JINHUI

JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

2013 RESULTS ANNOUNCEMENT

HIGHLIGHTS
FOR THE YEAR 2013

Revenue for the year: HK$1,952 million

Net profit attributable to shareholders for the year: HK$121 million

Basic earnings per share: HK$0.228

Gearing ratio as at 31 December 2013: 31%

CHAIRMAN'S STATEMENT

The Board is pleased to present the results of **Jinhui Holdings Company Limited** (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2013.

2013 ANNUAL RESULTS

The Group's revenue for the year was HK$1,952,200,000, representing a decline of 7% as compared to HK$2,104,425,000 for the year 2012. The net profit attributable to shareholders of the Company for the year was HK$120,758,000, representing a decline of 22% as compared to HK$154,765,000 for the year 2012. Basic earnings per share was HK$0.228 for the year as compared to that of HK$0.292 for the year 2012.

Though there were improvements in the market freight rates during the year 2013, the drop in both the revenue and operating results of the segment from chartering freight and hire was partly attributable to the fall in chartering freight and hire income arising from the Group's owned and chartered-in vessels when certain charter contracts were entered into with charterers at relatively low freight rates, and less revenue was contributed from chartered-in vessels as two chartered-in vessels were redelivered to their respective owners in January 2013 and September 2013 respectively.

Apart from the above, the drop in the Group's operating results from chartering freight and hire for the year was also partly attributable to the recognition of impairment loss on assets held for sale of HK$100.2 million upon the reclassification of two owned vessels to "Assets held for sale", and partly offset by an exceptional income of HK$68.1 million on elimination of impairment loss previously recognized on the vessel under construction. The impairment loss is non-cash in nature and does not have impact on the operating cash flows of the Group.

As at 31 December 2013, the Group had thirty six owned vessels and two vessels held for sale. Subsequent to the reporting date, the Group entered into agreements in mid February 2014 to dispose these two vessels held for sale and both vessels were delivered to the purchaser in early March 2014 as scheduled.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2013. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2013.

BUSINESS REVIEW

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

Dry bulk freight rates improved overall in the year 2013 from the low levels of 2012, driven mainly by Chinese dry bulk imports and a recovery in global grain trade in the second half of the year. Dry bulk shipping market had showed a moderate improvement in the first eight months and then followed by noticeable improvements in market freight rates during rest of the year 2013. Values of the dry bulk vessels also recovered strongly to more rational level. Baltic Dry Index opened at around 700 points at beginning of the year, increased by around 1,400 points to 2,127 points in late September 2013, but dropped to 1,483 points in late November 2013, then climbed to its peak at 2,337 points in mid of December 2013, and finally closed at 2,277 points by end of 2013.

Revenue from chartering freight and hire for the year decreased by 7% to HK$1,696,516,000 as compared to HK$1,825,477,000 for the year 2012. Segment profit from chartering freight and hire for the year was HK$146,283,000 as compared to HK$232,135,000 for the year 2012.

Though there were improvements in the market freight rates during the year 2013, the drop in both the revenue and operating results of this segment was partly attributable to the fall in chartering freight and hire income arising from the Group's owned and chartered-in vessels when certain charter contracts were entered into with charterers at relatively low freight rates, and less revenue was contributed from chartered-in vessels as one chartered-in Capesize and one chartered-in Supramax were redelivered to their respective owners in January 2013 and September 2013 respectively. As an ongoing effort to ensure high level of safety and quality of our owned vessels, we also took the opportunity to perform more maintenance works during the year which would prove to be beneficial for future business.

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

	2013	2012
	US$	*US$*
Capesize Fleet	**13,202**	11,709
Post-Panamax / Panamax Fleet	**15,817**	15,238
Supramax / Handymax / Handysize Fleet	**13,424**	15,512
In average	**13,653**	15,292

Apart from the above, the drop in the segment profit from chartering freight and hire for the year was also partly attributable to the recognition of impairment loss on assets held for sale of HK$100.2 million upon the reclassification of two owned vessels to "Assets held for sale", and partly offset by an exceptional income of HK$68.1 million on elimination of impairment loss previously recognized on the vessel under construction. The impairment loss is non-cash in nature and does not have impact on the operating cash flows of the Group.

