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## **JINHUI HOLDINGS COMPANY LIMITED**

### **金輝集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

Stock Code : 137

## **OVERSEAS REGULATORY ANNOUNCEMENT**

### **SECOND QUARTER AND HALF YEARLY REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2014 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED**

This overseas regulatory announcement is made by Jinhui Holdings Company Limited (the “Company”) in compliance with Rule 13.09 and 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Please refer to the attached announcement released on 28 August 2014 through the Oslo Stock Exchange by Jinhui Shipping and Transportation Limited (“Jinhui Shipping”), an approximately 54.77% owned subsidiary of the Company, in accordance with the regulations of the Oslo Stock Exchange.

The principal accounting policies and methods of computation used in the preparation of the attached unaudited consolidated results of Jinhui Shipping and its subsidiaries are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Jinhui Holdings Company Limited**  
**Ng Siu Fai**  
*Chairman*

Hong Kong, 28 August 2014

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

**JINHUI SHIPPING  
AND TRANSPORTATION LIMITED**



**Second Quarter and  
Half Yearly Report  
2014**

# HIGHLIGHTS

## FOR THE FIRST HALF OF 2014

- Revenue for the period declined 31% to US\$75 million
- Net loss for the period: US\$3 million
- Basic loss per share: US\$0.031
- Gearing ratio as at 30 June 2014: 22%

## FOR THE SECOND QUARTER OF 2014

- Revenue for the quarter declined 30% to US\$38 million
- Net profit for the quarter: US\$608,000
- Basic earnings per share: US\$0.007

The Board of **Jinhui Shipping and Transportation Limited** (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the quarter and six months ended 30 June 2014.

## SECOND QUARTER RESULTS

Revenue for the second quarter of 2014 declined 30% to US\$38,371,000, comparing to US\$54,609,000 for the last corresponding quarter in 2013. The Group recorded net profit of US\$608,000 for current quarter while net profit for the second quarter of US\$1,085,000 was reported in 2013.

## HALF YEARLY RESULTS

Revenue for the first half of 2014 declined 31% to US\$75,059,000, comparing to US\$108,484,000 for the same period in 2013. The Group recorded net loss of US\$2,587,000 for the first half of 2014 while net profit of US\$3,914,000 was reported in the first half of 2013. Basic loss per share for the period was US\$0.031 as compared to basic earnings per share of US\$0.047 for the first half of 2013.

## INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2014.

## REVIEW OF OPERATIONS

**Second Quarter of 2014.** Dry bulk shipping market in the second quarter of 2014 remained lackluster as the pace of newbuildings delivery outweighed the demand for seaborne transportation due to the unexpected weakening of global minor bulk trading activities in early 2014. The recent crackdown of commodity-backed lending in China further exacerbated negative sentiment given the slowdown of importing activities of China would bring weighty impact on fragile dry bulk shipping market. Baltic Dry Index (“BDI”) continued its falling trend as mounting uncertainty lay ahead of the slower economic growth in China as well as other geopolitical events in some emerging countries. BDI fell to around 930 points in mid-April and hovered at a level between 850 to 1,000 points during the remaining period in the second quarter.

Revenue for the quarter fell 30% mainly due to reduced number of owned fleet and chartered-in fleet in operation from forty vessels in operation in the second quarter of 2013 to thirty six vessels in current quarter. The Group had no chartered-in fleet in operation during the quarter as the only chartered-in Capesize was redelivered to its owner in January 2014 whereas two chartered-in vessels were in operation in the second quarter in 2013. Operating days in current quarter were less than those in the last corresponding quarter of 2013 due to increased vessels ballast days and prolonging positioning period for increased voyage charters.

The decreased in revenue also attributed to the expiration of certain high earning charter contracts and increased positioning voyage without revenue contribution for increased voyage charters. The average daily time charter equivalent rates (“TCE”) of the Group’s fleet were as follows:

	2014 Q2	2013 Q2	2014 1st half	2013 1st half	2013
	US\$	US\$	US\$	US\$	US\$
Capesize fleet	-	13,400	13,477	13,030	13,202
Post-Panamax / Panamax fleet	9,271	15,782	10,506	14,989	15,817
Supramax / Handymax / Handysize fleet	10,614	13,644	10,501	13,432	13,424
In average	10,473	13,840	10,515	13,568	13,653

Shipping related expenses dropped from US\$30,396,000 for the second quarter in 2013 to US\$25,781,000 for the current quarter as there was no hire payments in relation to chartered-in fleet incurred in current quarter. The decrease was partially offset by the increased bunker expenses incurred in repositioning of vessels into more favourable areas and increased voyage charters taken in current quarter.

