JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Cui Jianhua
Tsui Che Yin Frank
William Yau

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ho Suk Lin

SHARE REGISTRAR

Tricor Standard Limited
Level 22
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Hong Kong

REGISTERED OFFICE

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Hong Kong

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants

CONTACTS

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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 2018

- Revenue for the period: HK$313 million
- Net profit attributable to shareholders for the period: HK$19 million
- Operating profit for the period: HK$50 million
- Basic earnings per share: HK$0.036
- Gearing ratio as at 30 June 2018: 16%

Management Discussion and Analysis

The Board is pleased to present the interim report of **Jinhui Holdings Company Limited** (the "Company") and its subsidiaries (the "Group") for the six months ended 30 June 2018.

INTERIM RESULTS

The Group's revenue for the first half of 2018 was HK$312,736,000 whereas HK$267,513,000 was reported in the same period of 2017. The net profit attributable to shareholders of the Company for the first half of 2018 was HK$18,907,000 while a net loss of HK$35,983,000 was reported in the first half of 2017 due to the recognition of impairment loss on assets held for sale (disposed vessels) of HK$49,149,000 in the first half of 2017. Basic earnings per share was HK$0.036 for the six months ended 30 June 2018 as compared to basic loss per share of HK$0.068 for the corresponding period in 2017.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2018 (30/6/2017: nil).

BUSINESS REVIEW

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

Dry bulk shipping market improved remarkably in the first half of 2018, driven mainly by strong Chinese dry bulk imports and limited tonnage growth and high level of demolitions activities. Both Baltic Dry Index ("BDI") and charter rates across all vessel classes had been showing encouraging improvements when comparing the first half of 2017. The average of BDI for the first half of 2018 was 1,217 points, which compares to 975 points in the same period in 2017.

Average daily time charter equivalent rates ("TCE")	**2018 1st half** ***US$***	2017 1st half *US$*	2017 *US$*
Post-Panamax fleet	**11,722**	7,399	8,645
Supramax / Handysize fleet	**9,725**	7,015	8,063
In average	**9,892**	7,044	8,111

Key Performance Indicators for Shipping Business	**2018 1st half** ***HK$'000***	2017 1st half *HK$'000*	2017 *HK$'000*
Average daily TCE	**77**	55	63
Daily vessel running cost	**30**	28	30
Daily vessel depreciation	**16**	16	16
Daily vessel finance cost	**3**	5	4
	49	49	50
Average utilization rate	**99%**	99%	99%

As at 30 June 2018, the Group had twenty three owned vessels. The average daily TCE earned by the Group's owned vessels increased 40% to US$9,892 (approximately HK$77,000) for the first half of 2018 as compared to US$7,044 (approximately HK$55,000) for the first half of 2017. Daily vessel running cost increased 10% from US$3,535 (approximately HK$28,000) for the first half of 2017 to US$3,872 (approximately HK$30,000) for the first half of 2018 due to mild inflation in crew wages, and repair and maintenance expenses being booked during this time of the fiscal year. Subsequent to the reporting date, the Group had disposed of three vessels aged above 15 years. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants. Daily vessel finance cost decreased 42% from US$620 (approximately HK$5,000) for the first half of 2017 to US$362 (approximately HK$3,000) for the first half of 2018. The decrease was mainly attributable to the reduction in outstanding loan principal upon repayment of all deferred installments on 10 January 2018 for those loans restructured during the forbearance period under the intercreditor deed (the "ICD") forming between the Group and major lenders, and the full repayment of two vessels' mortgage loans with relatively higher interest margin amounting to HK$148,980,000 in March 2018. Fleet utilization rate is 99% for the first half of 2018 which is same as the first half of 2017. We will intimately monitor cargo flows in order to deploy our vessels efficiently to optimize revenue and fleet utilization rate and we will keep costs in check to enhance our margins.

As at 30 June 2018, the Group had twenty three owned vessels as follows:

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

Subsequent to the reporting date, the Group had entered into three memorandums of agreement in July and August 2018 for the disposal of three vessels at a total consideration of US$25.7 million (approximately HK$200 million). Following the disposal of three vessels, the Group's total carrying capacity had been reduced from deadweight 1,341,902 metric tons to 1,187,387 metric tons. Three vessels had been delivered to the respective buyers in July and August 2018.

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 look out for opportunities to maintain a reasonably modern and competitive fleet, not ruling out any future disposal or acquisition of vessels and will make such decisions on an ad hoc basis to maintain a high financial flexibility and operational competitiveness.

FINANCIAL REVIEW

Revenue and operating profit (loss). The Group's revenue for the first half of 2018 increased 17% to HK$312,736,000, comparing to HK$267,513,000 for the first half of 2017, despite the Group had disposed of five vessels in the first half of 2017. The increase in revenue was primarily attributable to the improved freight rates in the spot market. The Company recorded a consolidated net profit of HK$37,267,000 for the first half of 2018 while a consolidated net loss of HK$66,870,000 was reported in the first half of 2017 due to the recognition of impairment loss on assets held for sale (disposed vessels) of HK$49,149,000 in the first half of 2017. The average daily TCE earned by the Group's fleet increased 40% to US$9,892 (approximately HK$77,000) for the first half of 2018 as compared to US$7,044 (approximately HK$55,000) for the corresponding period in 2017. Basic earnings per share for the period was HK$0.036 as compared to basic loss per share of HK$0.068 for the first half of 2017.