During the year, there was an exceptional income amounted to HK$68.1 million arisen as a result of the elimination of impairment loss previously recognized on the vessel under construction upon termination of a newbuilding contract. A wholly-owned subsidiary of the Company had entered into a contract with a vendor in December 2007 for the acquisition of a Supramax at a purchase price of JPY4,500,000,000. It was further announced on 19 September 2013 that the acquisition of the said vessel would be terminated. Prior to the termination of the said contract, the carrying amount of vessel under construction recorded in the Group's financial statements was approximately HK$134.9 million, being the prevailing direct costs of approximately HK$203.0 million capitalized, net of an impairment loss of approximately HK$68.1 million. Upon termination, an income of HK$68.1 million relating to the elimination of impairment loss previously recognized on that vessel under construction was included in other operating income for the year whereas the pre-delivery installments and relevant costs capitalized in "Vessel under construction" were reclassified as short term receivables at the reporting date. The directors of the Company (the "Directors") believe that the recorded receivables, inter alia, pre-delivery installments of JPY2,250,000,000 (approximately HK$166.2 million) already paid by the Group, would be recoverable.

During the year, other operating income of chartering freight and hire segment also included settlement income of HK$42.2 million from certain claims, including the partial settlement of claim for damages and losses against Korea Line Corporation ("KLC") by receiving cash and shares of KLC. These shares had been accounted for as financial assets at fair value through profit or loss as at 31 December 2013.

By end of 2013, the Group has the intention to sell two of its owned vessels which are ready for sale and have been actively marketed at prices that are reasonable in relation to their current fair values. At the reporting date, two Supramaxes, namely "Jin Yang" and "Jin Ze", were reclassified to "Assets held for sale" under "Current assets" with recoverable amount of HK$432,432,000, which were measured at the lower of the net book value of HK$532,614,000 or estimated fair value less costs to sell of HK$432,432,000. As a result, impairment loss of HK$100,182,000 for these two vessels was recognized for the year 2013. In addition, all the liabilities (including outstanding bank borrowings) directly associated with these two vessels were reclassified from long term portion to current portion as at the reporting date.

Subsequent to the reporting date, the Group entered into agreements in mid February 2014 to dispose two vessels, namely "Jin Yang" and "Jin Ze", which were classified as assets held for sale as at 31 December 2013 at a total consideration of HK$436,800,000. Both vessels were delivered to the purchaser in early March 2014 as scheduled and no material book loss was recorded.

Shipping related expenses for the segment of chartering freight and hire for the year 2013 dropped by 14% to HK$991,295,000 as compared to HK$1,146,475,000 for the year 2012. The decrease was mainly due to the reduction in hire payments of approximately HK$145.6 million for chartered-in vessels for the year 2013 as compared to the year 2012 as two chartered-in vessels were redelivered to their respective owners in January 2013 and September 2013 respectively.

Depreciation and amortization for the segment of chartering freight and hire for the year 2013 increased by 5% to HK$452,114,000, as comparing to HK$431,306,000 for the year 2012. The slight increase was due to the additions of three owned vessels during the year 2012 while depreciation for a full year had been accounted for in the year 2013.

Finance costs for chartering freight and hire segment decreased by 19% from HK$66,988,000 in 2012 to HK$54,034,000 in 2013. The decrease was mainly attributable to the reduction in average outstanding loan principal under aggressive loan repayment schedules.

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

The Group's segment revenue from trading business dropped by 8% to HK$255,684,000 for the year as compared to HK$278,948,000 for the year 2012. The Group's segment results from trading business improved in current year when the Group strived to source and introduce new products to reach new customers through new sales channels. For the year 2013, the Group reported segment profit of HK$1,736,000 from trading business, whereas segment loss of HK$2,425,000 was reported in 2012.