Other operating income for the second quarter of 2014 included fair value gain of US\$3,135,000 on investment portfolio of equity and debt securities as both stock and bond markets broadly rebounded, supported by encouraging macroeconomic data among U.S., European and emerging Asian countries. The Group recorded fair value loss on investment portfolio of US\$6,794,000 in the second quarter of 2013, which was included in other operating expenses in 2013, as Asian stock markets and bond markets slid in response to the drastic changes in monetary policies in U.S. and China.

**First Half of 2014.** Revenue for the first half of 2014 dropped 31% to US\$75,059,000, comparing to US\$108,484,000 for the first half of 2013. The net loss of US\$2,587,000 for the first half of 2014 was primarily attributable to an unexpected weak freight market due to a reduction in dry seaborne trade volume in the first half of 2014. This weak dry bulk commodities demand is primarily driven by a slowdown of Chinese economic activities as well as other geopolitical events. In addition, the ample availability of shipping finance in the past months also encouraged an unanticipated increase in the supply side. A byproduct of global quantitative easing, this over extension of credit in the shipping industry only slowed down recently partly due to the crackdown of commodity-backed lending in China.

The Group's revenue and operating results for the period were also impacted by reduced number of both owned fleet and chartered-in fleet in operation and lower charter rates earned during the period. Operating days in current period were less than those in the first half of 2013 due to increased vessels ballast days and prolonging positioning period for increased voyage charters. The average daily TCE earned by the Group's fleet dropped to US\$10,515 for the first half of 2014 as compared to US\$13,568 for the last corresponding period in 2013 when certain charter contracts were recently entered into with charterers at relatively low freight rates.

Other operating income increased from US\$5,127,000 for the first half of 2013 to US\$15,399,000 for the first half of 2014. The increase was partly attributable to the increased ballast bonus income received from particular charterers for certain charter contracts and settlement income of US\$5,232,000 which comprised of partial settlement on an arbitration award granted in relation to a repudiation claim against a charterer; and settlement income received from a charterer for early redelivery of an owned vessel to the Group.

Shipping related expenses for the period included compensation paid for early redelivery of the Group's only chartered-in Capesize to its owner in January 2014. Upon the redelivery of this chartered-in Capesize, the Group has not operated chartered-in fleet and hence hire payments for the first half of the year reduced significantly by approximately US\$14.5 million comparing to the first half of 2013 in which two chartered-in vessels were in operation. However, such decrease was partially offset by the increased bunker expenses incurred in repositioning of vessels into more favourable areas and increased voyage charters taken in current period.

Other operating expenses reduced from US\$9,663,000 for the first half of 2013 to US\$4,054,000 for the first half of 2014 as fair value loss of US\$6,317,000 on investment portfolio of equity and debt securities was included in other operating expenses in the first half of 2013. In the first half of 2013, the Group recorded such fair value loss as Asian stock markets tumbled sharply in June 2013. In early 2014, bond market continued to underperform on the back of U.S. tapering quantitative easing policies and rising treasury yields expectation and equity markets in Asian region plunged as funds continued to flow out of the Asian region. With the swift turnaround of equity and bond performance in the second quarter of 2014 supported by encouraging macroeconomic data among U.S., European and emerging Asian countries, the Group recorded fair value gain of US\$66,000 on investment portfolio of equity and debt securities for the first half of 2014, which was included in other operating income, as the fair value gain of US\$3,135,000 for the second quarter of 2014 was offset with the fair value loss of US\$3,069,000 for the first quarter of 2014.

Finance costs dropped 21% from US\$3,606,000 for the first half of 2013 to US\$2,841,000 for the first half of 2014. The decrease was attributable to the decrease in average outstanding loan principal under aggressive loan repayment schedules and full repayment of vessel mortgage loans for two disposed owned vessels during the period.

The Group entered into agreements in February 2014 to dispose two vessels at a total consideration of US\$56,000,000 to a purchaser, an independent third party. These two vessels were classified as "Assets held for sale" with recoverable amount of US\$55,440,000 as at 31 December 2013. Both vessels were delivered to the purchaser in March 2014 as scheduled and gain on disposal of assets held for sale of US\$560,000 was recorded in other operating income in current period.