Other operating income. Other operating income for the first half of 2018 mainly included gain on bunker of HK$6,255,000, dividend income of HK$2,159,000, rental income of HK$1,866,000 and settlement income of HK$3,512,000 from a charterer in relation to repudiation claims while other operating income for the first half of 2017 included settlement income of HK$5,108,000 from a charterer in relation to repudiation claims. The Group will continue to seek all legal means to recover the amounts granted in the arbitration awards.

Shipping related expenses. Shipping related expenses for the period reduced from HK$165,376,000 for the first half of 2017 to HK$149,846,000 for the first half of 2018. The decrease was attributable to the reduction in the number of vessels as the Group had disposed of five vessels in the first half of 2017. Daily vessel running cost increased 10% from US$3,535 (approximately HK$28,000) for the first half of 2017 to US$3,872 (approximately HK$30,000) for the first half of 2018 due to mild inflation in crew wages, and repair and maintenance expenses being booked during this time of the fiscal year. Subsequent to the reporting date, the Group had disposed of three vessels aged above 15 years. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Finance costs. Finance costs have decreased to HK$12,645,000 for the first half of 2018, as compared to HK$23,634,000 for the first half of 2017 which was attributable to the reduction in outstanding interest bearing loans. The Group has benefited from considerable interest savings in the upcoming rising interest rate environment from the full repayment of two vessels' mortgage loans with relatively higher interest margin amounting to HK$148,980,000 in March 2018.

Financial assets at fair value through profit or loss. As at 30 June 2018, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK$256,440,000 (31/12/2017: HK$208,572,000), in which HK$238,102,000 (31/12/2017: HK$173,924,000) was investment in listed equity securities and HK$18,338,000 (31/12/2017: HK$34,648,000) was investment in listed debt securities.

Liquidity, financial resources and capital structure. As at 30 June 2018, the Company maintained positive working capital position of HK$83,010,000 (31/12/2017: HK$349,766,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to HK$485,540,000 (31/12/2017: HK$819,533,000). During the first half of 2018, net cash generated from operating activities amounted to HK$34,111,000 (30/6/2017: HK$19,669,000).

As at 30 June 2018, the Group's bank borrowings decreased to HK$810,225,000 (31/12/2017: HK$1,077,034,000), of which 53%, 34% and 13% are repayable respectively within one year, one to two years and two to five years. The bank borrowings represented vessel mortgage loans that were denominated in United States Dollars, and revolving secured bank loans and other secured bank loans that were denominated in Hong Kong Dollars. All bank borrowings 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 16% (31/12/2017: 13%) as at 30 June 2018 due to the new loans of HK$221,200,000 from revolving secured bank loans and mortgage loans had been drawn during the first half of 2018. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements. As at 30 June 2018, the Group is able to service its debt obligations, including principal and interest payments.

An intercreditor deed (the "ICD") forming between the Group and major lenders was executed in 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. The ICD specified that an assessment of the Group's liquidity and financial capability would be completed in December 2017 to decide whether to continue or exit the forbearance period on 31 December 2017. As the Group fulfilled the liquidity and financial capability assessment, we received consent from respective lenders to exit and end the ICD on 31 December 2017.

The Group repaid all deferred installments on 10 January 2018 for those loans restructured during the forbearance period of HK$244,971,000 to respective lenders. In March 2018, the Group also fully repaid two vessels' mortgage loans with relatively higher interest margin amounting to HK$148,980,000. During the first six months of 2018, the Group had also drawn new revolving secured bank loans of HK$176,000,000 for working capital purposes and mortgage loans of HK$45,200,000 upon acquisition of two investment properties. The Group's total secured bank loans dropped from HK$1,077,034,000 as of 31 December 2017 to HK$810,225,000 on 30 June 2018. We believe the Group would benefit from considerable interest savings in the upcoming rising interest rate environment.

Pledge of assets. As at 30 June 2018, the Group's property, plant and equipment with an aggregate net book value of HK$1,922,381,000 (31/12/2017: HK$1,995,279,000), investment properties with an aggregate carrying amount of HK$293,655,000 (31/12/2017: HK$160,880,000), and deposits of HK$50,283,000 (31/12/2017: HK$50,864,000) placed with banks were pledged together with the assignment of twenty one (31/12/2017: twenty three) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of twelve (31/12/2017: eighteen) ship owning subsidiaries were pledged to banks for secured bank loans.

Capital expenditures and commitments. During the six months ended 30 June 2018, capital expenditure on additions of owned vessels was HK$14,793,000 (30/6/2017: HK$18,184,000), on other property, plant and equipment was HK$1,207,000 (30/6/2017: HK$18,000) and on investment properties was HK$122,605,000 (30/6/2017: nil).

On 20 April 2018, an approximately 55.69% indirectly owned subsidiary of the Company (the "Co-Investor") entered into the co-investment documents to co-invest in a property project in Tower 3 of Shanghai Financial Street Center, Jing'an Central Business District, Shanghai, the PRC, pursuant to which the Co-Investor committed to acquire non-voting participating class A shares of the holding company of the co-investment vehicle of US$10,000,000 (approximately HK$78,000,000). During the period, the Co-Investor paid US$2,352,000 (approximately HK$18,346,000) in accordance with the terms and conditions of the co-investment documents and as at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$7,648,000 (approximately HK$59,654,000). Details of the co-investment have been published in the Group's announcement on 20 April 2018, which is available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com.