Other financial information. The Group recognized net gain on financial assets at fair value through profit or loss of HK$38,346,000 for the year 2013 as compared to HK$27,872,000 for the year 2012 and the amounts were included in unallocated other operating income. Most Asian stock markets and commodities markets slumped in the mid of the year. During the second half of 2013, equity securities listed in Hong Kong rebound predominately and the Group took the opportunity to realize profit on certain outperforming equity securities and recorded considerable realized trading gain during the year but was then partly offset by the fair value loss on financial assets at fair value through profit or loss at the reporting date.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. As at 31 December 2013, the total of the Group's equity and debt securities, bank balances and cash increased to HK$1,675,253,000 (2012: HK$1,638,758,000). The Group's bank borrowings decreased to HK$3,863,014,000 (2012: HK$4,431,376,000), of which 19%, 13%, 38% and 30% are repayable respectively within one year, one to two years, two to five years and over five years. All bank borrowings were denominated in United States Dollars and were committed on floating rate basis.

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

Pledge of assets. As at 31 December 2013, the Group's property, plant and equipment and investment properties with an aggregate net book value of HK$8,248,836,000 (2012: HK$9,193,277,000), assets held for sale with an aggregate carrying amount of HK$432,432,000 (2012: nil) and deposits of HK$183,900,000 (2012: HK$154,248,000) placed with banks were pledged together with the assignment of thirty eight (2012: thirty eight) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of thirty two (2012: thirty two) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the year 2013, capital expenditure on additions of owned vessels and vessels under construction was HK$43,660,000 (2012: HK$870,956,000), and on other property, plant and equipment was HK$1,075,000 (2012: HK$5,799,000). During the year 2012, there was also capital expenditure on additions of investment properties of HK$31,318,000.

As at 31 December 2013, there was no capital expenditure commitments contracted by the Group but not provided for (2012: HK$339,333,000).

OUTLOOK

2013 has been an interesting year. The global economy showed some promising signs of improvement overall. U.S. and European countries seemed to slowly recover with more encouraging statistics in relation to economic growth. In China, the Government Leaders have focused on measures to reduce excessive price fluctuations of fixed asset investments and asset prices, maintain healthy credit growth, while introducing policies to generate stronger domestic consumption. China, the country that has been driving the most demand growth in dry bulk commodities has slowed down their import requirements until the second half of 2013 due to reducing stockpiles.

However, while the demand picture is getting better, we also see contradictory signs on the macro side. The U.S. Federal Reserve, while indicating that "large scale asset purchases" will be tapered soon which suggests that the imminent end of an extraordinary period of quantitative easing ("QE") is approaching, has further indicated that a low interest rate environment will continue.

This continuous contradictory environment has encouraged some investors to pour funds into higher risks assets, venturing into unfamiliar playing fields searching for one-off superior returns via appreciation in asset prices rather than steady long term reasonable returns.

In dry bulk shipping market, we noticed that availability of funding has returned strongly in recent months despite at higher costs, supporting another round of newbuildings orders as well as asset purchases. While we understand that some shipowners are investing into new tonnages under fleet renewal program in order to maintain competitive, we see a number of participants new to the industry placing newbuilding orders with a primary (if not only) objective of speculative gain in asset price appreciation, rather than working these supposedly revenue generating assets for long term positive cashflow.

Restoration of balance in shipping capacity versus demand in dry seaborne trade can only happen when non-competitive and non-profitable industry participants with lesser industry expertise, commitment and financial strength are forced to exit the market in time.

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

For 2014, we will continue to focus on the basics: maintain a strong financial position and a healthy gearing level, monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins. We will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 13 March 2014

COMPLIANCE OF THE CODE PROVISIONS

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2013, with deviations as explained in following sections.

CG Code provision A.2.1

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

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

As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Group. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company as one-third of the Board members are represented by the independent non-executive directors and the Board will meet regularly to consider major matters affecting the operations of the Group and all 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.

CORPORATE GOVERNANCE

CG Code provision A.4.2

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the year ended 31 December 2013.

SCOPE OF WORK OF THE AUDITOR

The figures in the preliminary results announcement of the Group for the year ended 31 December 2013 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the preliminary results announcement.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors. The Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the Company's interim and annual reports before submission to the Board. The Group's financial statements for the year ended 31 December 2013 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

SUPPLEMENTARY INFORMATION

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

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

ANNUAL GENERAL MEETING AND BOOK CLOSURE

The Annual General Meeting of the Company will be held on Monday, 12 May 2014. Notice of the Annual General Meeting will be published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com, and will be despatched to shareholders of the Company in due course.