## FINANCIAL REVIEW

As at 30 June 2014, the total of the Group's equity and debt securities, bank balances and cash increased to US\$236,619,000 (31/12/2013: US\$209,646,000) and bank borrowings decreased to US\$432,736,000 (31/12/2013: US\$492,936,000). The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, dropped to 22% (31/12/2013: 32%) as at 30 June 2014. 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 2014, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was US\$26,190,000 (31/12/2013: nil), representing the Group's outstanding capital expenditure commitments to acquire one (31/12/2013: nil) newbuilding at contract price of US\$29,100,000 (31/12/2013: nil). During the six months ended 30 June 2014, capital expenditure on additions of owned vessels and vessels under construction was US\$7,484,000 (30/6/2013: US\$2,995,000), on other property, plant and equipment was US\$78,000 (30/6/2013: US\$124,000) and on investment properties was US\$5,032,000 (30/6/2013: nil).

## FLEET

### Owned Vessels

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers. As at 30 June 2014, the Group had thirty six owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Panamax fleet	2
Supramax / Handymax fleet	31
Handysize fleet	1
<b>Total fleet</b>	<b>36</b>

### Ordered Vessel

On 10 April 2014, the Group entered into a construction and sale contract to acquire a Supramax newbuilding at a contract price of US\$29,100,000 with expected date of delivery on or before 31 March 2016.

## 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, 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

Shipping is tightly tied to the overall global economic health and is sensitive to intricate changes of the trade patterns, geopolitical situation, as well as the balance of demand and supply in shipping capacity.

The U.S. and European economies have been showing further encouraging signs. However, the key driver of the dry bulk market, China has caught a cold with economic activity, due to Government measures to limit credit growth, curb fixed asset investments and asset prices. As a result, the country that has been driving the most demand growth in dry bulk commodities has slowed down their import requirements recently. Growing geopolitical tension has also negatively affected business sentiment in a lot of regions. Together with a sharp reduction in certain minor bulk trades, the operating environment so far in 2014 has been a lot more challenging than anticipated.

At present, we remain positive with the longer term market given the long term import requirement from China and Asian countries are growing, and this growth should be further strengthen, if the recovery of U.S. and European economies proved to be sustainable. Of course, this would only be possible if supply is in check where less or no more irrational ordering of newbuildings by parties with no intention of long term commitment in shipping take place. The good news is, this newbuilding frenzy has significantly slowdown recently as potential buyers are discouraged by this unanticipated weak demand for vessels, shipping financiers have become more cautious, as well as the U.S. Federal Reserve communicating clearly to the market, an eventual end of the quantitative easing program should be expected soon.

We expect a stronger market towards the end of the year and aspire to grow our business over the longer term, and will patiently and selectively look at suitable opportunities as they arise.

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

## **PUBLICATION OF FINANCIAL INFORMATION**

This report is available on the website of the Company at [www.jinhuiship.com](http://www.jinhuiship.com) and the NewsWeb of the Oslo Stock Exchange at [www.newsweb.no](http://www.newsweb.no).

By Order of the Board



**Ng Siu Fai**

*Chairman*

28 August 2014



## RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2014 has been prepared in accordance with applicable accounting standards and gives a true and fair view of the assets, liabilities, financial position and results of operations of the Group and that the half yearly report includes a fair review of the development and performance of the business and the position of the Group together with a description of the key principal risks and uncertainty factors that the Group faces.