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

Subsequent to the reporting date, the Group entered into a provisional agreement for sale and purchase with the vendor on 13 July 2018 in respect of the acquisition of investment properties at a consideration of HK$63,000,000. The investment properties located in a prime commercial area in Hong Kong closed to the Central district and are expected to generate steady and recurring stream of income for the Group. The expected completion of the acquisition of the investment properties will take place in November 2018.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSALS

ACQUISITION OF PROPERTIES

The Group submitted the tender for the acquisition of two properties (which are situated at Leighton Road, Causeway Bay, Hong Kong) in April 2018 at a total consideration of HK$113,000,000. On 6 April 2018, the Group received the letter from the vendor that the tender for the acquisition of two properties has been accepted. The investment of two properties represents a small allocation of capital into revenue generating assets that are non-correlated to our core shipping business, which is often cyclical in nature. The Directors believe the acquisition prices are highly attractive and represent a reasonable discount to recent transaction comparable of office properties of the same building.

Subsequent to the reporting date, the Group entered into a provisional agreement for sale and purchase with the vendor on 13 July 2018 in respect of the acquisition of investment properties at a consideration of HK$63,000,000. The investment properties located in a prime commercial area in Hong Kong closed to the Central district and are expected to generate steady and recurring stream of income for the Group. The expected completion of the acquisition of the investment properties will take place in November 2018.

Save as disclosed above, the Group did not carry out any material acquisition and disposal during the six months ended 30 June 2018.

DISPOSAL OF VESSELS

Subsequent to the reporting date, the Group took the opportunity to enter into three memorandums of agreement in July and August 2018 for the disposal of three vessels at a total consideration of US$25.7 million (approximately HK$200 million). Following the disposal of three vessels, the Group's total carrying capacity had been reduced from deadweight 1,341,902 metric tons to 1,187,387 metric tons. Three vessels had been delivered to the respective buyers in July and August 2018.

The disposal of these three vessels enabled the Group to enhance its working capital position and further strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had 68 (31/12/2017: 69) 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

The freight market in 2018, especially Supramax has so far been favourable for the Company, with strong support in asset prices underpinned by healthy earnings. Strong volume of imports by China, overall global recovery in demand for dry commodities and a reduction in newbuilding deliveries all contributed to the continued recovery.

Supply fundamentals are currently favourable, and at a low point by historical standards, with relatively low incentive to order newbuildings given the uncertainty on how future regulations will evolve and financing costs on the rise. Further stability in the operating environment will be reached should a robust demand persist.

Our mindset remains to be prudent and we continue to remain alert of uncertainties that will affect our business. Recently, global political uncertainties further stepped up, with the US-China trade dispute potentially turning into one of the largest global trade conflict in history. We expect the current trade tensions are likely to get worse before they get better. While talks between the US and China look set to resume, the US is still on track to impose 10% tariffs on US$200 billion of trade with China, and has threatened more.

Management Discussion and Analysis

Changes in technology as well as environmental policies causing changes in global energy mix will have material global implications and as a consequence, impact the Company's business. One of the most widely debated topics in our industry is the installation of scrubbers to meet the 2020 sulphur cap emission regulation. We are currently refraining from the installation of scrubbers given the long term technical and commercial viability of scrubbers is yet to be proven, not to mention the investment cost of scrubber has been on the decline where we believe benefit is highly likely to arise with further patience. From the environmental perspective, we believe the use of low sulphur fuel is the most efficient way to tackle this issue. We expect the availability of such product will become abundant at reasonable costs with time, given the likelihood of an increasing demand.

Further unexpected events may occur which can 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. Recently, we have invested a small amount of capital into real estate assets in order to build a steady recurring income as well as potential long term capital appreciation to counter the highly volatile and cyclical nature of our core business.

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. We have sold some of our older vessels lately to further enhance our already competitive cost structure over the long term, as well as immediate strengthening of our financial position. Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position, maintaining a reasonably modern and competitive fleet, and focus on the active management of debt maturity to ensure safe navigation through any stormy waters that may lie ahead.

On behalf of the Board of Directors of the Company, I would like to express our heartfelt appreciation to all customers and stakeholders for their ongoing support. Going forward, we will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under all kinds of scenarios. We will continue to exercise our best efforts to be a trustworthy business partner.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 30 August 2018

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

As at 30 June 2018, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long positions

(i) Directors' interests in shares of the Company

	Number of shares in the Company held and capacity				
Name	Beneficial owner	Interest of spouse	Interest of controlled corporation	Total	Percentage of total issued shares of the Company
Ng Siu Fai	21,744,000	15,140,000	205,325,568 *Note 1*	242,209,568	45.67%
Ng Kam Wah Thomas	5,909,000	–	136,883,712 *Note 2*	142,792,712	26.93%
Ng Ki Hung Frankie	3,000,000	–	–	3,000,000	0.57%
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%

Disclosure of Interests

Note 1: Mr. Ng Siu Fai is deemed to be interested in 205,325,568 shares of the Company through his interests in 51% of the issued capital of Fairline Consultants Limited (as disclosed hereinafter).

Note 2: Mr. Ng Kam Wah Thomas is deemed to be interested in 136,883,712 shares of the Company through his wholly-owned company, Timberfield Limited (as disclosed hereinafter).

