries	**-**	(23)

9. Taxation

Hong Kong Profits Tax has not been provided as the Group has no assessable profits for the year. In the opinion of the Directors, a substantial portion of the Group's income neither arose in nor was derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax. PRC Corporate Income Tax has been provided at the applicable rate on the estimated assessable profits of a PRC subsidiary for the year 2015. There was no assessable income to be charged under PRC Corporate Income Tax for the year 2016. 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:

	2016	2015
	HK$'000	*HK$'000*
CONTINUING OPERATION		
Hong Kong Profits Tax	**-**	-
DISCONTINUED OPERATION		
PRC Corporate Income Tax	**-**	281
	-	281

10. Loss per share

For the year 2016, basic and diluted loss per share from continuing operation were calculated on the loss from continuing operation attributable to shareholders of the Company of HK$805,394,000 for the year and the weighted average number of 530,289,480 ordinary shares in issue during the year.

No basic and diluted loss per share from discontinued operation was calculated for the year 2016 since no discontinued operation arose in the year.

For the year 2015, basic and diluted loss per share from continuing operation were calculated on the loss from continuing operation attributable to shareholders of the Company of HK$1,675,672,000 for the year and the weighted average number of 530,289,480 ordinary shares in issue during the year 2015. Basic and diluted loss per share from discontinued operation were calculated on the loss from discontinued operation attributable to shareholders of the Company of HK$7,511,000 for the year and the weighted average number of 530,289,480 ordinary shares in issue during the year 2015.

Diluted loss per share for the years 2016 and 2015 were the same as basic loss per share, the impact of share options granted under the Company's share option scheme would have an anti-dilutive effect.

11. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2016 (2015: nil).

12. Investment properties

	2016	2015
	HK$'000	*HK$'000*
At 1 January	**192,870**	141,860
Additions	**6,668**	3,508
Reclassification from leasehold land and buildings upon disposal of subsidiaries	**-**	8,584
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties upon disposal of subsidiaries	**-**	30,746
Change in fair value	**53,350**	8,172
At 31 December	**252,888**	192,870

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.

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

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 the reporting date. Both transactions were completed in the first quarter of 2017 and no material gain or loss is realized.

13. Available-for-sale financial assets

	2016	2015
	HK$'000	*HK$'000*
Unlisted club debentures, at fair value	**22,150**	22,200
Unlisted club membership, at fair value	**1,500**	1,678
Unlisted club membership, at cost	**1,331**	1,331
	24,981	25,209

Unlisted club debentures and unlisted club membership stated at fair value represented investments in club debentures and club membership which their fair values can be determined directly by reference to published price quotations in active markets. At the reporting date, the fair value measurements of these unlisted club debentures and unlisted club membership were categorized as Level 1 of the three-level fair value hierarchy as defined under HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

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.

14. Trade and other receivables

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**21,205**	22,820
Prepayments, deposits and other receivables	**110,439**	117,616
	131,644	140,436

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

	2016	2015
	HK$'000	*HK$'000*
Within 3 months	**6,375**	8,899
Over 3 months but within 6 months	**3,250**	2,634
Over 6 months but within 12 months	**2,792**	4,813
Over 12 months	**8,788**	6,474
	21,205	22,820

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.

15. Financial assets at fair value through profit or loss

	2016	2015
	HK$'000	*HK$'000*
Held for trading		
Equity securities		
Listed in Hong Kong	**103,357**	276,571
Listed outside Hong Kong	**47,183**	65,034
	150,540	341,605
Debt securities		
Listed in Hong Kong	**235,773**	328,498
Listed outside Hong Kong	**5,555**	45,571
	241,328	374,069
	391,868	715,674

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

16. Trade and other payables

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**8,625**	12,097
Accrued charges and other payables	**187,468**	211,291
	196,093	223,388

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

	2016	2015
	HK$'000	*HK$'000*
Within 3 months	**1,366**	3,379
Over 3 months but within 6 months	**715**	1,096
Over 6 months but within 12 months	**859**	2,494
Over 12 months	**5,685**	5,128
	8,625	12,097

17. Secured bank loans

	2016	2015
	HK$'000	*HK$'000*
Vessel mortgage loans	**1,657,916**	2,476,367
Less: Amount repayable within one year	**(211,339)**	(650,064)
Amount repayable after one year	**1,446,577**	1,826,303

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

An intercreditor deed (the "ICD") forming between the Group and four major lenders was executed on 8 December 2016 and effective on 28 December 2016. Pursuant to the terms of the ICD, the Group shall pay 50% of each repayment installment during the forbearance period until 31 December 2018 (with early restructuring exit option) and the remaining 50% of each such installment be deferred and repaid after the end of the forbearance period in 2019. Any asset coverage ratio covenant and financial covenant as set out in the relevant loan facilities are waived and suspended during the forbearance period. No additional securities would be provided under the ICD but cross-collateralization over the mortgaged vessels among each lender was agreed. The Group shall pay an increased margin of 0.75% per annum during the forbearance period and 0.5% per annum after the forbearance period as long as amount is outstanding under the relevant loan facilities.

18. Capital expenditures and commitments

During the year, capital expenditure on additions of owned vessels was HK$38,310,000 (2015: HK$84,163,000), on other property, plant and equipment was HK$818,000 (2015: HK$15,440,000) and on investment properties was HK$6,668,000 (2015: HK$3,508,000).

As at 31 December 2016 and 2015, there was no capital expenditure commitments contracted by the Group but not provided for.

19. Related party transactions

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

	2016	2015
	HK$'000	*HK$'000*
Salaries and other benefits	**51,967**	59,257
Contributions to retirement benefits schemes	**2,281**	2,919
	54,248	62,176

20. Events after the reporting date

Subsequent to the reporting date, the Group entered into four memorandums of agreement on 24 February 2017 to dispose of four Supramaxes with expected delivery dates between 1 March 2017 and 15 April 2017. The four agreements are not inter-conditional. The total consideration for four vessels is US$48 million (approximately HK$374 million). The vessels will be reclassified to "Assets held for sale" in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" in the first quarter of 2017. The Group expects that a further impairment loss in relation to these four vessels of approximately HK$53 million would be recognized in the first quarter of 2017 upon reclassification to assets held for sale and no material book loss will be recorded any further upon the completion of the disposal of these four vessels.

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Company for the year ended 31 December 2016 containing all the detailed information will be despatched to shareholders of the Company and available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com in due course.

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