28 August 2014



**Ng Siu Fai**  
*Chairman*



**Ng Kam Wah Thomas**  
*Managing Director and  
Deputy Chairman*



**Ng Ki Hung Frankie**  
*Executive Director*



**Ho Suk Lin Cathy**  
*Executive Director*



**Tsui Che Yin Frank**  
*Non-executive Director*



**William Yau**  
*Non-executive Director*

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<b>3 months ended 30/6/2014 (Unaudited) US\$'000</b>	3 months ended 30/6/2013 (Unaudited) US\$'000	<b>6 months ended 30/6/2014 (Unaudited) US\$'000</b>	6 months ended 30/6/2013 (Unaudited) US\$'000	Year ended 31/12/2013 (Audited) US\$'000
	<i>Note</i>					
<b>Revenue</b>	2	<b>38,371</b>	54,609	<b>75,059</b>	108,484	217,502
Other operating income		<b>7,121</b>	3,272	<b>15,399</b>	5,127	34,355
Interest income		<b>1,524</b>	840	<b>2,974</b>	1,706	3,913
Shipping related expenses		<b>(25,781)</b>	(30,396)	<b>(56,082)</b>	(64,752)	(127,089)
Staff costs		<b>(2,248)</b>	(1,861)	<b>(4,519)</b>	(3,719)	(11,613)
Impairment loss on assets held for sale		-	-	-	-	(12,844)
Other operating expenses		<b>(2,684)</b>	(8,823)	<b>(4,054)</b>	(9,663)	(12,482)
<b>Operating profit before depreciation and amortization</b>		<b>16,303</b>	17,641	<b>28,777</b>	37,183	91,742
Depreciation and amortization		<b>(14,347)</b>	(14,792)	<b>(28,523)</b>	(29,663)	(59,412)
<b>Operating profit</b>		<b>1,956</b>	2,849	<b>254</b>	7,520	32,330
Finance costs		<b>(1,348)</b>	(1,764)	<b>(2,841)</b>	(3,606)	(6,931)
<b>Profit (Loss) before taxation</b>		<b>608</b>	1,085	<b>(2,587)</b>	3,914	25,399
Taxation	6	-	-	-	-	-
<b>Net profit (loss) and total comprehensive income (loss) for the period / year attributable to shareholders of the Company</b>		<b>608</b>	1,085	<b>(2,587)</b>	3,914	25,399
<b>Earnings (Loss) per share</b>	7					
- Basic and diluted		<b>US\$0.007</b>	US\$0.013	<b>US\$(0.031)</b>	US\$0.047	US\$0.302

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30/6/2014 (Unaudited) US\$'000	30/6/2013 (Unaudited) US\$'000	31/12/2013 (Audited) US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,043,302	1,176,994	1,064,266
Investment properties	9	8,545	3,333	3,513
Available-for-sale financial assets	10	373	373	373
		<b>1,052,220</b>	1,180,700	1,068,152
<b>Current assets</b>				
Inventories		2,988	3,287	4,509
Trade and other receivables		28,043	26,925	50,935
Financial assets at fair value through profit or loss	12	145,327	91,766	130,975
Pledged deposits		22,609	23,574	23,577
Bank balances and cash	13	91,292	93,403	78,671
		<b>290,259</b>	238,955	288,667
Assets held for sale		-	-	55,440
		<b>290,259</b>	238,955	344,107
<b>Total assets</b>		<b>1,342,479</b>	1,419,655	1,412,259
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Issued capital		4,202	4,202	4,202
Reserves		872,109	853,211	874,696
<b>Total equity</b>		<b>876,311</b>	857,413	878,898
<b>Non-current liabilities</b>				
Secured bank loans		368,169	460,941	402,498
<b>Current liabilities</b>				
Trade and other payables		33,380	33,412	40,367
Provisions		-	3,121	-
Amount due to holding company		52	66	58
Secured bank loans		64,567	64,702	90,438
		<b>97,999</b>	101,301	130,863
<b>Total equity and liabilities</b>		<b>1,342,479</b>	1,419,655	1,412,259

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital (Unaudited) US\$'000	Share premium (Unaudited) US\$'000	Capital redemption reserve (Unaudited) US\$'000	Contributed surplus (Unaudited) US\$'000	Employee share-based compensation reserve (Unaudited) US\$'000	Reserve for available- for-sale financial assets (Unaudited) US\$'000	Retained profits (Unaudited) US\$'000	Total equity (Unaudited) US\$'000
At 1 January 2013	4,202	72,087	719	16,297	4,758	48	755,388	853,499
Net profit and total comprehensive income for the period	-	-	-	-	-	-	3,914	3,914
At 30 June 2013	4,202	72,087	719	16,297	4,758	48	759,302	857,413
At 1 January 2014	4,202	72,087	719	16,297	4,758	48	780,787	878,898
Net loss and total comprehensive loss for the period	-	-	-	-	-	-	(2,587)	(2,587)
At 30 June 2014	4,202	72,087	719	16,297	4,758	48	778,200	876,311