(ii) Directors' interests in associated corporation

Name	Number of shares in Jinhui Shipping held and capacity: Beneficial owner	Interest of spouse	Interest of controlled corporation	Total	Percentage of total issued shares of Jinhui Shipping
Ng Siu Fai	3,737,128	982,793	61,231,240 *Note 1*	65,951,161	60.36%
Ng Kam Wah Thomas	864,900	–	260,000 *Note 2*	1,124,900	1.03%

Notes:

1. Mr. Ng Siu Fai is deemed to be interested in 61,231,240 shares of Jinhui Shipping through his interests in 51% of the issued capital of Fairline Consultants Limited as Fairline Consultants Limited was the beneficial owner of 390,000 shares of Jinhui Shipping and, through Fairline Consultants Limited's controlling interests in the Company, is also deemed to be interested in 60,841,240 shares of Jinhui Shipping held by the Company.

2. Mr. Ng Kam Wah Thomas is deemed to be interested in 260,000 shares of Jinhui Shipping through his wholly-owned company, Timberfield Limited.

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 2018.

Save as disclosed above, as at 30 June 2018, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2018, 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

	Number of shares in the Company held and capacity				
Name of shareholders	Beneficial owner	Interest of spouse	Interest of controlled corporation	Total	Percentage of total issued shares of the Company
Wong Yee Man Gloria	15,140,000	227,069,568 *Note 1*	–	242,209,568	45.67%
Ng Chi Lam Michael	–	–	205,325,568 *Note 2*	205,325,568	38.72%
Fairline Consultants Limited	205,325,568	–	–	205,325,568	38.72%
Timberfield Limited	136,883,712	–	–	136,883,712	25.81%
Bian Ximing	–	–	29,378,000 *Note 3*	29,378,000	5.54%
Zhongcai Merchants Investment Group Co., Ltd.	–	–	29,378,000 *Note 4*	29,378,000	5.54%
Zhongcai (Holdings) Limited	26,949,000	–	–	26,949,000	5.08%

Notes:

1. Ms. Wong Yee Man Gloria is deemed to be interested in 227,069,568 shares of the Company through the interests of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).

2. Mr. Ng Chi Lam Michael is deemed to be interested in 205,325,568 shares of the Company through his interests in 49% of the issued capital of Fairline Consultants Limited (as disclosed hereinabove).

3. Mr. Bian Ximing is deemed to be interested in 29,378,000 shares of the Company through his interests in 65.32% of the issued capital of Zhongcai Merchants Investment Group Co., Ltd. (as disclosed in Note 4 below).

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

Save as disclosed herein, as at 30 June 2018, the Company has not been notified of any person (other than Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

COMPLIANCE OF THE CODE PROVISIONS

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2018, with deviations as explained in following sections.

CG Code provision A.2.1

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and the Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes deviation from code provision A.2.1 of the CG Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive.

As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Group. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company as one-third of the Board members are represented by the independent non-executive directors and the Board will meet regularly to consider major matters affecting the operations of the Group and all directors of the Company (the "Directors") are properly briefed on the matters arising at the Board meetings with adequate, complete and reliable information received in a timely manner. The current structure also allows flexibility and enhances the efficiency of decision making process in response to the constantly changing competitive environment.

As the Chairman's major responsibility is to manage the Board whereas the Managing Director's major responsibility is to manage the Group's businesses, the Board considers that the responsibilities of the Chairman and the Managing Director are clear and distinctive and hence written terms thereof are not necessary. Although the respective responsibilities of the Chairman and the Managing Director are not set out in writing, power and authority are not concentrated in any one individual and all major decisions are made in consultation with members of the Board and appropriate board committees, as well as senior management.

Going forward, the Board will periodically review the effectiveness of this arrangement, the board composition as well as division of responsibilities to enhance best interests of the Company and its shareholders as a whole.

CG Code provision A.4.2

Under code provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Articles of Association of the Company, all Directors other than the Chairman and the Managing Director shall be subject to retirement by rotation at least once every three years and any new directors appointed to fill casual vacancies or as an addition to the Board shall be subject to election by shareholders at the annual general meeting after their appointments.

As the Chairman and the Managing Director are not subject to retirement by rotation in accordance with the Articles of Association of the Company, this constitutes deviation from code provision A.4.2 of the CG Code. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group's business continuity and stability, and there should be planned and orderly succession for these offices. Since continuation is a key factor to the successful implementation of the Company's business plans and strategies, any Director holding the office as the Chairman or the Managing Director should therefore be exempted from the retirement by rotation and re-election at the Company's annual general meeting and the Board believes this arrangement is most beneficial to the Company and its shareholders.

CG Code provision C.2.5

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the six months ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors. The Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2018.

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 2018.