The register of members of the Company will be closed from Thursday, 8 May 2014 to Monday, 12 May 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration no later than 4:30 p.m. on Wednesday, 7 May 2014.

EMPLOYEES

As at 31 December 2013, the Group had 108 (2012: 107) full-time employees. The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

FLEET

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers. As at 31 December 2013, the Group had thirty six owned vessels and two vessels held for sale, and operated a chartered-in Capesize.

Subsequent to the reporting date, the chartered-in Capesize was redelivered to its owner in late January 2014, and the Group entered into agreements in mid February 2014 to dispose two Supramaxes held for sale which were delivered to the purchaser in early March 2014 as scheduled.

As at date of this announcement, the Group has thirty six owned vessels, including two modern Post-Panamaxes, two modern Panamaxes, thirty modern grabs fitted Supramaxes, one Handymax and one Handysize.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Revenue	2	**1,952,200**	2,104,425
Other operating income	3	**289,815**	233,159
Interest income		**30,895**	36,686
Shipping related expenses	4	**(991,295)**	(1,146,475)
Cost of trading goods sold		**(237,724)**	(265,776)
Staff costs		**(103,022)**	(103,346)
Impairment loss on assets held for sale	5	**(100,182)**	-
Other operating expenses		**(108,476)**	(64,385)
Operating profit before depreciation and amortization	6	**732,211**	794,288
Depreciation and amortization		**(466,755)**	(446,031)
Operating profit		**265,456**	348,257
Finance costs		**(54,373)**	(68,299)
Profit before taxation		**211,083**	279,958
Taxation	7	**(487)**	(540)
Net profit for the year		**210,596**	279,418
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets		**(600)**	400
Total comprehensive income for the year		**209,996**	279,818
Net profit for the year attributable to:			
Shareholders of the Company		**120,758**	154,765
Non-controlling interests		**89,838**	124,653
		210,596	279,418
Total comprehensive income for the year attributable to:			
Shareholders of the Company		**120,158**	155,165
Non-controlling interests		**89,838**	124,653
		209,996	279,818
Earnings per share	8		
- Basic		**HK$0.228**	HK$0.292
- Diluted		**HK$0.226**	HK$0.292

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**8,346,661**	9,436,105
Investment properties		**101,180**	93,800
Goodwill		**39,040**	39,040
Available-for-sale financial assets	*10*	**23,311**	24,081
Intangible assets		**1,604**	1,769
		8,511,796	9,594,795
Current assets			
Inventories		**60,549**	109,093
Trade and other receivables	*11*	**456,105**	430,930
Financial assets at fair value through profit or loss	*12*	**1,041,477**	618,016
Pledged deposits		**183,900**	154,248
Bank balances and cash	*13*	**633,776**	1,020,742
		2,375,807	2,333,029
Assets held for sale	*14*	**432,432**	-
		2,808,239	2,333,029
Current liabilities			
Trade and other payables	*15*	**318,475**	500,270
Provisions	*16*	**-**	67,547
Current taxation		**210**	291
Secured bank loans	*17*	**723,527**	586,475
		1,042,212	1,154,583
Net current assets		**1,766,027**	1,178,446
Total assets less current liabilities		**10,277,823**	10,773,241
Non-current liabilities			
Secured bank loans	*17*	**3,139,487**	3,844,901
Net assets		**7,138,336**	6,928,340
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**53,029**	53,029
Reserves		**3,956,959**	3,836,801
		4,009,988	3,889,830
Non-controlling interests		**3,128,348**	3,038,510
Total equity		**7,138,336**	6,928,340

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to shareholders of the Company									
	Issued capital *HK$'000*	**Share premium** *HK$'000*	**Capital redemption reserve** *HK$'000*	**Other asset revaluation reserve** *HK$'000*	**Employee share-based compensation reserve** *HK$'000*	**Reserve for available-for-sale financial assets** *HK$'000*	**Retained profits** *HK$'000*	**Subtotal** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2012	53,029	324,590	4,020	4,777	26,259	13,395	3,308,595	3,734,665	2,913,857	6,648,522
Net profit for the year	-	-	-	-	-	-	154,765	154,765	124,653	279,418
Other comprehensive income for the year	-	-	-	-	-	400	-	400	-	400
Total comprehensive income for the year	-	-	-	-	-	400	154,765	155,165	124,653	279,818
At 31 December 2012	53,029	324,590	4,020	4,777	26,259	13,795	3,463,360	3,889,830	3,038,510	6,928,340
At 1 January 2013	53,029	324,590	4,020	4,777	26,259	13,795	3,463,360	3,889,830	3,038,510	6,928,340
Net profit for the year	-	-	-	-	-	-	120,758	120,758	89,838	210,596
Other comprehensive income for the year	-	-	-	-	-	(600)	-	(600)	-	(600)
Total comprehensive income for the year	-	-	-	-	-	(600)	120,758	120,158	89,838	209,996
At 31 December 2013	**53,029**	**324,590**	**4,020**	**4,777**	**26,259**	**13,195**	**3,584,118**	**4,009,988**	**3,128,348**	**7,138,336**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Cash generated from operations		**245,066**	567,895
Interest paid		**(55,289)**	(68,304)
Hong Kong Profits Tax refunded (paid)		**293**	(32)
PRC Corporate Income Tax paid		**(576)**	(573)
Net cash from operating activities		**189,494**	498,986
INVESTING ACTIVITIES			
Interest received		**26,589**	35,662
Decrease in bank deposits with more than three months to maturity when placed		**117,645**	90,448
Dividend income received		**9,210**	5,530
Purchase of property, plant and equipment		**(44,735)**	(876,755)
Proceeds from disposal of property, plant and equipment		**300**	50
Proceeds from termination of unlisted investments		**3,699**	-
Purchase of available-for-sale financial assets		**(1,331)**	-
Purchase of investment properties		**-**	(31,318)
Net cash from (used in) investing activities		**111,377**	(776,383)
FINANCING ACTIVITIES			
New secured bank loans		**20,438**	733,653
Repayment of secured bank loans		**(560,978)**	(870,654)
Increase in pledged deposits		**(29,652)**	(92,666)
Net cash used in financing activities		**(570,192)**	(229,667)
Net decrease in cash and cash equivalents		**(269,321)**	(507,064)
Cash and cash equivalents at 1 January		**903,097**	1,410,161
Cash and cash equivalents at 31 December	13	**633,776**	903,097

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

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

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

The management has assessed and considered that the adoption of these new standards or amendments has had no material impact on the Group's financial statements for the current and prior years that have been presented, except for the change in terminology from statement of comprehensive income to statement of profit or loss and other comprehensive income in accordance with the amendments to HKAS 1 "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income", and additional disclosures following the effective of HKFRS 12 "Disclosure of Interests in Other Entities" and HKFRS 13 "Fair Value Measurement".

Apart from the above, the accounting policies and basis of preparation adopted in these financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2012.

2. Segment information

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

The following tables present the Group's reportable segment revenue, segment results, segment assets and segment liabilities, and reconcile the Group's total reportable segment results, segment assets and segment liabilities to the Group's net profit for the year, total assets and total liabilities as presented in the condensed consolidated financial statements.

	Chartering freight and hire *HK$'000*	**Trading** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2013			
Segment revenue	**1,696,516**	**255,684**	**1,952,200**
Segment results	**146,283**	**1,736**	**148,019**
Unallocated income and expenses			
Interest income			**30,895**
Unallocated other operating income			**64,520**
Unallocated corporate expenses			**(32,351)**
Profit before taxation			**211,083**
Taxation			**(487)**
Net profit for the year			**210,596**
As at 31 December 2013			
Segment assets	**8,581,270**	**79,232**	**8,660,502**
Assets held for sale	**432,432**	**-**	**432,432**
Unallocated assets			
Pledged deposits			**183,900**
Bank balances and cash			**633,776**
Other current assets			**1,060,052**
Other non-current assets			**349,373**
Total assets			**11,320,035**
Segment liabilities	**4,090,294**	**19,328**	**4,109,622**
Unallocated liabilities			
Other current liabilities			**72,077**
Total liabilities			**4,181,699**

2. Segment information *(Continued)*

	Chartering freight and hire *HK$'000*	Trading *HK$'000*	Total *HK$'000*
Year ended 31 December 2012			
Segment revenue	1,825,477	278,948	2,104,425
Segment results	232,135	(2,425)	229,710
Unallocated income and expenses			
Interest income			36,686
Unallocated other operating income			45,207
Unallocated corporate expenses			(31,645)
Profit before taxation			279,958
Taxation			(540)
Net profit for the year			279,418
As at 31 December 2012			
Segment assets	9,654,796	102,786	9,757,582
Unallocated assets			
Pledged deposits			154,248
Bank balances and cash			1,020,742
Other current assets			638,975
Other non-current assets			356,277
Total assets			11,927,824
Segment liabilities	4,881,905	49,634	4,931,539
Unallocated liabilities			
Other current liabilities			67,945
Total liabilities			4,999,484

3. Other operating income

For the year 2013, other operating income included an income of HK$68,111,000 relating to the elimination of impairment loss, previously recognized on a vessel under construction, upon termination of a newbuilding contract, and settlement income of HK$42,247,000 from certain claims, including the partial settlement of claim for damages and losses against Korea Line Corporation ("KLC") by receiving cash and shares of KLC. These shares had been accounted for as financial assets at fair value through profit or loss as at 31 December 2013.

For the year 2012, the amount included settlement income of HK$123,894,000 in relation to the full settlement income from a charterer for early termination of time-charter contract, and the partial settlement of claim for damages and losses against KLC by receiving shares of KLC and partial cash settlement. These shares had been accounted for as financial assets at fair value through profit or loss as at 31 December 2012.

4. Shipping related expenses

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

5. Impairment loss on assets held for sale

For the year 2013, impairment loss on assets held for sale of HK$100,182,000 was recognized as a result of reclassification of two owned vessels to "Assets held for sale" under "Current assets". Please refer to note 14 for details.

6. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	2013	2012
	HK$'000	*HK$'000*
Impairment loss (Reversal of impairment loss) on trade receivables	**4,047**	(1,970)
Dividend income	**(9,698)**	(5,549)
Net gain on financial assets at fair value through profit or loss	**(38,346)**	(27,872)

7. Taxation

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

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

	2013	2012
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Over provision in prior year	**-**	(24)
PRC Corporate Income Tax:		
Current year	**487**	516
Under provision in prior year	**-**	48
	487	540

8. Earnings per share

Basic earnings per share for the year 2013 was calculated on the net profit attributable to shareholders of the Company for the year of HK$120,758,000 and the weighted average number of 530,289,480 ordinary shares in issue during the year.

Diluted earnings per share for the year 2013 was calculated on the net profit attributable to shareholders of the Company for the year of HK$120,758,000 and the weighted average number of 530,289,480 ordinary shares in issue during the year and adjusting for the potential dilutive ordinary shares of 3,619,084 arising from the share options granted under the Company's share option scheme.

Basic and diluted earnings per share for the year 2012 were calculated on the net profit attributable to shareholders of the Company for the year of HK$154,765,000 and the weighted average number of 530,289,480 ordinary shares in issue during the year. Diluted earnings per share for the year was the same as basic earnings per share as the exercise prices of the share options were greater than the average market price of the Company's share for the year and thus there was no potential dilutive effect on the basic earnings per share.

9. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2013 (2012: nil).

10. Available-for-sale financial assets

	2013	2012
	HK$'000	*HK$'000*
Unlisted club debentures, at fair value	**20,400**	21,000
Unlisted club membership, at fair value	**1,580**	1,580
Unlisted club membership, at cost	**1,331**	-
Unlisted investments		
Co-operative joint ventures, at cost less impairment loss	**-**	1,501
	23,311	24,081

Unlisted club debentures and unlisted club membership stated at fair value represented investments in club debentures and club membership which their fair values can be determined directly by reference to published price quotations in active markets. At the reporting date, the fair value measurements of these unlisted club debentures and unlisted club membership were categorized as Level 1 of the three-level fair value hierarchy as defined under HKFRS 13. There was no transfer between Level 1, Level 2 and Level 3 on these unlisted club debentures and unlisted club membership during the year.

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

11. Trade and other receivables

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**60,534**	61,742
Prepayments, deposits and other receivables	**395,571**	369,188
	456,105	430,930

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

	2013	2012
	HK$'000	*HK$'000*
Within 3 months	**53,160**	51,433
Over 3 months but within 6 months	**4,731**	5,615
Over 6 months but within 12 months	**228**	3,103
Over 12 months	**2,415**	1,591
	60,534	61,742

11. Trade and other receivables *(Continued)*

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

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

12. Financial assets at fair value through profit or loss

	2013	2012
	HK$'000	*HK$'000*
Held for trading or not qualifying as hedges		
Equity securities		
Listed in Hong Kong	**315,918**	192,820
Listed outside Hong Kong	**136,277**	63,024
	452,195	255,844
Debt securities		
Listed in Hong Kong	**386,564**	153,683
Listed outside Hong Kong	**202,718**	46,740
Unlisted	**-**	161,749
	589,282	362,172
	1,041,477	618,016

At the reporting date, the fair value measurements of listed equity securities and listed debt securities were determined by reference to their quoted bid prices in active markets and were categorized as Level 1 of the three-level fair value hierarchy as defined under HKFRS 13. For unlisted debt securities, the fair value measurements were determined by reference to price quotations for equivalent financial instruments in active markets provided by financial institutions and were categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 13. There was no transfer between Level 1, Level 2 and Level 3 on listed equity securities, listed and unlisted debt securities during the year.

13. Bank balances and cash

	2013	2012
	HK$'000	*HK$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**633,776**	903,097
Bank deposits with more than three months to maturity when placed	**-**	117,645
	633,776	1,020,742

14. Assets held for sale

By end of 2013, the Group has the intention to sell two of its owned vessels which are ready for sale and have been actively marketed at prices that are reasonable in relation to their current fair values. At the reporting date, these two vessels were reclassified to "Assets held for sale" under "Current assets" in chartering freight and hire segment with recoverable amount of HK$432,432,000, which were measured at the lower of the net book value of HK$532,614,000 or estimated fair value less costs to sell of HK$432,432,000. As a result, impairment loss of HK$100,182,000 for these two vessels was recognized for the year 2013.

The fair value less costs to sell of these two owned vessels were estimated using observed prices for recent sales of similar vessels and were categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 13.

15. Trade and other payables

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**18,331**	24,653
Accrued charges and other payables	**300,144**	475,617
	318,475	500,270

The aging analysis of trade payables is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 3 months	**1,350**	8,542
Over 3 months but within 6 months	**812**	1,367
Over 6 months but within 12 months	**560**	559
Over 12 months	**15,609**	14,185
	18,331	24,653

16. Provisions

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

	2013	2012
	HK$'000	*HK$'000*
At 1 January	**67,547**	55,279
Provision recognized	**-**	174,662
Provision utilized	**(67,547)**	(162,394)
At 31 December	**-**	67,547

17. Secured bank loans

	2013	2012
	HK$'000	*HK$'000*
Vessel mortgage loans	**3,844,901**	4,385,437
Trust receipt loans	**18,113**	45,939
Total secured bank loans	**3,863,014**	4,431,376
Less: Amount repayable within one year	**(723,527)**	(586,475)
Amount repayable after one year	**3,139,487**	3,844,901

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

18. Capital expenditures and commitments

During the year 2013, capital expenditure on additions of owned vessels and vessels under construction was HK$43,660,000 (2012: HK$870,956,000), and on other property, plant and equipment was HK$1,075,000 (2012: HK$5,799,000). During the year 2012, there was also capital expenditure on additions of investment properties of HK$31,318,000.

At the reporting date, there was no capital expenditure commitments contracted by the Group but not provided for (2012: HK$339,333,000).

19. Event after the reporting date

Subsequent to the reporting date, the Group entered into agreements on 17 February 2014 to dispose two vessels, which were classified as assets held for sale, at a total consideration of HK$436,800,000 to a purchaser, an independent third party, pursuant to the terms and conditions of the agreements. Both vessels were delivered to the purchaser in early March 2014 as scheduled and no material book loss was recorded.

20. Comparative figures

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

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Company for the year ended 31 December 2013 containing all the detailed information will be despatched to shareholders of the Company and available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com in due course.

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