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Note</i>	<b>6 months ended 30/6/2014 (Unaudited) US\$'000</b>	6 months ended 30/6/2013 (Unaudited) US\$'000	Year ended 31/12/2013 (Audited) US\$'000
<b>OPERATING ACTIVITIES</b>				
Cash generated from operations		<b>28,278</b>	11,600	32,997
Interest paid		<b>(2,942)</b>	(3,693)	(7,048)
<b>Net cash from operating activities</b>		<b>25,336</b>	7,907	25,949
<b>INVESTING ACTIVITIES</b>				
Interest received		<b>2,596</b>	1,536	3,358
Decrease (Increase) in bank deposits with more than three months to maturity when placed		-	(5,221)	15,083
Dividend income received		<b>515</b>	357	1,082
Purchase of property, plant and equipment		<b>(7,562)</b>	(3,119)	(5,729)
Purchase of investment properties		<b>(5,032)</b>	-	-
Proceeds from disposal of assets held for sale		<b>56,000</b>	-	-
Proceeds from disposal of property, plant and equipment		-	38	38
Proceeds from termination of unlisted investments		-	474	474
Purchase of available-for-sale financial assets		-	(170)	(170)
<b>Net cash from (used in) investing activities</b>		<b>46,517</b>	(6,105)	14,136
<b>FINANCING ACTIVITIES</b>				
New secured bank loans		<b>1,981</b>	501	2,620
Repayment of secured bank loans		<b>(62,181)</b>	(37,093)	(71,920)
Decrease (Increase) in pledged deposits		<b>968</b>	(3,798)	(3,801)
<b>Net cash used in financing activities</b>		<b>(59,232)</b>	(40,390)	(73,101)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>12,621</b>	(38,588)	(33,016)
<b>Cash and cash equivalents at beginning of the period / year</b>		<b>78,671</b>	111,687	111,687
<b>Cash and cash equivalents at end of the period / year</b>	13	<b>91,292</b>	73,099	78,671

**NOTES:****1. Basis of preparation and accounting policies**

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and have not been reviewed by our auditor, Grant Thornton Hong Kong Limited. 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 2013.

**2. Revenue**

The Group is principally engaged in the businesses of ship chartering and ship owning which are carried out internationally. Revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels. Revenue recognized during the periods / year are as follows:

	<b>3 months ended 30/6/2014 (Unaudited) US\$'000</b>	3 months ended 30/6/2013 (Unaudited) US\$'000	<b>6 months ended 30/6/2014 (Unaudited) US\$'000</b>	6 months ended 30/6/2013 (Unaudited) US\$'000	Year ended 31/12/2013 (Audited) US\$'000
Chartering freight and hire income					
Hire income under time charters	<b>24,916</b>	45,598	<b>51,013</b>	89,303	178,147
Freight income under voyage charters	<b>13,455</b>	9,011	<b>24,046</b>	19,181	39,355
	<b>38,371</b>	54,609	<b>75,059</b>	108,484	217,502

**3. Other operating income**

Other operating income for the six months ended 30 June 2014 mainly included ballast bonus income received from particular charterers for certain charter contracts, gain on disposal of assets held for sale of US\$560,000, and settlement income of approximately US\$5.2 million which comprised of partial settlement on an arbitration award granted in relation to a repudiation claim against a charterer; and settlement income received from a charterer for early redelivery of an owned vessel to the Group. There was no settlement income being recognized for the six months ended 30 June 2013.

#### 4. Shipping related expenses

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

#### 5. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	<b>3 months ended 30/6/2014 (Unaudited) US\$'000</b>	3 months ended 30/6/2013 (Unaudited) US\$'000	<b>6 months ended 30/6/2014 (Unaudited) US\$'000</b>	6 months ended 30/6/2013 (Unaudited) US\$'000	Year ended 31/12/2013 (Audited) US\$'000
Impairment loss (Reversal of impairment loss) on trade receivables	(475)	122	(449)	287	519
Dividend income	(540)	(378)	(622)	(387)	(1,143)
Net loss (gain) on financial assets at fair value through profit or loss	<b>(2,971)</b>	6,835	<b>(160)</b>	5,775	(3,230)

#### 6. Taxation

Taxation has not been provided as the Group has no assessable profit for all relevant periods / year.

#### 7. Earnings (Loss) per share

Basic and diluted earnings per share for the quarter ended 30 June 2014 were calculated on the net profit for the quarter of US\$608,000 (30/6/2013: US\$1,085,000) and the weighted average number of 84,045,341 (30/6/2013: 84,045,341) ordinary shares in issue during the quarter.