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 condensed consolidated interim financial statements of Jinhui Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 22 to 42, which comprise the condensed consolidated statement of financial position as at 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the interim financial report information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

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

Scope of Review

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

Conclusion

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

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road, Wanchai
Hong Kong

30 August 2018

Chan Tze Kit
Practising Certificate No.: P05707

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	Note	**Six months ended 30 June 2018 (Unaudited) *HK$'000***	Six months ended 30 June 2017 (Unaudited) *HK$'000*
Revenue	*3*	**312,736**	267,513
Other operating income	*4*	**24,223**	41,943
Interest income		**6,076**	7,257
Shipping related expenses		**(149,846)**	(165,376)
Staff costs		**(41,268)**	(29,947)
Impairment loss on assets held for sale		**–**	(49,149)
Other operating expenses		**(28,554)**	(32,164)
Operating profit before depreciation and amortization	*5*	**123,367**	40,077
Depreciation and amortization		**(73,455)**	(83,313)
Operating profit (loss)		**49,912**	(43,236)
Finance costs		**(12,645)**	(23,634)
Profit (Loss) before taxation		**37,267**	(66,870)
Taxation	*6*	**–**	–
Net profit (loss) for the period		**37,267**	(66,870)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through OCI		**346**	–
Change in fair value of available-for-sale financial assets		**–**	50
Total comprehensive income (loss) for the period		**37,613**	(66,820)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	Note	**Six months ended 30 June 2018 (Unaudited) *HK$'000***	Six months ended 30 June 2017 (Unaudited) *HK$'000*
Net profit (loss) for the period attributable to:			
Shareholders of the Company		**18,907**	(35,983)
Non-controlling interests		**18,360**	(30,887)
		37,267	(66,870)
Total comprehensive income (loss) for the period attributable to:			
Shareholders of the Company		**19,321**	(35,933)
Non-controlling interests		**18,292**	(30,887)
		37,613	(66,820)
Earnings (Loss) per share	*7*		
Basic and diluted		**HK$0.036**	HK$(0.068)

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Note	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,030,931**	2,088,363
Investment properties	*9*	**293,655**	171,050
Financial assets at fair value through OCI	*10*	**46,273**	–
Available-for-sale financial assets		**–**	27,431
Intangible assets		**1,044**	1,067
		2,371,903	2,287,911
Current assets			
Inventories		**4,023**	454
Trade and other receivables	*11*	**130,312**	132,986
Financial assets at fair value through profit or loss	*12*	**256,440**	208,572
Pledged deposits		**50,283**	50,864
Bank balances and cash	*13*	**229,100**	610,961
		670,158	1,003,837
Current liabilities			
Trade and other payables	*14*	**156,365**	176,856
Secured bank loans	*15*	**430,783**	477,215
		587,148	654,071
Net current assets		**83,010**	349,766
Total assets less current liabilities		**2,454,913**	2,637,677
Non-current liabilities			
Secured bank loans	*15*	**379,442**	599,819
Net assets		**2,075,471**	2,037,858
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**381,639**	381,639
Reserves		**815,280**	795,959
		1,196,919	1,177,598
Non-controlling interests		**878,552**	860,260
Total equity		**2,075,471**	2,037,858

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to shareholders of the Company							
	Issued capital (Unaudited) *HK$'000*	Other asset revaluation reserve (Unaudited) *HK$'000*	Reserve for available-for-sale financial assets (Unaudited) *HK$'000*	Reserve for financial assets at fair value through OCI (Unaudited) *HK$'000*	Retained Profits (Unaudited) *HK$'000*	Subtotal (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
At 1 January 2017	381,639	35,523	14,847	–	741,877	1,173,886	804,952	1,978,838
Comprehensive loss								
Net loss for the period	–	–	–	–	(35,983)	(35,983)	(30,887)	(66,870)
Other comprehensive income								
Change in fair value of available-for-sale financial assets	–	–	50	–	–	50	–	50
Total comprehensive loss for the period	–	–	50	–	(35,983)	(35,933)	(30,887)	(66,820)
Transfer to retained profits upon disposal of investment properties	–	(33,784)	–	–	33,784	–	–	–
At 30 June 2017	381,639	1,739	14,897	–	739,678	1,137,953	774,065	1,912,018
At 1 January 2018	381,639	1,739	17,253	–	776,967	1,177,598	860,260	2,037,858
Reclassification upon the adoption of HKFRS 9	–	–	(17,253)	17,253	–	–	–	–
At 1 January 2018 (adjusted)	381,639	1,739	–	17,253	776,967	1,177,598	860,260	2,037,858
Comprehensive income								
Net profit for the period	–	–	–	–	18,907	18,907	18,360	37,267
Other comprehensive income (loss)								
Change in fair value of financial assets at fair value through OCI	–	–	–	414	–	414	(68)	346
Total comprehensive income for the period	–	–	–	414	18,907	19,321	18,292	37,613
At 30 June 2018	**381,639**	**1,739**	**–**	**17,667**	**795,874**	**1,196,919**	**878,552**	**2,075,471**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Six months ended 30 June 2018 (Unaudited) ***HK$'000***	Six months ended 30 June 2017 (Unaudited) *HK$'000*
OPERATING ACTIVITIES		
Cash generated from operations	**47,220**	44,688
Interest paid	**(13,109)**	(25,019)
Net cash from operating activities	**34,111**	19,669
INVESTING ACTIVITIES		
Interest received	**5,397**	6,823
Dividend income received	**1,960**	787
Purchase of property, plant and equipment	**(16,000)**	(18,202)
Purchase of investment properties	**(122,605)**	–
Payment of unlisted equity investments	**(18,496)**	–
Proceeds from disposal of investment properties, net	**–**	96,445
Proceeds from disposal of assets held for sale, net	**–**	480,792
Net cash from (used in) investing activities	**(149,744)**	566,645
FINANCING ACTIVITIES		
New secured bank loans	**221,200**	–
Repayment of secured bank loans	**(488,009)**	(528,519)
Decrease (Increase) in pledged deposits	**581**	(122)
Net cash used in financing activities	**(266,228)**	(528,641)
Net increase (decrease) in cash and cash equivalents	**(381,861)**	57,673
Cash and cash equivalents at 1 January	**506,441**	240,872
Cash and cash equivalents at 30 June	**124,580**	298,545

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 2018 have been reviewed by our auditor, Grant Thornton Hong Kong Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). An unmodified review conclusion has been issued by the auditor.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure provisions of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2017 that is included in these unaudited condensed consolidated interim financial statements for the six months ended 30 June 2018 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

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

– The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2017. The independent auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2017, except for the Group has adopted the newly issued and amended Hong Kong Financial Reporting Standards ("HKFRS"), which are effective for the annual period beginning on 1 January 2018.

1. Basis of preparation and accounting policies (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It introduces new requirements for the classification and measurement of financial assets, financial liabilities, new general hedge accounting requirements and impairment requirements for financial assets.

The directors have identified the following areas that are most impacted by the application of HKFRS 9:

Classification and measurement of financial assets at amortized cost

The Group classified its financial assets as at amortized cost if the following criteria are met:

(a) The asset is held within a business model with the objective of collecting the contractual cash flows; and

(b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All trade and other receivables, pledged deposits, and bank balances and cash continue to be measured at amortized cost, as these items meet the criteria to be classified as at amortized cost in accordance with HKFRS 9.

Classification and measurement of financial assets at fair value through other comprehensive income ("OCI")

The Group classified its financial assets at fair value through OCI if the following criteria are met:

(a) Equity investments that are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value through OCI rather than profit or loss;

(b) Financial assets which the Group designated to recognize changes in fair value through OCI rather than profit or loss and those financial assets are not equity investments or held for trading; and

(c) Debt investments where the contractual cash flows are solely principal and interest and the objective of the Group's business model are achieved both by collecting contractual cash flows and selling financial assets.

1. Basis of preparation and accounting policies (Continued)

HKFRS 9 Financial Instruments (Continued)

Classification and measurement of financial assets at fair value through other comprehensive income ("OCI") (Continued)

Upon the adoption of HKFRS 9: Financial Instruments, the Group's investments in unlisted club debentures and unlisted club membership classified as available-for-sale financial assets as at 31 December 2017 are reclassified to financial assets at fair value through other comprehensive income ("OCI") with effect from 1 January 2018. Cumulative fair value changes in the reserve for available-for-sale financial assets are transferred to reserve for financial assets at fair value through OCI with effect from 1 January 2018.

Classification and measurement of financial assets at fair value through profit or loss

The Group classified its financial assets at fair value through profit or loss if the following criteria are met:

(a) Equity investments that are held for trading;

(b) Equity investments for which the Group has not elected to recognize fair value gains and losses through OCI; and

(c) Debt investments that do not qualify for measurement at either amortized costs or at fair value through OCI.

All investments in listed equity securities and listed debt securities continue to be accounted for or designated as financial assets at fair value through profit or loss as the primary objective of holding these investments are for trading. The application of HKFRS 9 will not result in significant impact on the classification and measurement to financial assets classified in this category as the financial assets are continually measured at fair value through profit or loss.

New impairment requirements for financial assets

HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risks since initial recognition. For trade receivables only, the Group applies the simplified approach permitted by HKFRS 9, which require expected lifetime losses to be recognized from initial recognition of the receivables. There may not an increase in provision for trade receivables under the expected credit loss model but there will not have significant impact on impairment of financial assets under the new expected credit loss model.

1. Basis of preparation and accounting policies (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer and a new five-step process must be applied before revenue can be recognized:

(a) Identify contracts with customers
(b) Identify the separate performance obligations in the contract
(c) Determine the transaction price of the contract
(d) Allocate the transaction price to each of the separate performance obligation in the contract
(e) Recognize the revenue as each performance obligation is satisfied

The adoption of HKFRS 15: Revenue from Contracts with Customers have no significant impact on the recognition of the Group's revenue. Whilst there are many forms of charter of varying lengths in shipping business, our revenue from operation mainly comprises chartering freight and hire income. Freight income from voyage charter is accrued over the period from the date of loading of charterer's cargo to the date of discharging the cargo and is recognized on percentage of completion basis measured by time proportion of each voyage charter contract. The existing practice reflects the performance obligation to provide transportation services which is satisfied over time from when transport of the goods begins from loading port through delivery to discharging port and freight income is recognized over the period of performance as required by HKFRS 15. Hence, the application of HKFRS 15 has no significant impact on the recognition of the Group's revenue. For hire income under time charter, as ship owners and lessors, the Group continues to classify its time charter contract as operating lease, and hire income is recognized on a straight-line basis over the period of each time charter contract.

Other than the adoption of HKFRS 9 as stated above, the adoption of other new and amended HKFRS does not have material impact on the Group's financial performance and financial position.

2. Segment information

The Group is principally engaged in the business of ship chartering and ship owning and the management has regarded this business as the only dominant reportable operating segment to be reported to the chief operating decision maker. Thus, no analysis of segment revenue, segment results, segment assets and segment liabilities are presented in the condensed consolidated interim financial statements for the six months ended 30 June 2018 and 2017.