Basic and diluted loss per share for the six months ended 30 June 2014 were calculated on the net loss for the period of US\$2,587,000 and the weighted average number of 84,045,341 ordinary shares in issue during the period.

Basic and diluted earnings per share for the six months ended 30 June 2013 and year ended 31 December 2013 were calculated on the respective net profit of US\$3,914,000 for the first half of 2013 and US\$25,399,000 for year 2013 and the weighted average number of 84,045,341 ordinary shares in issue during the period / year.

#### 8. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2014 (30/6/2013: nil).

## 9. Investment properties

	<b>30/6/2014</b>	30/6/2013	31/12/2013
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
At 1 January	3,513	3,333	3,333
Additions	5,032	-	-
Change in fair value	-	-	180
At 30 June / 31 December	<b>8,545</b>	3,333	3,513

The Group's investment properties comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases and located in Hong Kong.

## 10. Available-for-sale financial assets

	<b>30/6/2014</b>	30/6/2013	31/12/2013
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
Unlisted club membership, at fair value	203	203	203
Unlisted club membership, at cost	170	170	170
	<b>373</b>	373	373

Unlisted club membership stated at fair value represented investment in club membership which its fair value can be determined directly by reference to published price quotation in active market. At the reporting date, the fair value measurement of this unlisted club membership was categorized as Level 1 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the periods / 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.

## 11. Trade and other receivables

As at 31 December 2013, trade and other receivables included a short term receivable of approximately US\$24 million in relation to the termination of a newbuilding contract. In March 2014, the vendor refunded the amount to the Group and hence trade and other receivables reduced significantly as at 30 June 2014.



## 12. Financial assets at fair value through profit or loss

	<b>30/6/2014</b>	30/6/2013	31/12/2013
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
<i>Held for trading or not qualifying as hedges</i>			
Equity securities			
Listed equity securities	<b>69,251</b>	39,032	55,426
Debt securities			
Listed debt securities	<b>74,796</b>	31,640	75,549
Unlisted debt securities	<b>1,280</b>	21,094	-
	<b>76,076</b>	52,734	75,549
	<b>145,327</b>	91,766	130,975

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 IFRS 13 and HKFRS 13. The fair value measurements of unlisted debt securities were determined by reference to price quotations for equivalent financial instruments in active markets provided by financial institutions and were categorized as Level 2 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the periods / year.

## 13. Bank balances and cash

	<b>30/6/2014</b>	30/6/2013	31/12/2013
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>US\$'000</b>	US\$'000	US\$'000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<b>91,292</b>	73,099	78,671
Bank deposits with more than three months to maturity when placed	-	20,304	-
	<b>91,292</b>	93,403	78,671

#### 14. Assets held for sale

As at 31 December 2013, assets held for sale represented two owned vessels which were ready for sale with recoverable amount of US\$55.4 million, which were measured at the lower of the net book value of US\$68.3 million or estimated fair value less costs to sell of US\$55.4 million. As a result, impairment loss of US\$12.9 million for these two vessels was recognized for the year 2013.

In February 2014, the Group entered into agreements to dispose these two vessels at a total consideration of US\$56 million to a purchaser. Both vessels were delivered to the purchaser in March 2014 as scheduled.

#### 15. Capital expenditures and commitments

During the six months ended 30 June 2014, capital expenditure on additions of owned vessels and vessels under construction was US\$7,484,000 (30/6/2013: US\$2,995,000), on other property, plant and equipment was US\$78,000 (30/6/2013: US\$124,000) and on investment properties was US\$5,032,000 (30/6/2013: nil).

As at 30 June 2014, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was US\$26,190,000 (31/12/2013: nil), representing the Group's outstanding capital expenditure commitments to acquire one (31/12/2013: nil) newbuilding at contract price of US\$29,100,000 (31/12/2013: nil).

#### 16. Related party transactions

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

	<b>3 months ended 30/6/2014 (Unaudited) US\$'000</b>	3 months ended 30/6/2013 (Unaudited) US\$'000	<b>6 months ended 30/6/2014 (Unaudited) US\$'000</b>	6 months ended 30/6/2013 (Unaudited) US\$'000	Year ended 31/12/2013 (Audited) US\$'000
Salaries and other benefits	1,151	760	2,302	1,520	7,482
Contributions to retirement benefits schemes	64	41	128	81	163
	<b>1,215</b>	801	<b>2,430</b>	1,601	7,645

#### 17. Comparative figures

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



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