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

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

3. Revenue

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

	Six months ended 30 June 2018 (Unaudited) ***HK$'000***	Six months ended 30 June 2017 (Unaudited) *HK$'000*
Chartering freight and hire income:		
Hire income under time charters	**312,736**	254,818
Freight income under voyage charters	**–**	12,695
	312,736	267,513

4. Other operating income

Other operating income for the first half of 2018 mainly included gain on bunker of HK$6,255,000 (30/6/2017: HK$351,000), dividend income of HK$2,159,000 (30/6/2017: HK$1,137,000), rental income of HK$1,866,000 (30/6/2017: HK$1,716,000) and settlement income of HK$3,512,000 (30/6/2017: HK$5,108,000) from a charterer in relation to repudiation claims.

5. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	Six months ended 30 June 2018 (Unaudited) ***HK$'000***	Six months ended 30 June 2017 (Unaudited) *HK$'000*
Realized gain on financial assets at fair value through profit or loss	**(11,423)**	(6,260)
Unrealized loss (gain) on financial assets at fair value through profit or loss	**11,360**	(9,436)
Net gain on financial assets at fair value through profit or loss	**(63)**	(15,696)
Reversal of impairment loss on trade and other receivables	**(40)**	(26)
Loss on write-off of property, plant and equipment	**–**	72
Gain on disposal of investment properties	**–**	(27)
Dividend income	**(2,159)**	(1,137)

6. Taxation

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

7. Earnings (Loss) per share

Basic and diluted earnings (loss) per share were calculated on the net profit attributable to shareholders of the Company of HK$18,907,000 for the six months ended 30 June 2018 (30/6/2017: net loss of HK$35,983,000) and the weighted average number of 530,289,480 (30/6/2017: 530,289,480) ordinary shares in issue during the period.

Diluted earnings (loss) per share for the six months ended 30 June 2018 and 2017 were the same as basic earnings (loss) per share as there was no potential dilutive ordinary shares in existence for the six months ended 30 June 2018 and 2017.

8. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2018 (30/6/2017: nil).

9. Investment properties

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
At 1 January	**171,050**	252,888
Additions	**122,605**	–
Disposals	**–**	(96,418)
Change in fair value	**–**	14,580
At 30 June / 31 December	**293,655**	171,050

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.

In April 2018, the Group submitted the tender for the acquisition of two properties (which are situated at Leighton Road, Causeway Bay, Hong Kong) at a total consideration of HK$113,000,000. On 6 April 2018, the Group received the letter from the vendor that the tender for the acquisition of two properties has been accepted. Relevant costs of HK$9,605,000 in relation to the acquisition of two properties had been capitalized upon the completion of the acquisition in June 2018.

The investment properties of the Group were not revalued at 30 June 2018 by independent valuers. The management was aware of the possible change in the conditions of the property market and considered that the carrying amount of the Group's investment properties did not differ significantly from that which had been determined using fair values at 31 December 2017. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

10. Financial assets at fair value through OCI

	30 June 2018 (Unaudited) *HK$'000*
Unlisted equity investments	
Co-investment in a property project	**18,496**
Unlisted club debentures	
At 1 January, reclassified upon the adoption of HKFRS 9	**24,500**
Change in fair value	**500**
	25,000
Unlisted club membership	
At 1 January, reclassified upon the adoption of HKFRS 9	**2,931**
Change in fair value	**(154)**
	2,777
	46,273

10. Financial assets at fair value through OCI (Continued)

On 20 April 2018, an approximately 55.69% indirectly owned subsidiary of the Company (the "Co-Investor") entered into an instrument of transfer of Dual Bliss Limited ("Dual Bliss") among the Co-Investor, the Investment Manager, Triple Smart Limited and Total Surplus Holdings Limited ("Total Surplus") (the "Transfer Document"), pursuant to which the Co-Investor shall acquire from Total Surplus 34.5901% of the issued non-voting participating class A shares of Dual Bliss at an amount equal to the Co-Investor's respective proportion of the capital contributions made by Total Surplus to Dual Bliss with interest and become liable to its attributable portion of the obligations relating to Total Surplus's participation in Dual Bliss of US$10,000,000 (approximately HK$78,000,000). The objective of Dual Bliss is to give third party investors the opportunity to co-invest in a Shanghai property project with a holding period of the investment of approximately 5 years. To partially diversify the Group's maritime related core business which is highly cyclical in nature, the Board decides to invest a small proportion of the Group's capital into non-maritime related investment. The target market of the co-investment opportunity is focused on Shanghai, China. In light of the long term growth potential of such market, the Board is of the view that such diversification will be beneficial in the long term capital return and development of the Group. Taking into account the abovementioned factors, the Board considers that the terms and conditions of the co-investment are fair and reasonable and on normal commercial terms and are in the interests of the Company and its shareholders as a whole. Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of the holding company of the co-investment vehicle of US$10,000,000 (approximately HK$78,000,000). During the period, the Co-Investor paid US$2,352,000 (approximately HK$18,346,000) in accordance with the terms and conditions of the co-investment documents and with interest of US$19,000 (approximately HK$150,000) capitalized.

Upon the adoption of HKFRS 9: Financial Instruments, the Group's investments in unlisted club debentures and unlisted club membership classified as available-for-sale financial assets as at 31 December 2017 are reclassified to financial assets at fair value through other comprehensive income ("OCI") with effect from 1 January 2018. 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 and were categorized as Level 1 of the three-level fair value hierarchy as defined under HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the period.

11. Trade and other receivables

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Trade receivables	**13,281**	16,034
Prepayments, deposits and other receivables	**117,031**	116,952
	130,312	132,986

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

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Within 3 months	**4,828**	7,724
Over 3 months but within 6 months	**849**	400
Over 6 months but within 12 months	**–**	116
Over 12 months	**7,604**	7,794
	13,281	16,034

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

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment.

Other receivables include a receivable from an interest-bearing note issued by a third party amounting to HK$27,000,000 (31/12/2017: HK$27,000,000). This receivable has been reviewed by management as of the reporting date to assess impairment allowances which are based on the evaluation of current creditworthiness and the past collection statistics, and is not considered as impaired. The carrying amount of this receivable is considered to be a reasonable approximation of its fair value.

12. Financial assets at fair value through profit or loss

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Held for trading		
Equity securities		
Listed in Hong Kong	**144,712**	114,585
Listed outside Hong Kong	**93,390**	59,339
	238,102	173,924
Debt securities		
Listed in Hong Kong	**13,009**	13,304
Listed outside Hong Kong	**5,329**	21,344
	18,338	34,648
	256,440	208,572

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

13. Bank balances and cash

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**124,580**	506,441
Bank deposits with more than three months to maturity when placed	**104,520**	104,520
	229,100	610,961

14. Trade and other payables

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Trade payables	**2,257**	3,297
Accrued charges and other payables	**154,108**	173,559
	156,365	176,856

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

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Within 3 months	**26**	111
Over 3 months but within 6 months	**141**	–
Over 12 months	**2,090**	3,186
	2,257	3,297

15. Secured bank loans

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Vessel mortgage loans	**611,825**	1,075,034
Other bank loans	**198,400**	2,000
Less: Amount repayable within one year	**(430,783)**	(477,215)
Amount repayable after one year	**379,442**	599,819

An intercreditor deed (the "ICD") forming between the Group and major lenders was executed in 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. The ICD specified that an assessment of the Group's liquidity and financial capability would be completed in December 2017 to decide whether to continue or exit the forbearance period on 31 December 2017. As the Group fulfilled the liquidity and financial capability assessment, we received consent from respective lenders to exit and end the ICD on 31 December 2017.

The Group repaid all deferred installments on 10 January 2018 for those loans restructured during the forbearance period of HK$244,971,000 to respective lenders. In March 2018, the Group also fully repaid two vessels' mortgage loans with relatively higher interest margin amounting to HK$148,980,000. During the first six months of 2018, the Group had also drawn new revolving secured bank loans of HK$176,000,000 for working capital purposes and mortgage loans of HK$45,200,000 upon acquisition of two investment properties. The Group's total secured bank loans dropped from HK$1,077,034,000 as of 31 December 2017 to HK$810,225,000 on 30 June 2018. At the reporting date, vessel mortgage loans were denominated in United States Dollars and other bank loans were denominated in Hong Kong Dollars. All secured bank loans were committed on floating rate basis.

16. Capital expenditures and commitments

During the six months ended 30 June 2018, capital expenditure on additions of owned vessels was HK$14,793,000 (30/6/2017: HK$18,184,000), on other property, plant and equipment was HK$1,207,000 (30/6/2017: HK$18,000) and on investment properties was HK$122,605,000 (30/6/2017: nil).

On 20 April 2018, an approximately 55.69% indirectly owned subsidiary of the Company (the "Co-Investor") entered into the co-investment documents to co-invest in a property project in Tower 3 of Shanghai Financial Street Center, Jing'an Central Business District, Shanghai, the PRC, pursuant to which the Co-Investor committed to acquire non-voting participating class A shares of the holding company of the co-investment vehicle of US$10,000,000 (approximately HK$78,000,000). During the period, the Co-Investor paid US$2,352,000 (approximately HK$18,346,000) in accordance with the terms and conditions of the co-investment documents and as at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$7,648,000 (approximately HK$59,654,000). Details of the co-investment have been published in the Group's announcement on 20 April 2018, which is available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com.

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

17. Related party transactions

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

	Six months ended 30 June 2018 (Unaudited) ***HK$'000***	Six months ended 30 June 2017 (Unaudited) *HK$'000*
Salaries and other benefits	**28,352**	17,837
Contributions to retirement benefits schemes	**1,448**	817
	29,800	18,654

18. Events after the reporting date

Subsequent to the reporting date, the Group entered into a provisional agreement for sale and purchase with the vendor on 13 July 2018 in respect of the acquisition of investment properties at a consideration of HK$63,000,000. The investment properties located in a prime commercial area in Hong Kong closed to the Central district and are expected to generate steady and recurring stream of income for the Group. The expected completion of the acquisition of the investment properties will take place in November 2018.

On 16 July 2018, the Group entered into an agreement to dispose a Supramax of deadweight 50,777 metric tons at a consideration of US$8,350,000 (approximately HK$65,130,000), which had been delivered to the purchaser in July 2018.

On 24 July 2018, the Group entered into an agreement to dispose a Supramax of deadweight 50,777 metric tons at a consideration of US$8,610,000 (approximately HK$67,158,000), which had been delivered to the purchaser in July 2018.

On 2 August 2018, the Group entered into an agreement to dispose a Supramax of deadweight 52,961 metric tons at a consideration of US$8,700,000 (approximately HK$67,860,000), which had been delivered to the purchaser in August 2018.

The disposal of these three vessels enabled the Group to enhance its working capital position and further strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate.