Annual Report

2013

JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137

JINHUI

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

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants

SHARE LISTING

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Citibank N.A.
Commerzbank Aktiengesellschaft
Credit Suisse AG
Deutsche Schiffsbank Aktiengesellschaft
HSH Nordbank AG
The Hongkong and Shanghai Banking
Corporation Limited
Mizuho Bank, Ltd.
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation

SHARE REGISTRAR

Tricor Standard Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

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

CONTACTS

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

WEBSITE

www.jinhuiship.com

Chairman's Statement

The Board is pleased to present the annual report of **Jinhui Holdings Company Limited** for the financial year 2013.

RESULTS

The Group's revenue for the year 2013 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.

The Group's segment revenue from chartering freight and hire for the year decreased by 7% to HK$1,696,516,000 as comparing to HK$1,825,477,000 for the year 2012. The Group recorded segment profit of HK$146,283,000 from chartering freight and hire, whereas HK$232,135,000 was reported in 2012. 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 two chartered-in vessels were redelivered to their respective owners in January 2013 and September 2013 respectively.

The decrease in operating results from chartering freight and hire for the year was also due 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 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.

By introducing new products to reach new customers through new sales channels, the Group's segment revenue from trading business for the year was HK$255,684,000 and a segment profit of HK$1,736,000 was reported for the year, whereas segment revenue of HK$278,948,000 and segment loss of HK$2,425,000 were reported in 2012.

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 vessels held for sale which were delivered to the purchaser in early March 2014 as scheduled.

DIVIDENDS

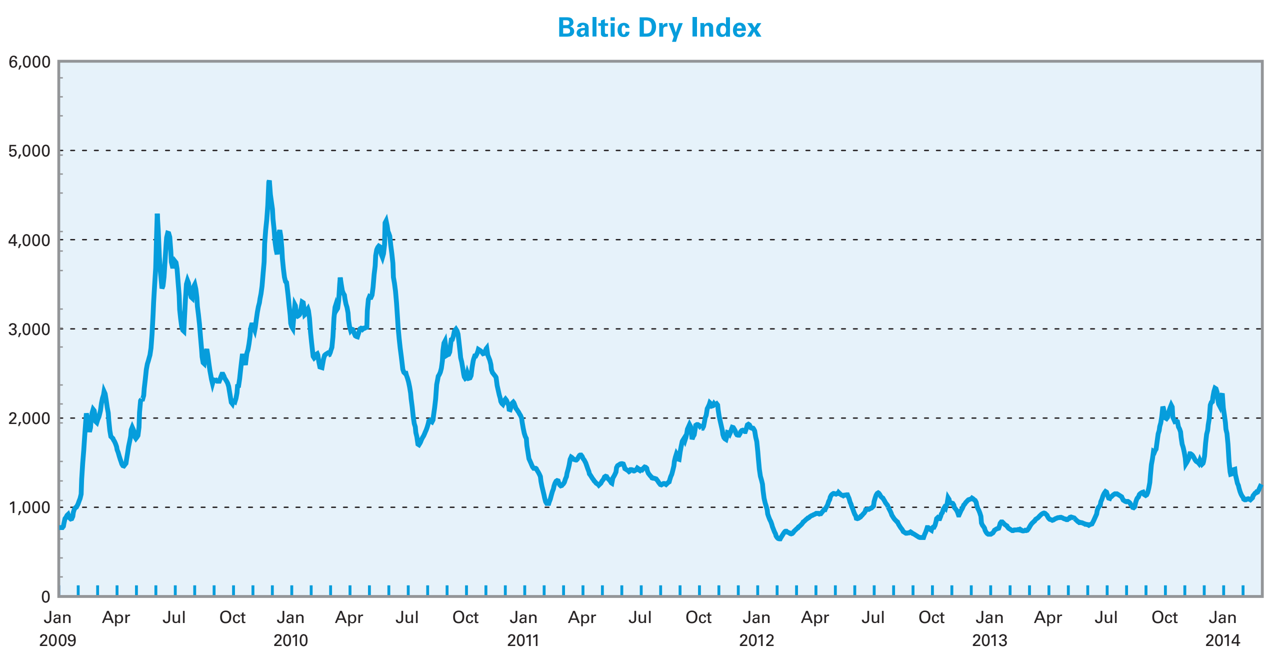
The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2013. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2013.

Chairman's Statement

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. BDI 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.



Source: Bloomberg

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.

BUSINESS REVIEW *(Continued)*

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.

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 transferred to short term receivables at the reporting date. 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.

BUSINESS REVIEW *(Continued)*

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% (2012: 40%) as at 31 December 2013. 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).

RISK MANAGEMENT

The Group is principally exposed to various risks and uses appropriate financial instruments in connection with its risk management activities.

Business risk. The Group is exposed to the business risk to the extent that certain changes may have a negative effect on the Group's cash flows and operations. These changes include the fluctuations in charter rates of the shipping market; the changes in demand in the dry bulk market; the drop in vessel values which result in impairment loss of the Group's assets; the changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs; and the changes in prices and demand for industrial raw materials traded by the Group.

RISK MANAGEMENT *(Continued)*

Market risk. Market risk is the risk of financial loss due to adverse changes in the market value of a financial instrument or portfolio of financial instruments. Such exposure occurs when there are changes in market factors such as underlying interest rates, exchange rates, equity securities prices, debt securities prices or in the volatility of these factors. The Group's major market risk exposures mainly arising from bank borrowings committed on floating rate basis, and investments in equity and debt securities. In the ordinary course of business, the Group identifies these risks and mitigates their financial impact through the use of appropriate financial instruments in accordance with the Group's risk management policies. Additional information regarding the Group's use of financial instruments is disclosed in the "Financial Risk Management and Policies" in note 43 to the financial statements.

Credit risk. Credit risk is the risk of financial loss to the Group if the counterparty fails to discharge its contractual obligations under the terms of the financial instrument. The Group's exposures to credit risk principally arising from the trade receivables from charterers and trading customers, investment in debt securities and deposits or other financial assets placed with financial institutions. The potential loss is generally limited to the carrying amount of receivables and liquid assets as shown in the Group's statement of financial position. Credit risk also includes concentration risk of large exposures or concentrations to certain counterparties. The Group will, wherever possible, maintain a diversified customer portfolio or only enter into financial instruments with creditworthy counterparties. The Group regularly monitors the potential exposures to each significant counterparty and performs ongoing credit quality assessment and does not expect to incur material credit losses on managing the financial instruments.

Liquidity risk. Liquidity risk is the risk that the Group fails to meet its obligations associated with its financial liabilities. The Group takes conservative treasury policies to maintain sufficient cash reserves, readily realizable marketable equity and debt securities and obtain credit facilities from well-known financial institutions. The management actively involves in treasury management to ensure adequate cash flows to meet the expected liquidity requirements, working capital and capital expenditures needs.

EMPLOYEES

The employees are the Group's most important resource and are crucial to the Group's success in achieving its targets for long term value creation. The Group provides various resources for staff training and development.

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.

The Group maintains a good relationship with its employees and crew and has never experienced any disruption of its operation as a result of industrial disputes.

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.

Chairman's Statement

APPRECIATION

I would like to take this opportunity to express my gratitude to my colleagues on the Board for their valuable contribution and to the staff for their hard work, commitment and dedication throughout the year.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 13 March 2014

Business Profile

The Company was incorporated with limited liability in Hong Kong on 23 April 1991 and listed on the Hong Kong Stock Exchange (stock code: 137) on 6 December 1991 as the holding company for a number of ship owning and ship chartering subsidiaries. Since 1992, the Company started diversification of businesses such as trading and investments in various industries in China. Following a reorganization in June 1994, Jinhui Shipping and Transportation Limited became the immediate holding company of the shipping group. In order to generate international interest in Jinhui Shipping, it has been listed on the Oslo Stock Exchange, Norway (stock code: JIN) since October 1994.

SHIPPING BUSINESS

The Group operates its worldwide shipping activities through Jinhui Shipping, an approximately 54.77% owned subsidiary of the Company as at date of this annual report.

The Group's shipping activities began in the mid 1980's, principally in the form of chartering dry bulk carriers worldwide. The Group masterminds a meticulous and complex shipping operation linking suppliers with end users around the world. Its chief task is to identify the exact requirements of clients and use suitable vessels to carry bulk cargoes for specific voyages or periods of time.

The Group maintains a flexible chartering policy to achieve an optimal balance between longer term time charterparties which generates a robust cash inflow, and spot exposure which allows the Group to take advantage of any upside in future charter rates. We will also further boost up our risk management efforts with the objective to minimize potential counterparty risks.

The Group's fleet is comprised principally of Supramax class vessels, a larger and more efficient Handymax design that enjoys increasing demand from customers around the world. The Group will focus on maintaining a strong financial position and moderate leverage, and continue to look for earnings accretive purchases opportunities of Supramax class vessels in both newbuildings and second hand market going forward.

The key success factors in the ship chartering business are timing, performance and relationship. Ship charterers have to know their clients and suppliers well, building up mutual trust and respect. It is in this important area that the Group has always excelled, helping to cement contracts and maintain reasonable business flow even during difficult periods when the economy is weak.

It is the Group's policy to comply with all applicable environmental rules and regulations in its shipping operations as well as in its daily working environment. The Group's owned vessels are well maintained and we place great emphasis on the operation in compliance with safety and environmental laws and regulations including but not limited to ISM Code, ISPS Code, MARPOL and other applicable rules regulated by IMO. We ensure all crew on board are trained and certificated in accordance with STCW Convention. Our owned vessels are also subject to the laws, regulations and rules of each country and port they visit. We have developed policies and procedures intended to ensure our compliance with these laws, regulations and rules.

Business Profile

SHIPPING BUSINESS *(Continued)*

Owned Vessels

As at 31 December 2013, the Group had thirty six owned vessels and 884 crew employed on board.

Name	Type	Built	Builder	Size (dwt)
Jin Lang	Post-Panamax	2010	Jiangsu New Yangzi	93,279
Jin Mei	Post-Panamax	2010	Jiangsu New Yangzi	93,204
Jin Rui	Panamax	2009	Imabari	76,583
Jin Chao	Panamax	2011	Sasebo	75,008
Jin Xiang	Supramax	2012	Oshima	61,414
Jin Han	Supramax	2011	Oshima	61,414
Jin Hong	Supramax	2011	Oshima	61,414
Jin Ming	Supramax	2010	Oshima	61,414
Jin Feng	Supramax	2011	STX (Dalian)	57,352
Jin Sui	Supramax	2008	Shanghai Shipyard	56,968
Jin Tong	Supramax	2008	Shanghai Shipyard	56,952
Jin Yue	Supramax	2010	Shanghai Shipyard	56,934
Jin Gang	Supramax	2009	Shanghai Shipyard	56,927
Jin Ao	Supramax	2010	Shanghai Shipyard	56,920
Jin Ji	Supramax	2009	Shanghai Shipyard	56,913
Jin Wan	Supramax	2009	Shanghai Shipyard	56,897
Jin Jun	Supramax	2009	Shanghai Shipyard	56,887
Jin Xing	Supramax	2007	Oshima	55,496
Jin Yi	Supramax	2007	Oshima	55,496
Jin Yuan	Supramax	2007	Oshima	55,496
Jin Heng	Supramax	2010	Nantong Kawasaki	55,091
Jin Mao	Supramax	2009	Oshima	54,768
Jin Shun	Supramax	2009	Oshima	54,768
Jin Cheng	Supramax	2003	Oshima	52,961
Jin Sheng	Supramax	2006	IHI	52,050
Jin Yao	Supramax	2004	IHI	52,050
Jin Quan	Supramax	2002	Oshima	51,104
Jin An	Supramax	2000	Oshima	50,786
Jin Ping	Supramax	2002	Oshima	50,777
Jin Fu	Supramax	2001	Oshima	50,777
Jin Li	Supramax	2001	Oshima	50,777
Jin Hui	Supramax	2000	Oshima	50,777
Jin Rong	Supramax	2000	Mitsui	50,236
Jin Zhou	Supramax	2001	Mitsui	50,209
Jin Bi	Handymax	2000	Oshima	48,220
Jin Yu	Handysize	2012	Naikai Zosen	38,462
				2,076,781

SHIPPING BUSINESS *(Continued)*

Assets Held for Sale

As at 31 December 2013, the Group had two vessels classified as "Assets Held for Sale".

Name	Type	Built	Builder	Size (dwt)
Jin Ze*	Supramax	2012	Tsuneishi	57,982
Jin Yang*	Supramax	2010	Tsuneishi	57,982
				115,964

* Vessels disposed to a third party in mid February 2014 and both were delivered to the purchaser in early March 2014 as scheduled.

Chartered-in Vessel

As at 31 December 2013, the Group operated a chartered-in Capesize and the vessel was subsequently redelivered to its owner in late January 2014.

TRADING

The Group's trading activities have been carried out by Yee Lee Technology Company Limited and its subsidiaries, which are principally engaged in the business of trading chemical and industrial raw materials serving various industries such as printed circuit boards, electroplating, bleaching and dyeing, and electronics. The Company holds 75% of the total issued shares of Yee Lee Technology Company Limited.

Highlights

While the Group's expertise for its ship chartering business remains in Asia, by deploying a flexible and responsive sales strategy as well as an efficient fleet of vessels, the Group managed to serve a balancing portfolio of customers of our ship chartering business geographically during the year.

Loading Ports Analysis

(Expressed as a percentage of revenue for chartering freight and hire)	2013 %	2012 %
Asia excluding China	57.4	57.5
Australia	20.9	8.5
South America	7.6	9.6
North America	4.1	8.7
China	3.3	7.2
Europe	3.3	2.2
Africa	2.9	5.1
Others	0.5	1.2
	100.0	100.0

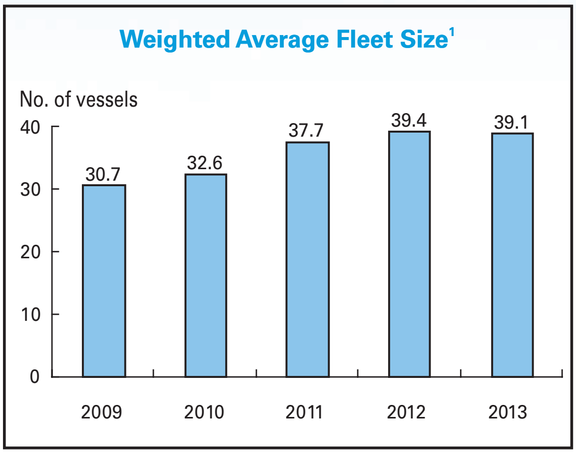
Discharging Ports Analysis

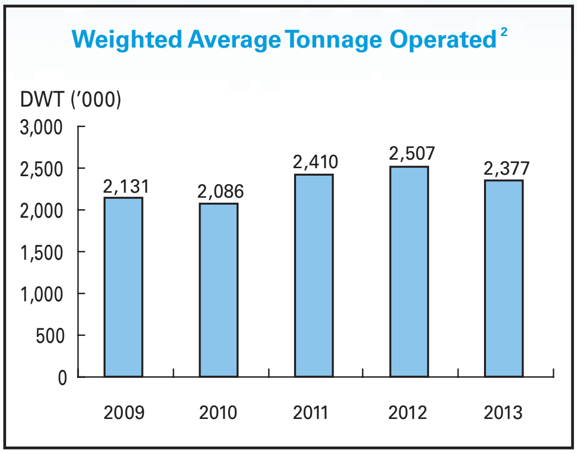
(Expressed as a percentage of revenue for chartering freight and hire)	2013 %	2012 %
China	78.2	68.4
Asia excluding China	12.4	16.2
Africa	4.4	5.9
Europe	3.5	2.8
South America	1.0	1.7
North America	0.5	4.0
Others	–	1.0
	100.0	100.0

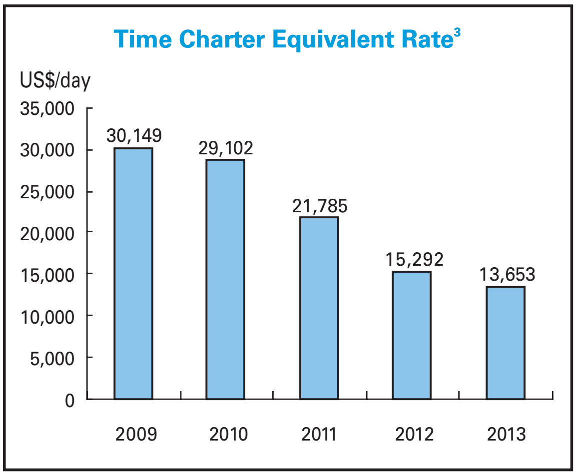
Types of Cargoes Carried by the Group's Fleet

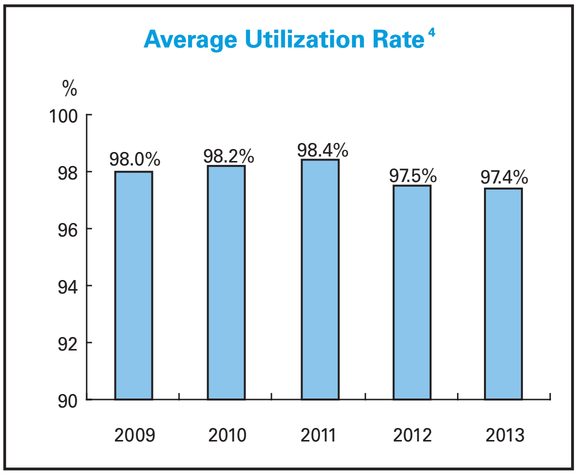
	2013		2012	
	Metric Tons *(in '000)*	%	Metric Tons *(in '000)*	%
Minerals	17,216	82.1	16,902	77.0
Coal	2,011	9.6	2,841	12.9
Agricultural products	844	4.0	1,023	4.7
Steel products	618	2.9	632	2.9
Cement	135	0.6	394	1.8
Fertilizer	122	0.6	144	0.6
Alumina	31	0.2	13	0.1
	20,977	100.0	21,949	100.0

PERFORMANCE OVERVIEW FOR SHIPPING BUSINESS









Notes:

1. Weighted average fleet size is the weighted average number of vessels that constituted the fleet during the year and is calculated as the sum of each vessel's number of available days divided by the number of calendar days in the year.

2. Weighted average tonnage operated is calculated as the sum of each vessel's deadweight tonnage multiplied by the number of available days divided by the number of calendar days in the year.

3. Time charter equivalent rate is calculated as the time charter revenue, and voyage revenue less voyage expenses divided by the number of available days in the year.

4. Average utilization rate is calculated as the number of operating days divided by the number of available days in the year. The average utilization rate for 2013 was adjusted for the two vessels held for sale for maintenance works and vessel modifications performed during the year.

Highlights

FIVE-YEAR FINANCIAL SUMMARY

	2013 *HK$'000*	2012 *HK$'000*	2011 *HK$'000*	2010 *HK$'000*	2009 *HK$'000*
Key Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue	**1,952,200**	2,104,425	2,784,292	3,120,053	2,867,606
Operating profit	**265,456**	348,257	535,816	720,232	1,257,203
Finance costs	**(54,373)**	(68,299)	(56,922)	(43,796)	(59,710)
Profit before taxation	**211,083**	279,958	478,894	676,436	1,197,493
Taxation	**(487)**	(540)	(1,205)	(404)	(218)
Net profit for the year	**210,596**	279,418	477,689	676,032	1,197,275
Other comprehensive income (loss)	**(600)**	400	4,980	1,398	5,712
Total comprehensive income for the year	**209,996**	279,818	482,669	677,430	1,202,987
Total comprehensive income for the year attributable to:					
Shareholders of the Company	**120,158**	155,165	264,165	368,057	659,731
Non-controlling interests	**89,838**	124,653	218,504	309,373	543,256
	209,996	279,818	482,669	677,430	1,202,987
Other Financial Information					
EBITDA	**732,211**	794,288	941,921	1,060,639	1,525,984
Basic earnings per share	**HK$0.228**	HK$0.292	HK$0.489	HK$0.692	HK$1.255

FIVE-YEAR FINANCIAL SUMMARY *(Continued)*

	2013 *HK$'000*	2012 *HK$'000*	2011 *HK$'000*	2010 *HK$'000*	2009 *HK$'000*
Key Items in the Consolidated Statement of Financial Position					
Non-current assets	**8,511,796**	9,594,795	9,128,843	8,540,387	7,771,935
Current assets	**2,808,239**	2,333,029	2,636,743	2,617,273	2,182,101
Current liabilities	**(1,042,212)**	(1,154,583)	(1,114,016)	(1,102,581)	(1,231,537)
Non-current liabilities	**(3,139,487)**	(3,844,901)	(4,003,048)	(3,889,226)	(3,234,076)
Net assets	**7,138,336**	6,928,340	6,648,522	6,165,853	5,488,423
Issued capital	**53,029**	53,029	53,029	53,029	53,029
Reserves	**3,956,959**	3,836,801	3,681,636	3,417,471	3,049,414
Equity attributable to shareholders of the Company	**4,009,988**	3,889,830	3,734,665	3,470,500	3,102,443
Non-controlling interests	**3,128,348**	3,038,510	2,913,857	2,695,353	2,385,980
Total equity	**7,138,336**	6,928,340	6,648,522	6,165,853	5,488,423
Other Financial Information					
Return on average equity	**3%**	4%	7%	11%	24%
Gearing ratio	**31%**	40%	37%	36%	42%

Corporate Governance Report

CORPORATE GOVERNANCE PRINCIPLES

Jinhui Holdings is committed to promoting good corporate governance, with the objectives of the maintenance of responsible decision making; the improvement in transparency and disclosure of information to shareholders; the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of shareholders; and the improvement in management of risk and the enhancement of performance by the Group.

To this end, the Company has promulgated a set of Company Code which sets out the corporate standards and practices used by the Group to direct and manage its business affairs. It is prepared and updated by referencing to the principles, code provisions and recommended best practices as set out in Appendix 14 of the Listing Rules. In addition to formalizing existing corporate governance principles and practices, the Company Code also serves the purpose of assimilating existing practices and ultimately ensuring high transparency and accountability to the Company's shareholders.

The Company has complied with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2013, with deviations explained in this corporate governance report.

DIRECTORS

The Board

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the success of the Company by directing and supervising the Company's businesses and affairs.

The Board meets regularly and board meetings are held at least four times a year at approximately quarterly intervals. Such board meetings involve the active participation, either in person or through electronic means of communication, of a majority of directors of the Company entitled to be present.

All Directors are given the opportunity to include items in the agenda for regular board meetings. Sufficient and reasonable notices have been given to ensure Directors are given opportunity to attend. Minutes of board meetings and meetings of board committees are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director. Such minutes record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes are sent to all Directors for their comment and records respectively, within a reasonable time after the board meeting is held. Any Director may, in furtherance of his / her duties, take independent professional advice where necessary at the expense of the Company.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose associates, have no material interest in the transaction shall be present at such board meeting.

DIRECTORS *(Continued)*

The Board *(Continued)*

The Company has arranged appropriate insurance cover in respect of legal action against the Directors and officers of the Company and its subsidiaries.

The Board meets regularly over the Company's affairs and operations. The attendance records of each member of the Board and board committees at meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee held in 2013, and the 2013 Annual General Meeting are set out below:

	Number of meetings attended / held for the year 2013				
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**2013 Annual General Meeting**
Executive Directors					
Ng Siu Fai, *Chairman*	11/11	–	–	–	1/1
Ng Kam Wah Thomas, *Managing Director*	11/11	–	–	–	1/1
Ng Ki Hung Frankie	11/11	–	–	–	1/1
Ho Suk Lin	11/11	–	–	–	1/1
Independent Non-executive Directors					
Cui Jianhua	8/11	3/3	1/1	1/1	1/1
Tsui Che Yin Frank	7/11	3/3	1/1	1/1	1/1
William Yau	8/11	3/3	1/1	1/1	0/1

Chairman and Chief Executive

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.

DIRECTORS *(Continued)*

Chairman and Chief Executive *(Continued)*

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 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.

The Chairman ensures that all Directors are properly briefed on the issues arising at the Board meetings and all Directors receive adequate, complete and reliable information. Throughout the year, the Chairman provides leadership for the Board; ensures that the Board and board committees function effectively and perform their responsibilities; ensures that good corporate governance practices and procedures are established; and ensures necessary steps are taken to provide effective communication with shareholders. The Board believes that Mr. Ng Siu Fai's appointment to the post of Chairman is beneficial to the business prospects and management of the Company.

Board composition

The Board includes a balanced composition of executive and non-executive directors with a balance of skills and experience appropriate for the business of the Company.

The Board comprises a total of seven Directors, with four executive directors, Mr. Ng Siu Fai (Chairman), Mr. Ng Kam Wah Thomas (Managing Director), Mr. Ng Ki Hung Frankie and Ms. Ho Suk Lin; and three independent non-executive directors, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau.

Biographical details of the Directors and the relationships (including financial, business, family or other material or relevant relationships) among members of the Board are set out on pages 30 and 31.

DIRECTORS *(Continued)*

Board composition *(Continued)*

During the year, the Board is assisted by three board committees which are Audit Committee, Remuneration Committee and Nomination Committee. Their existence does not reduce the responsibility of the Board as a whole. Board committee meetings are convened to prepare matters for consideration and final decision by the Board as a whole. Material information that comes to the attention of board committees are also communicated to other members of the Board. As a general principle, the board committees have an advisory role to the Board. They assist the Board in specific areas and make recommendations to the Board. However, only the Board has the power to make final decisions.

During the year, the Board has at all times complied with the Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors and one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise. Each of the independent non-executive director has made an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines as set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

All independent non-executive directors are expressively identified in all corporate communications that disclose the names of directors while a list of directors identifying their roles and functions is maintained on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com.

Appointments and re-election of directors

The independent non-executive directors of the Company are appointed for specific terms and subject to retirement by rotation at least once every three years and re-appointed at annual general meeting of the Company. Formal letters of appointment with specific terms with independent non-executive directors are arranged with effective date on 1 January 2013.

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.

DIRECTORS *(Continued)*

Appointments and re-election of directors *(Continued)*

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.

Re-election of independent non-executive directors

Mr. Cui Jianhua has served as an independent non-executive director since 1993. As Mr. Cui has served the Company for more than nine years, and he was subject to re-election as an independent non-executive director at the 2013 Annual General Meeting, the Board assessed and considered that Mr. Cui's independence was not affected by his long service with the Company. Mr. Cui met the independence guideline as set out in Rule 3.13 of the Listing Rules. He has been independent of the management and free from any business or other relationship or circumstances which would materially interfere with the exercise of his independent judgement. His further appointment which was subject to a separate resolution had been approved by Shareholders at the 2013 Annual General Meeting held on 14 May 2013.

Nomination Committee

The Nomination Committee was established on 1 January 2013, currently comprising three independent non-executive directors, Mr. Cui Jianhua (chairman of Nomination Committee), Mr. Tsui Che Yin Frank and Mr. William Yau. The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors. The Nomination Committee shall meet at least once a year. The Nomination Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary.

The terms of reference of the Nomination Committee, explaining its roles and authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

The Nomination Committee held a meeting to review the structure, size and composition of the Board, and make recommendations to the Board.

DIRECTORS *(Continued)*

Responsibilities of directors

A Guide on Directors' duties issued by the Companies Registry has been provided to each Director. A comprehensive induction package designed to provide a general understanding of the Group, its business, the operations of the Board and the main issues it faces, and, if appropriate, an overview of the additional functions and responsibilities of non-executive directors will be provided to newly appointed directors. To assist Directors bringing informed decisions in the best interests of the Company and the shareholders, an information package comprising the latest developments in the legislations and industry news are forwarded to each Director from the Company Secretary periodically.

Directors are aware sufficient time and attention could be given to the affairs of the Company and ensure that their contribution to the Board remains informed and relevant by participating in continuous professional development.

The Board is satisfied with continuous professional development undertaken by respective Directors. During the year, Mr. Ng Siu Fai, Mr. Ng Kam Wah Thomas, Mr. Ng Ki Hung Frankie, Ms. Ho Suk Lin, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau participated in continuous professional development by perusing comprehensive papers focusing on the regulatory changes and corporate governance related matters published by relevant authorities and professional bodies. In addition, Ms. Ho Suk Lin and Mr. Tsui Che Yin Frank, who have appropriate professional qualifications in accounting and related financial management expertise, further confirmed that they had attended adequate continuous professional development courses and seminars held by relevant authorities and professional bodies. Mr. William Yau also attended seminars which were relevant to corporate governance related matters.

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.

Supply of and access to information

Directors are provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities. For regular board meetings, agenda and accompanying board papers are sent in a timely manner and at least three days before the intended date of a board or board committee meeting (or other agreed period). The board and individual directors have separate and independent access to the Company's senior management. All Directors are entitled to have access to board papers and related materials.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee was established on 25 August 2005, currently comprising three independent non-executive directors, Mr. Cui Jianhua (chairman of Remuneration Committee), Mr. Tsui Che Yin Frank and Mr. William Yau.

The roles and functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, and reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. It also makes recommendations to the Board on the remuneration packages of individual executive directors and senior management, including salaries, bonuses, benefits in kind, pension rights and compensation payments, and the remuneration of the independent non-executive directors. The Remuneration Committee should consider factors such as the performance of Executive Directors and senior management, the profitability of the Group, salaries paid by comparable companies, time commitment and responsibilities, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Group. The Remuneration Committee shall meet at least once a year. The Remuneration Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary.

The terms of reference of the Remuneration Committee, explaining its roles and the authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, the Remuneration Committee held a meeting to review and assess the management's remuneration proposals with reference to the corporate goals and objectives, and to make recommendations to the Board regarding the remuneration to individual executive directors and senior management. Details of the emoluments of the Directors and remuneration to senior management by band for the year are set out in note 10 to the financial statements.

ACCOUNTABILITY AND AUDIT

Financial reporting

It is the Board's responsibility to present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects. The Board presents such assessment in annual and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules, and for reports to regulators and information disclosed under statutory requirements.

Management provides sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval. In this regard, the management provides all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details.

ACCOUNTABILITY AND AUDIT *(Continued)*

Financial reporting *(Continued)*

The Directors are responsible for preparing the financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. Appropriate accounting policies have also been used and applied consistently. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt on the Group's ability to continue as a going concern. A statement by the auditor of the Company about auditor's responsibility on the financial statements of the Company and the Group is set out in the independent auditor's report on pages 41 and 42.

Internal controls

It is the Board's responsibility to maintain sound and effective internal controls to safeguard shareholders' investment and Company's assets.

The internal control and accounting systems of the Group are designed to provide reasonable assurance that assets are safeguarded against unauthorized use or disposition, transactions are executed in accordance with management's authorization, and the accounting records are reliable for preparing financial information used within the business for publication, maintaining accountability for assets and liabilities and ensuring the business operations are in accordance with relevant legislation, regulations and internal guidelines. The key control procedures include establishing a structure with defined authorities and proper segregation of duties; monitoring the strategic plan and performance; designing an effective accounting and information system; controlling price sensitive information; and ensuring swift actions and timely communication with our stakeholders. Certain key internal control systems have been independently reviewed by Grant Thornton Hong Kong Limited during the year and are reviewed by the Audit Committee on an ongoing basis so that the practical and effective systems are implemented.

The Board, through the assistance of Audit Committee, has conducted an annual review of the effectiveness of the Group's internal control systems, covering all material financial, operational and compliance controls and risk management functions. In particular, the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Group's accounting and financial reporting function are reviewed. The Board is satisfied that such systems are effective and appropriate actions have been taken.

The Board considers that the Company has complied with the requirements under the Listing Rules regarding the internal controls, and will continue to review, revise and strengthen its internal controls from time to time so that practical and effective systems are implemented.

Risk management

The Board has the responsibility of development and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risks. The Board is responsible for arranging appropriate insurance coverage and organizing the Group's wide risk reporting. Details of the Group's risk management policies are set out in the "Chairman's Statement" and note 43 to the financial statements.

ACCOUNTABILITY AND AUDIT *(Continued)*

Audit Committee

The Audit Committee was established on 22 September 1998, currently comprises of three independent non-executive directors, Mr. Tsui Che Yin Frank (chairman of Audit Committee), Mr. Cui Jianhua and Mr. William Yau. The primary duties of the Audit Committee include the review of the Group's financial reporting, the nature and scope of audit review as well as the effectiveness of the system of internal control and compliance. The Audit Committee is also responsible for making recommendations in relation to the appointment, re-appointment and removal of the auditor and reviewing and monitoring the auditor's independence and objectivity. In addition, the Audit Committee discusses matters raised by the auditor and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee shall meet at least twice a year. The Audit Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary.

The terms of reference of the Audit Committee, explaining its roles and the authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, 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 Audit Committee held three meetings in 2013. The Group's annual financial statements for the year ended 31 December 2013 and interim financial statements for the period ended 30 June 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.

DELEGATION BY THE BOARD

Management functions

While the Board is entrusted with the overall responsibility for promoting the success of the Company by the strategic direction and governance of the Company's businesses and affairs, the functions of implementing the approved strategy and policies as well as managing the day-to-day operations are delegated to the management, comprises of executive directors and senior management of the Company.

The Company formalizes the functions reserved to the Board and those delegated to the management. Formal letters of appointment for Directors setting out the key terms and conditions of their appointments are arranged with effective date on 1 January 2013. Such arrangements are subject to periodically review to ensure they remain appropriate to the Company's needs.

The Board delegates aspects of its management and administration functions to the management and it gives clear directions as to the management's powers, in particular, where the management should report back and obtain prior Board's approval before making decisions or entering into any commitments on the Company's behalf.

The list of executive directors and senior management and their biographical details are set out on pages 30 to 32.

DELEGATION BY THE BOARD *(Continued)*

Board committees

Board committees are established with clear specific terms of reference which deal clearly with their authority and duties that enable such committees to discharge their functions properly. Such terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee require such committees to report back to the Board on their decisions or recommendations.

Corporate governance functions

The Board is responsible for developing and reviewing the Company's policies and practices on corporate governance and performing the corporate governance duties as set out in CG Code provision D.3.1. The following is a non-comprehensive summary of the duties performed by the Board for the year:

- Reviewed and monitored the training and continuous professional development of Directors;
- Reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- Reviewed and monitored the code of conduct applicable to employees and Directors; and
- Reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

COMMUNICATION WITH SHAREHOLDERS

Effective communication

The Board endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings or other general meetings to communicate with shareholders and encourage their participation. At each general meeting, a separate resolution is proposed by the chairman of that meeting and the resolutions are not bundled. The chairman of the Board and the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee shall attend and answer questions at the annual general meetings.

In order to further promote effective communication, the Company maintains a website to disseminate information electronically on a timely basis and the Board shall review the effectiveness of shareholders' communication policy on a regular basis.

The 2014 Annual General Meeting of the Company will be held on Monday, 12 May 2014. Notice of the Annual General Meeting will be published at least twenty clear business days before the meeting on the websites of Hong Kong Exchanges and Clearing Limited and the Company, and will be despatched to shareholders of the Company in due course.

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Effective communication *(Continued)*

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 2014 Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 7 May 2014.

Voting by poll

Shareholders of the Company are entitled to attend shareholders' meeting in person or by proxy. The Company informs the shareholders of the procedures for voting by poll and ensures compliance with the requirements about voting by poll contained in the Listing Rules and the Articles of Association of the Company.

COMPANY SECRETARY

Ms. Ho Suk Lin has been appointed by the Board as Company Secretary of the Company since 1991. Ms. Ho is responsible for advising the Board through the Chairman and / or the chief executive on governance matters and also facilitating induction and professional development of Directors. All Directors have access to the advice and services of the Company Secretary to ensure that all Board procedures and rules and regulations are followed.

AUDITOR'S REMUNERATION

The performance of the auditor of the Company during the year has been reviewed by the Audit Committee. In 2013, the remuneration paid and payable to the auditor of the Company for the provision of the Group's audit services and other services were HK$1,627,000 and HK$294,000 respectively. The other services mainly include interim review, tax compliance services and review of internal control systems.

SHAREHOLDERS' RIGHT

Procedures for shareholders to call a general meeting

For shareholder(s) of the Company who wish to call a general meeting, the shareholder(s) is / are requested to follow the requirements and procedures as set out in Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014.

Shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings can make a request to call a general meeting of the Company.

SHAREHOLDERS' RIGHT *(Continued)*

Procedures for shareholders to call a general meeting *(Continued)*

The request (a) must state the general nature of the business to be dealt with at the meeting; (b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting; (c) may consist of several documents in like form; (d) may be sent to the registered office of the Company in hard copy form or in electronic form; and (e) must authenticated by the person or persons making it.

Pursuant to Section 567 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Directors must call a general meeting within twenty one days after the date on which they become subject to the requirement and the meeting so called must be held on a date not more than twenty eight days after the date of the notice convening the meeting. If the Directors do not do so, the shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting pursuant to Section 568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), but the meeting must be called for a date not more than three months after the date on which the Directors become subject to the requirement to call a general meeting. The Company must reimburse any reasonable expenses incurred by the shareholders requesting the meeting by reason of the failure of the Directors duly to call a general meeting.

Procedures for shareholders to circulate a resolution for annual general meeting

For shareholder(s) of the Company who wish to make a request to circulate a resolution for an annual general meeting, the shareholder(s) is / are requested to follow the requirements and procedures as set out in Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Shareholder(s) can make a request to circulate a resolution for an annual general meeting pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) if: (a) they represent at least 2.5% of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least fifty shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate.

The request (a) may be sent to the registered office of the Company in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than (i) six weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

Shareholders' enquiries

The Chairman as well as the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, and all Directors are normally available at the annual general meeting to answer shareholders' enquiries, unless illness or another pressing commitment precludes them from doing so. Shareholders are also invited to ask questions during the meeting and have an opportunity to meet with Directors after the formal business of the meeting has been concluded. Shareholders could also direct their questions about their shareholdings to the Company's share registrar.

Board of Directors and Senior Management

BOARD OF DIRECTORS

Mr. Ng Siu Fai, *Chairman*

Aged 57. A Director of the Company since 1991 and the chairman of Jinhui Shipping since 1994. As one of the two founders of the Group in 1987, Mr. Ng is responsible for strategic planning for the Group as well as overseeing all aspects of the Group's operations. Mr. Ng has extensive knowledge and working experience in the shipping industry as well as business management and China trade.

Mr. Ng is a brother of Messrs. Ng Kam Wah Thomas and Ng Ki Hung Frankie, both are directors of the Company (as disclosed hereinafter).

Mr. Ng Kam Wah Thomas, *Managing Director*

Aged 51. A Director of the Company since 1991 and the managing director of Jinhui Shipping since 1994. Mr. Ng is the other founder of the Group in 1987 and responsible for the Group's shipping activities. Mr. Ng has extensive knowledge and working experience in the shipping industry and business management. Mr. Ng holds a Bachelor's Degree in Arts from the University of Guelph in Canada and a Diploma in Management Studies, specializing in shipping, from the Plymouth Polytechnic in the United Kingdom.

Mr. Ng Ki Hung Frankie, *Executive Director*

Aged 60. A Director of the Company since 1991 and a director of Jinhui Shipping since 1994. Mr. Ng is responsible for the Group's investments and business management. Mr. Ng has extensive working experience in the shipping industry as well as business management and China trade.

Ms. Ho Suk Lin, *Executive Director*

Aged 50. The Company Secretary of the Company since 1991, a Director of the Company since 1993 and a director and the company secretary of Jinhui Shipping since 1994. Ms. Ho is responsible for the Group's financial controls and secretarial matters. Ms. Ho has extensive working experience in finance and management. Prior to joining the Group in 1991, she worked in an international accounting firm. Ms. Ho is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and also an associate member of the Institute of Chartered Accountants in England and Wales.

Mr. Cui Jianhua, *Independent Non-executive Director*

Aged 59. An Independent Non-executive Director of the Company since 1993. Mr. Cui has extensive experience gained from his management positions in various China related entities. He is currently the managing director of MBA Resources Company Limited and R.M.H. Limited. Mr. Cui holds a Master of Arts Degree from McMaster University, Canada.

BOARD OF DIRECTORS *(Continued)*

Mr. Tsui Che Yin Frank, *Independent Non-executive Director*

Aged 56. An Independent Non-executive Director of the Company since 1994 and a non-executive director of Jinhui Shipping since 2006. Mr. Tsui has extensive experience in corporate management, direct investment and investment banking. He is currently an executive director of Melco International Development Limited listed in Hong Kong and a director of Mountain China Resorts (Holding) Limited listed in Canada. Mr. Tsui holds a Bachelor's and a Master's Degree in Business Administration from the Chinese University of Hong Kong and a Law Degree from the University of London. Mr. Tsui is a member of the Certified General Accountants Association of Canada and the Hong Kong Securities Institute.

Mr. William Yau, *Independent Non-executive Director*

Aged 46. An Independent Non-executive Director of the Company since 2004 and a non-executive director of Jinhui Shipping since 2006. Mr. Yau has extensive experience gained from his senior management positions in various industries. He is at present a director of American Phil Textiles Limited and Forum Restaurant (1977) Limited. Mr. Yau also serves as director of the Hong Kong Island Social Services Charitable Foundation Limited. Mr. Yau graduated with a Bachelor Degree of Computer Systems Engineering from the Carleton University in Canada.

SENIOR MANAGEMENT

Mr. Ching Wei Man Raymond, *Vice President*

Aged 39. Joined the Group in 2004 as Vice President, and is responsible for overseeing various activities for the Group, with particular focus in shipping related investments, corporate finance matters, investor relations, and new business development. Mr. Ching has extensive experience in shipping investments and in finance. Prior to joining the Group, he worked for a number of years in the investment banking division for a major US bank. Mr. Ching holds a Master of Engineering and a Master of Science (Finance), both from the Imperial College of Science, Technology and Medicine in London.

Mr. Wu Kar Keung Norman, *Head of Chartering Department*

Aged 60. Joined the Group in 1995 as Head of Chartering Department, responsible for the chartering business of the Group. Mr. Wu has extensive working experience in the shipping industry, in particular ship chartering for over 25 years. Prior to joining the Group, Mr. Wu held senior position at Clarkson Asia Limited as well as running his own shipbroking company. Mr. Wu holds a Bachelor Degree in Business Administration from the University of Houston in USA.

Board of Directors and Senior Management

SENIOR MANAGEMENT *(Continued)*

Mr. Shum Yee Hong, *Head of Management and Operation Department*

Aged 61. Joined the Group in 1992 as Head of Management and Operation Department, responsible for the ship operation activities of the Group. Mr. Shum has over 30 years of working experience in the shipping industry. Before joining the Group, Mr. Shum was a marine superintendent for an international shipping company.

Mr. Lau Kam Hung Alexander, *Head of Yee Lee Technology Company Limited*

Aged 54. Joined the Group in 1994 as a director of Yee Lee Technology Company Limited, which is engaged in the trading business in chemical and industrial raw materials. Mr. Lau has extensive working experience in finance and management. He graduated in Accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Mok Sai Kit Danny, *Head of Legal and Insurance Affairs Department*

Aged 44. Joined the Group in 1992 and was appointed as Head of Legal and Insurance Affairs Department in 2010. Mr. Mok is responsible for the legal services on the Group's shipping disputes and insurance affairs. He has over 15 years of working experience in the shipping industry. Mr. Mok is graduated in Shipping Studies from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and is a member of Institute of Chartered Shipbrokers, an associate member of Chartered Insurance Institute and a member of Chartered Institute of Arbitrators. He is also a panel member of Hong Kong International Arbitration Centre and a member of the Hong Kong Maritime Arbitration Group.

The Directors present their report and the audited financial statements of Jinhui Holdings and its subsidiaries for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are ship chartering, ship owning and trading and the particulars of the principal subsidiaries are set out in note 45 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

REGISTERED OFFICE

The Company is incorporated in Hong Kong and its registered office is 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 and the state of affairs of the Group and the Company as at 31 December 2013 are set out in the financial statements on pages 43 to 110.

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.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the "Statements of Changes in Equity" on pages 46 and 47.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2013 calculated under Section 79B(2) of the Hong Kong Companies Ordinance amounted to HK$291,546,000.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 16 and 17.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment, and investment properties of the Group during the year are set out in note 17 and note 18 to the financial statements respectively.

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2013 are set out in note 31 to the financial statements.

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.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue attributable to the top five largest customers in aggregate and the single largest customer of the Group accounted for approximately 58% and 26% respectively of the total revenue of the Group for the year.

Purchases attributable to the top five largest suppliers in aggregate and the single largest supplier of the Group accounted for approximately 70% and 28% respectively of the total purchases of the Group for the year.

At no time during the year have the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued capital) had any interest in the Group's five largest customers or the five largest suppliers.

CHARITABLE DONATIONS

During the year, the Group made charitable donations of HK$36,000.

EVENT AFTER THE REPORTING DATE

Save as disclosed in note 42 to the financial statements, there is no other significant events occurred after the reporting date and up to the date of signing this annual report.

DIRECTORS

The Directors who held office of the Company during the year and up to the date of this report were:

Executive Directors
Mr. Ng Siu Fai, *Chairman*
Mr. Ng Kam Wah Thomas, *Managing Director*
Mr. Ng Ki Hung Frankie
Ms. Ho Suk Lin

Independent Non-executive Directors
Mr. Cui Jianhua
Mr. Tsui Che Yin Frank
Mr. William Yau

In accordance with the Company's Articles of Association, Ms. Ho Suk Lin and Mr. William Yau will retire from office at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Board has obtained annual written confirmations from all independent non-executive directors of the Company concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board believes that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Brief biographical details of the Directors and senior management are set out in the "Board of Directors and Senior Management" on pages 30 to 32.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, its holding company, a subsidiary or a fellow subsidiary was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 December 2013, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and 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				Percentage of total issued
Name	**Beneficial owner**	**Interest of spouse**	**Beneficiary of trust**	**Total**	**shares of the Company**
Ng Siu Fai	19,917,000	15,140,000	342,209,280 *Note*	377,266,280	71.15%
Ng Kam Wah Thomas	5,909,000	–	342,209,280 *Note*	348,118,280	65.65%
Ng Ki Hung Frankie	3,000,000	–	342,209,280 *Note*	345,209,280	65.10%
Ho Suk Lin	3,850,000	–	–	3,850,000	0.73%
Cui Jianhua	960,000	–	–	960,000	0.18%
Tsui Che Yin Frank	1,000,000	–	–	1,000,000	0.19%
William Yau	441,000	–	–	441,000	0.08%

Note: As at 31 December 2013, Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline which is the legal and beneficial owner of 342,209,280 shares of the Company (representing approximately 64.53% of the total issued shares of the Company). The Ng Hing Po 1991 Trust is a discretionary trust, the eligible beneficiaries of which include members of the Ng family. Both Messrs. Ng Siu Fai and Ng Kam Wah Thomas are directors of Fairline.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES *(Continued)*

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

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

Details of share options under the Share Option Scheme in 2013 were as follows:

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

Notes:

1. No share option was granted, exercised, cancelled or lapsed during the year.

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

3. The closing price per share of the Company as at 31 December 2013 was HK$2.09.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES *(Continued)*

(iii) Directors' interests in associated corporation

	Number of shares in Jinhui Shipping held and capacity				Percentage of total issued shares of Jinhui Shipping
Name	**Beneficial owner**	**Interest of spouse**	**Beneficiary of trust**	**Total**	
Ng Siu Fai	1,214,700	708,100	46,534,800 *Note*	48,457,600	57.66%
Ng Kam Wah Thomas	50,000	–	46,534,800 *Note*	46,584,800	55.43%
Ng Ki Hung Frankie	–	–	46,534,800 *Note*	46,534,800	55.37%

Note: Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline which is the controlling shareholder of the Company as disclosed hereinabove.

As at 31 December 2013, each of Messrs. Ng Siu Fai, Ng Kam Wah Thomas and Ng Ki Hung Frankie, the eligible beneficiaries of the Ng Hing Po 1991 Trust, is deemed to be interested in 46,034,800 shares of Jinhui Shipping (representing approximately 54.77% of the total issued shares of Jinhui Shipping) held by the Company and 500,000 shares of Jinhui Shipping (representing approximately 0.59% of the total issued shares of Jinhui Shipping) held by Fairline through their beneficial interests in the Company and Fairline respectively.

All the interests stated above represent long positions. No short positions were recorded in the register maintained by the Company under Section 352 of the SFO as at 31 December 2013.

Save as disclosed above, as at 31 December 2013, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, in accordance with the register kept under Section 336 of the SFO, the following persons (other than Directors or chief executives of the Company) had interests representing 5% or more of the issued share capital of the Company:

Long positions

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

Notes:

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

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

Save as disclosed herein, as at 31 December 2013, the Company has not been notified of any person (other than Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public throughout the year and up to the date of this annual report.

Directors' Report

AUDITOR

The financial statements for the years ended 31 December 2011 and 2012 had been audited by Grant Thornton (formerly known as Grant Thornton Jingdu Tianhua). On 14 March 2013, the Board was informed by the retiring auditor, Grant Thornton, that following their practice reorganization, Grant Thornton Hong Kong Limited has been incorporated to take up the existing practice of Grant Thornton. Therefore, Grant Thornton retired as the auditor of the Company and Grant Thornton Hong Kong Limited was appointed as the auditor of the Company with effect from the conclusion of the 2013 annual general meeting of the Company held on 14 May 2013.

The financial statements for the year ended 31 December 2013 had been audited by Grant Thornton Hong Kong Limited. An ordinary resolution for the re-appointment of Grant Thornton Hong Kong Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting, subject to shareholders' approval.

CORPORATE GOVERNANCE

Jinhui Holdings recognizes the importance of good corporate governance to the Company's value creation. The corporate governance report of 2013 was set out in the "Corporate Governance Report" on pages 18 to 29, which covered the required report contents as set out in Appendix 14 of the Listing Rules with the description of our conformance throughout the year and provided explanation of the reasons for the deviations.

For and on behalf of the Board

Ng Kam Wah Thomas
Managing Director

Hong Kong, 13 March 2014

Independent Auditor's Report

Grant Thornton
致同

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

We have audited the consolidated financial statements of Jinhui Holdings Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 43 to 110, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

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

13 March 2014

Kwong Kam Wing Kelvin
Practising Certificate No.: P05373

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Revenue	7	1,952,200	2,104,425
Other operating income	8	289,815	233,159
Interest income		30,895	36,686
Shipping related expenses		(991,295)	(1,146,475)
Cost of trading goods sold		(237,724)	(265,776)
Staff costs	9	(103,022)	(103,346)
Impairment loss on assets held for sale	28	(100,182)	–
Other operating expenses		(108,476)	(64,385)
Operating profit before depreciation and amortization	11	732,211	794,288
Depreciation and amortization		(466,755)	(446,031)
Operating profit		265,456	348,257
Finance costs	12	(54,373)	(68,299)
Profit before taxation		211,083	279,958
Taxation	13	(487)	(540)
Net profit for the year		210,596	279,418
Other comprehensive income (loss)			
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	14	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	16		
– Basic		HK$0.228	HK$0.292
– Diluted		HK$0.226	HK$0.292

Statements of Financial Position

As at 31 December 2013

	Note	Group 2013 HK$'000	Group 2012 HK$'000	Company 2013 HK$'000	Company 2012 HK$'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	17	8,346,661	9,436,105	–	–
Investment properties	18	101,180	93,800	–	–
Goodwill	19	39,040	39,040	–	–
Available-for-sale financial assets	20	23,311	24,081	14,000	14,800
Intangible assets	21	1,604	1,769	–	–
Investments in subsidiaries	22	–	–	478,273	478,281
		8,511,796	9,594,795	492,273	493,081
Current assets					
Inventories	23	60,549	109,093	–	–
Trade and other receivables	24	456,105	430,930	196	216
Financial assets at fair value through profit or loss	25	1,041,477	618,016	19,871	25,041
Amount due from subsidiaries	26	–	–	239,484	218,960
Pledged deposits	40	183,900	154,248	–	–
Bank balances and cash	27	633,776	1,020,742	8,146	9,908
		2,375,807	2,333,029	267,697	254,125
Assets held for sale	28	432,432	–	–	–
		2,808,239	2,333,029	267,697	254,125
Current liabilities					
Trade and other payables	29	318,475	500,270	1,905	530
Provisions	30	–	67,547	–	–
Current taxation		210	291	–	–
Secured bank loans	31	723,527	586,475	–	–
		1,042,212	1,154,583	1,905	530
Net current assets		1,766,027	1,178,446	265,792	253,595
Total assets less current liabilities		10,277,823	10,773,241	758,065	746,676
Non-current liabilities					
Secured bank loans	31	3,139,487	3,844,901	–	–
Net assets		7,138,336	6,928,340	758,065	746,676

Statements of Financial Position

As at 31 December 2013

		Group		Company	
	Note	**2013** **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
EQUITY					
Equity attributable to shareholders of the Company					
Issued capital	*32*	**53,029**	53,029	**53,029**	53,029
Reserves	*33*	**3,956,959**	3,836,801	**705,036**	693,647
		4,009,988	3,889,830	**758,065**	746,676
Non-controlling interests		**3,128,348**	3,038,510	**–**	–
Total equity		**7,138,336**	6,928,340	**758,065**	746,676

Approved and authorized for issue by the Board of Directors on 13 March 2014

Ng Siu Fai
Chairman

Ng Kam Wah Thomas
Managing Director

Statements of Changes in Equity

Year ended 31 December 2013

Group

	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 loss 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**

Company

	Issued capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Reserve for available-for-sale financial assets HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2012	53,029	324,590	4,020	43,660	9,000	308,097	742,396
Net profit for the year	–	–	–	–	–	3,480	3,480
Other comprehensive income for the year	–	–	–	–	800	–	800
Total comprehensive income for the year	–	–	–	–	800	3,480	4,280
At 31 December 2012	53,029	324,590	4,020	43,660	9,800	311,577	746,676
At 1 January 2013	53,029	324,590	4,020	43,660	9,800	311,577	746,676
Net profit for the year	–	–	–	–	–	12,189	12,189
Other comprehensive loss for the year	–	–	–	–	(800)	–	(800)
Total comprehensive income for the year	–	–	–	–	(800)	12,189	11,389
At 31 December 2013	**53,029**	**324,590**	**4,020**	**43,660**	**9,000**	**323,766**	**758,065**

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Cash generated from operations	35	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	27	633,776	903,097

1. GENERAL INFORMATION

Jinhui Holdings Company Limited is a limited liability company incorporated and domiciled in Hong Kong. The registered office of the Company is disclosed in the "Directors' Report" on page 33. The Company's shares are listed on the Hong Kong Stock Exchange.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the businesses of ship chartering, ship owning and trading. Ship chartering and ship owning businesses are carried out internationally, and trading business is principally carried out in Hong Kong.

The ultimate holding company of the Company is Fairline Consultants Limited, a company incorporated in the British Virgin Islands.

The financial statements for the year ended 31 December 2013 were approved for issue by the Board on 13 March 2014.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong. In addition, these 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.

3. ADOPTION OF NEW OR AMENDED HKFRS

In current year, 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 accounting period beginning on 1 January 2013.

Amendments to HKAS 1 "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income"

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "Statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

3. ADOPTION OF NEW OR AMENDED HKFRS *(Continued)*

HKFRS 10 "Consolidated Financial Statements"

HKFRS 10 supersedes HKAS 27 "Consolidated and Separate Financial Statements" and HK(SIC)-Int 12 "Consolidation – Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the entity's returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities.

HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 22.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 replaces existing guidance in individual HKFRS with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 18, 20, 25 and 28. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

At the date of authorization of these financial statements, certain other new or amended HKFRS have been published but are not yet effective, and have not been early adopted by the Group. The management anticipated that all pronouncements will be adopted in the Group's accounting policy for the first accounting period beginning after the effective dates of the pronouncements. Information on these new pronouncements that are expected to be relevant to the Group's financial statements is provided below.

HKFRS 9	Financial Instruments [2]
Amendments to HKFRS 9 and HKFRS 7	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures [2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities [1]
Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities [1]

Notes:

1. Effective for annual periods beginning on or after 1 January 2014
2. Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

3. ADOPTION OF NEW OR AMENDED HKFRS *(Continued)*

The management is currently assessing the possible impact of the new or amended standards on the Group's results and financial position in the first year of application.

Certain other new standards and interpretations have also been issued but are not expected to have material impact on the Group's financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis modified by revaluation of a leasehold land and building and except for: investment properties; financial assets at fair value through profit or loss; available-for-sale financial assets that are stated at fair values, and assets held for sale that are stated at the lower of carrying amount and fair value less costs to sell. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

In the Company's statement of financial position, investments in subsidiaries are carried at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date.

4.4 Non-controlling interests

Non-controlling interests represent the equity on consolidated subsidiaries not attributable directly or indirectly to the shareholders of the Company.

Non-controlling interests in consolidated subsidiaries are presented in the consolidated statement of financial position within equity, separately from the equity attributable to shareholders of the Company. Non-controlling interests in the results of the Group are presented separately in the consolidated statement of profit or loss and other comprehensive income as an allocation of the Group's net profit and total comprehensive income for the year between non-controlling interests and the shareholders of the Company.

All transactions with non-controlling interests that do not result in a loss of control in a subsidiary are accounted for as transaction between equity holders, whereby adjustments are made to the amounts of controlling interests within equity to reflect the change in relative interests.

4.5 Foreign currency translation

The financial statements are presented in Hong Kong Dollars which is the functional and presentation currency of the Company. The functional and presentation currencies of the Company's subsidiaries are either in United States Dollars or Hong Kong Dollars.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates ruling at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognized in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.5 Foreign currency translation *(Continued)*

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong Dollars. Assets and liabilities have been translated into Hong Kong Dollars at the closing rates at the reporting date. Income and expenses have been converted into Hong Kong Dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly.

4.6 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably and on the following bases:

Revenue from the operations of ship chartering or owning business 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. Hire income from time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract.

Sale of goods from trading business comprises the aggregate of the invoiced value of goods sold and is recognized upon transfer of the significant risks and rewards of ownership to the customers when the goods are delivered and the titles have been passed.

4.7 Borrowing costs

Borrowing costs incurred for the acquisition or construction of any qualifying asset are capitalized during the period of time that is required to complete or prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed as incurred.

The capitalization of borrowing costs as part of the qualifying assets commence when borrowing costs are being incurred and the activities that are necessary to prepare the asset for its intended use are in progress. Capitalization of borrowing costs is suspended or ceased when substantially all activities necessary to prepare the qualifying assets for its intended use are interrupted or completed.

4.8 Income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and / or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.8 Income tax *(Continued)*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. It is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset is realized, provided these tax rates have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and tax losses available to be carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

Deferred tax assets or liabilities are not recognized if the temporary differences arise from goodwill or from initial recognition (other than in a business combination) of assets or liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Changes in deferred tax assets or liabilities are recognized in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

4.9 Property, plant and equipment

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Improvements are capitalized only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditures incurred in restoring assets to their normal working conditions and other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Motor vessels are stated at cost less accumulated depreciation and impairment loss.

Drydocking and special survey costs are capitalized and depreciated over the drydocking cycle of two to three years on a straight-line basis. Upon disposal of vessels, any relevant carrying amounts not yet written off are transferred to profit or loss. Vessel repairs and survey costs are expensed during the financial period in which they are incurred.

Vessels under construction are stated at cost less impairment loss. All direct costs relating to the acquisition of motor vessels which are under construction, including finance costs on related borrowing funds during the construction period are capitalized as vessels under construction. When the assets concerned are available for use, the costs are transferred to motor vessels and depreciated in accordance with the policy as stated below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.9 Property, plant and equipment *(Continued)*

Land held under operating leases and buildings thereon (where the fair values of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease) are stated at cost less accumulated depreciation and impairment loss, except for a leasehold land and building which is stated at valuation made in 1994 by a professional valuer on an open market existing use basis less accumulated depreciation and impairment loss.

Advantage has been taken of the transitional relief provided by paragraph 80A of HKAS 16 "Property, Plant and Equipment" issued by the HKICPA from the requirement to make regular revaluation of a leasehold land and building which had been carried at revalued amounts prior to 30 September 1995, and accordingly no further revaluation of the entire class of leasehold land and buildings is carried out.

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

Depreciation is provided to write-off the cost of motor vessels over their estimated useful lives, after taking into account their estimated residual values, using the straight-line method of 25 years from the date of the initial delivery from the shipyards.

Estimated residual value is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the conditions expected at the end of its useful life. The Group estimates the residual values of motor vessels based on the light-weight tonnes of each vessel multiply by market demolition metal price per ton.

Depreciation is provided to write-off the cost or valuation of other property, plant and equipment as specified below over their estimated useful lives, after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold land and buildings	over the shorter of unexpired term of lease or 3% per annum
Plant and machinery	20% per annum
Leasehold improvement	20% – 30% per annum
Utility vessels, furniture and equipment	6% – 25% per annum

No depreciation is provided in respect of vessels under construction.

The gain or loss arising on retirement or disposal is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.10 Investment properties

Investment properties are land and / or buildings which are owned or held under a leasehold interest to earn rental income and / or for capital appreciation.

When the Group holds a property interest under an operating lease to earn rental income and / or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value which is determined by external professional valuers with sufficient experience with respect to both the location and category of the investment property and it reflects the prevailing market conditions at the reporting date.

Gain or loss arising from either changes in the fair value or the sale of an investment property is recognized in profit or loss in the period in which they arise.

4.11 Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. The cost of the business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group.

Goodwill is stated at cost less impairment loss. Goodwill is allocated to cash generating units, and is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

4.12 Intangible assets

Intangible assets acquired separately are recognized initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any impairment loss. Amortization for intangible assets is provided on a straight-line basis over the following estimated useful lives:

Club entrance fee	36 years
Berth license	10 years

Amortization commences when the intangible assets are available for use.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.13 Impairment of non-financial assets

Property, plant and equipment, goodwill, intangible assets and investments in subsidiaries are subject to impairment testing. Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions, less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows that are largely independent of the cash flows from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level. Goodwill in particular is allocated to those cash generating units that are expected to benefit from the synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment loss recognized for cash generating unit, to which goodwill has been allocated, is firstly allocated to reduce the carrying amount of goodwill. Any remaining impairment loss recognized is allocated to reduce the carrying amounts of the other assets in the cash generating unit on pro rata basis. In allocating the impairment loss, the carrying amount of an asset will not be reduced below the highest of its fair value less costs to sell, value in use or zero. An impairment loss on goodwill is not reversed in subsequent periods.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

4.14 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, and is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.15 Financial assets

Financial assets are recognized when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. When financial assets are recognized initially, they are measured at fair value, plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets have expired or substantially all the risks and rewards of ownership have been transferred.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date. The Group classifies its financial assets into the following categories:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short term profit-taking.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value determined by reference to active market transactions or by reference to price quotations for equivalent financial instruments in active markets provided by financial institutions. Any changes in fair value excluding any dividend and interest income are recognized in profit or loss. Dividend income from financial assets at fair value through profit or loss is recognized when the right to receive dividend is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment loss. Amortized cost is calculated taking into account any discount or premium, transaction cost on acquisition and includes fees paid that form an integral part of the effective interest rate. Trade and other receivables, bank deposits and bank balances are classified as loans and receivables. Interest income from loans and receivables are recognized on a time proportion basis using the effective interest method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.15 Financial assets *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group has the intention to hold assets in this category for the foreseeable future.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from changes in the fair value excluding any dividend and interest income is recognized in other comprehensive income and accumulated separately in the reserve for available-for-sale financial assets in equity, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized is reclassified from equity to profit or loss. Upon disposal, the cumulative gain or loss previously recognized in other comprehensive income and accumulated in equity is transferred to profit or loss.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment loss at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets other than those at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate computed at initial recognition.

When the recovery of loans and receivables carried at amortized costs is considered impaired, the impairment loss for loans and receivables are recorded using an allowance account. The amount of the loss on loans and receivables is recognized in profit or loss of the period in which the impairment occurs. When the Group is satisfied that recovery of loans and receivables is remote, the amount considered irrecoverable is written off against loans and receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recovery of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recovery of amounts previously written off directly are recognized in profit or loss.

When there is objective evidence that available-for-sale financial assets carried at costs are impaired, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment loss in respect of available-for-sale investment in equity securities carried at cost recognized in profit or loss in any interim period or prior years are not reversed in subsequent periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.16 Assets held for sale

Non-current assets are classified as held for sale when:

(a) they are available for immediate sale;

(b) management is committed to a plan to sell;

(c) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;

(d) an active programme to locate a buyer has been initiated;

(e) the asset is being marketed at a reasonable price in relation to its fair value; and

(f) a sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount immediately prior to being classified as held for sale and fair value less costs to sell. Following their classification as held for sale, the assets are not depreciated. The gain or loss of assets being disposed of during the year are included in the statement of profit or loss and other comprehensive income up to the date of disposal.

4.17 Financial liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

The Group classifies its financial liabilities into the following categories:

Trade and other payables

Trade and other payables are recognized initially at fair values and subsequently measured at amortized costs, using the effective interest method.

Borrowings

Borrowings are recognized initially at fair values, net of transaction costs incurred. Borrowings are subsequently stated at amortized costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.18 Financial guarantee issued

A financial guarantee contract is a contract that requires the guarantor to make specified payments to reimburse the holder of the guarantee for a loss the holder incurs because a specified party fails to make payment when due in accordance with the terms of a debt or other instrument.

Where an entity within the Group issues a financial guarantee, the fair value of the guarantee is initially recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of financial guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the financial guarantee initially recognized as deferred income is amortized as income in profit or loss over the term of the guarantee from the date of issuance of financial guarantee. In addition, provisions are recognized if and when it becomes probable that the holder of the financial guarantee will call upon the Group under the guarantee and the amount of that claim to the Group is expected to exceed the current carrying amount that represented the amount initially recognized less accumulated amortization, where appropriate.

4.19 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. For the purpose of statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4.20 Share capital

Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

4.21 Employee share-based compensation

The Company operates a share option scheme for remuneration to eligible persons including Directors, officers and employees of the Group.

All employee services received in exchange for the grant of any share options are measured at fair values. These are indirectly determined by reference to the share options awarded. Their values are appraised at the grant dates and exclude the impact of any non-market vesting conditions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.21 Employee share-based compensation *(Continued)*

In the Company's financial statements, the grant of equity instruments to eligible persons including Directors, officers and employees of its subsidiaries is treated as capital contributions to its subsidiaries on the grant dates. The additional capital contributions will be accounted for in the Company's employee share-based compensation reserve and in the investments in subsidiaries.

Employee share-based compensation is recognized as an expense in profit or loss with a corresponding increase in employee share-based compensation reserve. If vesting periods or other vesting conditions apply, the expense is recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognized in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised or lapsed, the amount previously recognized will continue to be held in employee share-based compensation reserve.

4.22 Employee benefits

Retirement benefits schemes

The Group operates a mandatory provident fund scheme and a defined contribution retirement scheme. The assets of the schemes are held separately from those of the Group in their respective schemes managed by an independent trustee. The contributions to retirement benefits schemes charged to profit or loss represent contributions payable to the funds by the Group at the rates specific in the rules of the schemes.

The contributions to the defined contribution retirement scheme vest in employees according to the vesting percentage set out in the scheme. When employees leave the defined contribution retirement scheme prior to being vested fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. On the other hand, the contributions to the mandatory provident fund scheme vest immediately and fully in employees once the contributions are payable by the Group. There is no forfeited contribution when employees leave the mandatory provident fund scheme.

Short term employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognized until the time of leave.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.23 Leases

An arrangement, comprising a transaction or series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership of the assets to the Group are classified as operating leases, with the following exceptions:

– property held under operating lease that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon, at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

Operating lease (as lessee)

Where the Group uses assets under operating leases, payments made under the leases are charged to profit or loss on a straight-line basis over the lease terms.

Hire payments applicable to operating leases in respect of time charters are recognized as expenses on time basis over the period of each lease.

Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made.

Assets leased out under operating leases (as lessor)

Where the Group leases out assets under operating leases, such assets are measured and presented according to the nature of the asset.

Rental income receivable from operating leases is recognized in profit or loss on a straight-line basis over the lease terms.

Hire income applicable to operating leases in respect of time charters are recognized as revenue on time basis over the period of each lease.

Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net income receivable from the lease.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.24 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are not recognized but are disclosed in the notes to the financial statements. When a change in the probability of an outflow of economic benefits occurs, and an outflow is probable, it will then be recognized as a provision.

4.25 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint venture of the same third entity.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.26 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The Group has identified reportable segments as chartering freight and hire, and trading.

Segment results represented operating results of each reportable segment without allocation of interest income, unallocated other operating income, unallocated corporate expenses, and taxation. All assets are allocated to reportable segments other than pledged deposits, bank balances and cash and other corporate assets which are not directly attributable to the business activities of any reportable segments. All liabilities are allocated to reportable segments other than corporate liabilities which are not directly attributable to the business activities of any reportable segments.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of owned vessels

The Group has to make estimation and assumptions in the area of impairment test on owned vessels. In assessing the estimated fair value of vessels, the Group makes the estimation by reference to reported transaction prices of similar vessels or by reference to quotation from shipping broker, less cost to sell. The value-in-use of vessels are estimated based on estimated future cash flows projections from the continuous use of such vessels which is assumed to be 25 years from the date of the initial delivery from the shipyards, net of drydocking and special surveys costs and vessels operating expenses, with five-year average utilization rate of 98.06%. The daily hire rates applied in the impairment test were based on management's best estimation, taking into consideration of historical performances, market research data, industry cycle and market expectation. With all other variables remaining constant, it was estimated that a decrease of 10% in estimated daily hire rates, the carrying amount of the Group's owned vessels would decrease by 1%. The discount rate applied to the value-in-use calculation was 10.97%. With all other variables remaining constant, it was estimated that an increase of 10% in the discount rate, the carrying amount of the Group's owned vessels would decrease by less than 1%.

An impairment loss is recognized for the amount by which the carrying amount of the owned vessel exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the vessel less costs to sell and value-in-use. Based on the results of the impairment test on owned vessels at the reporting date, the recoverable amounts of owned vessels exceeded respective carrying amounts and no impairment loss on owned vessels was recognized in profit or loss in 2013.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

5.2 Critical judgements in applying the Group's accounting policies

The significant judgement made in the process of applying the Group's accounting policies are discussed below.

Impairment of financial assets

In determining whether a financial asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in assessing whether there is any objective evidence of impairment. In making the judgement, the Group evaluates if there is any events that comes to the attention of the Group such as significant financial difficulty of the counterparties; whether there is any breach of contract, such as a default or delinquency in interest or principal payments; whether it becoming probable that the counterparties will enter bankruptcy or other financial reorganization; whether there is any significant changes in the technological, market, economic or legal environment that have an adverse effect on the counterparties; and whether there is any significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

6. 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 consolidated financial statements.

6. SEGMENT INFORMATION *(Continued)*

	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

6. 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

6. SEGMENT INFORMATION *(Continued)*

Segment results represented operating results of each reportable segment without allocation of interest income, unallocated other operating income, unallocated corporate expenses, and taxation. All assets are allocated to reportable segments other than pledged deposits, bank balances and cash and other corporate assets which are not directly attributable to the business activities of any reportable segments. All liabilities are allocated to reportable segments other than corporate liabilities which are not directly attributable to the business activities of any reportable segments.

	Chartering freight and hire *HK$'000*	Trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Other segment information				
2013				
Depreciation and amortization	**452,114**	**106**	**14,535**	**466,755**
Finance costs	**54,034**	**288**	**51**	**54,373**
Impairment loss on assets held for sale	**100,182**	**–**	**–**	**100,182**
Impairment loss eliminated on termination of a newbuilding contract	**68,111**	**–**	**–**	**68,111**
Impairment loss on trade receivables	**4,047**	**–**	**–**	**4,047**
Capital expenditures	**43,682**	**31**	**1,022**	**44,735**
2012				
Depreciation and amortization	431,306	147	14,578	446,031
Finance costs	66,988	283	1,028	68,299
Reversal of impairment loss on trade receivables	1,970	–	–	1,970
Capital expenditures	871,029	19	37,025	908,073

6. SEGMENT INFORMATION *(Continued)*

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 financial statements. During the year, about 40% (2012: 38%), 26% (2012: 25%) and 16% (2012: 8%) of the Group's revenue from trading business by geographical area was attributable to Hong Kong, mainland China and Indonesia respectively.

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 segment assets of the Group's chartering freight and hire business cannot be attributable to any particular geographical location, around 60% (2012: 85%) of the segment assets under trading segment are located in Hong Kong and the remaining are mainly located in mainland China.

7. REVENUE

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Chartering freight and hire income:		
Hire income under time charters from owned vessels	**1,331,023**	1,559,814
Hire income under time charters from chartered-in vessels	**58,521**	114,353
Freight income under voyage charters	**306,972**	151,310
Sale of goods	**255,684**	278,948
	1,952,200	2,104,425

Revenue of HK$505,555,000 (2012: HK$547,928,000) was derived from certain charterers who are under common control of a single entity, representing 26% (2012: 26%) of the Group's revenue for the year.

8. 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.

9. STAFF COSTS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Salaries and other benefits	**99,652**	100,265
Contributions to retirement benefits schemes	**3,370**	3,081
	103,022	103,346

10. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Emoluments of the Directors, including the chief executives [1] of the Company for the years 2012 and 2013 are set out below:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
2013					
Executive Directors					
Ng Siu Fai	1,933	10,432	16,040	533	28,938
Ng Kam Wah Thomas	1,933	9,960	16,040	533	28,466
Ng Ki Hung Frankie	1,326	2,186	1,080	58	4,650
Ho Suk Lin	421	1,460	955	86	2,922
Independent Non-executive Directors					
Cui Jianhua	212	–	–	–	212
Tsui Che Yin Frank	441	–	–	–	441
William Yau	372	–	–	–	372
	6,638	24,038	34,115	1,210	66,001
2012					
Executive Directors					
Ng Siu Fai	1,933	8,371	19,090	425	29,819
Ng Kam Wah Thomas	1,933	7,980	19,090	425	29,428
Ng Ki Hung Frankie	1,326	1,999	950	58	4,333
Ho Suk Lin	421	1,440	825	86	2,772
Independent Non-executive Directors					
Cui Jianhua	192	–	–	–	192
Tsui Che Yin Frank	426	–	–	–	426
William Yau	357	–	–	–	357
	6,588	19,790	39,955	994	67,327

Note:

1. Chief executives of the Company are Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas, who are responsible under the immediate authority of the Board for the conduct of the Company.

10. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Details of remuneration to senior management

Emoluments of senior management (non-director) of the Company are within the following bands:

	Number of individuals	
	2013	2012
HK$500,000 to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**2**	2
HK$2,000,001 to HK$2,500,000	**1**	1
	5	5

(c) The five highest paid individuals

The five highest paid individuals included four (2012: four) Directors whose details of emoluments are presented on page 72. Emoluments of the remaining one (2012: one) highest paid individual fall within the band from HK$2,000,001 to HK$2,500,000 and his aggregate emoluments were as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Salaries and other benefits	**2,302**	2,292
Contributions to retirement benefits schemes	**34**	34
	2,336	2,326

11. OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION

This is stated after charging / (crediting):

	Group	
	2013	2012
	HK$'000	*HK$'000*
Auditor's remuneration	**1,921**	1,889
Hire payments under time charters	**210,178**	355,762
Cost of inventories	**237,724**	265,776
Operating lease payments in respect of premises	**4,357**	3,814
Impairment loss eliminated on termination of a newbuilding contract	**(68,111)**	–
Impairment loss (Reversal of impairment loss) on trade receivables	**4,047**	(1,970)
Net gain on financial assets at fair value through profit or loss	**(38,346)**	(27,872)
Dividend income	**(9,698)**	(5,549)
Net exchange loss (gain)	**29,278**	(5,953)
Gross rental income from operating leases on investment properties	**(2,389)**	(2,157)
Outgoings in respect of investment properties	**118**	43
Change in fair value of investment properties	**(7,380)**	(3,572)
Net loss on disposal / write-off of property, plant and equipment	**4,720**	12
Bad debts written off	**407**	–

12. FINANCE COSTS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Interest on secured bank loans and overdrafts:		
Wholly repayable within five years	**18,473**	17,363
Not wholly repayable within five years	**35,900**	50,936
	54,373	68,299

13. 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 consolidated statement of profit or loss and other comprehensive income represents:

	Group	
	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

Reconciliation between taxation charge and accounting profit at the applicable tax rates:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Profit before taxation	**211,083**	279,958
Income tax at the applicable tax rates in the tax jurisdictions concerned	**(36)**	(2,165)
Non-deductible expenses	**7,127**	2,990
Tax exempt revenue	**(13,130)**	(8,859)
Unrecognized tax losses	**13,603**	12,313
Unrecognized temporary differences	**268**	506
Utilization of previously unrecognized tax losses	**(7,345)**	(4,269)
Under provision in prior year	**–**	24
Taxation charge for the year	**487**	540

The applicable tax rates are the weighted average of current rates of taxation ruling in the relevant jurisdictions.

14. NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The net profit attributable to shareholders of the Company for the year of HK$120,758,000 (2012: HK$154,765,000) included a net profit of HK$12,189,000 (2012: HK$3,480,000) of the Company which has been dealt with in the financial statements of the Company.

15. DIVIDEND

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

16. 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 2012 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.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Motor vessels and capitalized drydocking costs HK$'000	Vessels under construction HK$'000	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Leasehold improvement, utility vessels, furniture and equipment HK$'000	Total HK$'000
Cost or valuation						
At 1 January 2012	10,521,023	454,408	305,683	460	44,913	11,326,487
Reclassification	1,065,231	(1,065,231)	–	–	–	–
Additions	59,682	811,274	–	–	5,799	876,755
Disposals / write-off	(29,914)	–	–	–	(180)	(30,094)
At 31 December 2012	11,616,022	200,451	305,683	460	50,532	12,173,148
Reclassification	(591,117)	–	–	–	–	(591,117)
Additions	41,048	2,612	–	–	1,075	44,735
Disposals / write-off	(24,152)	(4,997)	–	–	(629)	(29,778)
Termination - transferred to short term receivables	–	(198,066)	–	–	–	(198,066)
At 31 December 2013	**11,041,801**	**–**	**305,683**	**460**	**50,978**	**11,398,922**
Accumulated depreciation and impairment loss						
At 1 January 2012	2,023,819	153,595	110,992	434	32,368	2,321,208
Reclassification	85,484	(85,484)	–	–	–	–
Charge for the year	431,112	–	9,416	26	5,313	445,867
Eliminated on disposals / write-off	(29,852)	–	–	–	(180)	(30,032)
At 31 December 2012	2,510,563	68,111	120,408	460	37,501	2,737,043
Reclassification	(58,503)	–	–	–	–	(58,503)
Charge for the year	451,926	–	9,416	–	5,248	466,590
Eliminated on disposals / write-off	(24,152)	–	–	–	(606)	(24,758)
Impairment loss eliminated on termination of a newbuilding contract	–	(68,111)	–	–	–	(68,111)
At 31 December 2013	**2,879,834**	**–**	**129,824**	**460**	**42,143**	**3,052,261**
Net book value						
At 31 December 2013	**8,161,967**	**–**	**175,859**	**–**	**8,835**	**8,346,661**
At 31 December 2012	9,105,459	132,340	185,275	–	13,031	9,436,105

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

A wholly-owned subsidiary of Jinhui Shipping 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 was approximately HK$134,952,000, being the prevailing direct costs of approximately HK$203,063,000 capitalized, net of an impairment loss of approximately HK$68,111,000. Upon termination, an income of HK$68,111,000 relating to the elimination of impairment loss previously recognized on that vessel under construction was included in other operating income for the year. The pre-delivery installments and relevant costs capitalized in "Vessel under construction" were transferred to short term receivables upon termination.

The analysis of the cost or valuation of property, plant and equipment by category is as follows:

	Motor vessels and capitalized drydocking costs	Vessels under construction	Leasehold land and buildings	Plant and machinery	Leasehold improvement, utility vessels, furniture and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2013						
At cost	**11,041,801**	**–**	**252,683**	**460**	**50,978**	**11,345,922**
At professional valuation in 1994	**–**	**–**	**53,000**	**–**	**–**	**53,000**
	11,041,801	**–**	**305,683**	**460**	**50,978**	**11,398,922**
2012						
At cost	11,616,022	200,451	252,683	460	50,532	12,120,148
At professional valuation in 1994	–	–	53,000	–	–	53,000
	11,616,022	200,451	305,683	460	50,532	12,173,148

Had the Group's leasehold land and buildings been carried at cost less accumulated depreciation and impairment loss, the carrying amount would have been HK$162,169,000 (2012: HK$170,457,000) at the reporting date.

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

All motor vessels and capitalized drydocking costs are held for use under operating leases. The Group's leasehold land and buildings are held under the following lease terms:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Held in Hong Kong:		
On long term leases (over 50 years)	**98,849**	105,525
On medium term leases (10 – 50 years)	**77,010**	79,750
	175,859	185,275

18. INVESTMENT PROPERTIES

	Group	
	2013	2012
	HK$'000	*HK$'000*
At fair value		
At 1 January	**93,800**	58,910
Additions	**–**	31,318
Changes in fair value	**7,380**	3,572
At 31 December	**101,180**	93,800

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.

At the reporting date, the fair values of the Group's investment properties were determined by Centaline Surveyors Limited, an independent qualified professional valuer, on direct comparison approach on annually basis with reference to comparable transactions available in the relevant locality. In estimating the fair value of investment properties, the highest and best use of the properties is their current use.

18. INVESTMENT PROPERTIES *(Continued)*

Details of the Group's investment properties and information about the determination of the fair values of these investment properties, in particular the valuation techniques, significant unobservable inputs and the fair value hierarchy into which the fair value measurements are categorized as defined under HKFRS 13 are disclosed as below:

Properties	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
Premises	Level 3	Direct comparison method	Market unit sale rate per square feet, after taking into account the age, location and individual factors such as size, view, floor level and quality of building	HK$10,000 – HK$26,000 per square feet	An increase in percentage of market unit sale rate per square feet would result in an increase in fair value measurement of the premises by the same percentage increase, and vice versa
Car parks	Level 3	Direct comparison method	Market unit sale rate per car park	HK$1,370,000 per car park	An increase in percentage of market unit sale rate per car park would result in an increase in fair value measurement of the car park by the same percentage increase, and vice versa

There was no transfer among the three levels of the fair value hierarchy during the year. The change in fair value of investment properties is credited / charged to the consolidated profit or loss.

19. GOODWILL

	Group	
	2013	2012
	HK$'000	*HK$'000*
Carrying amount		
At 1 January and **31 December**	**39,040**	39,040

This goodwill arose from deemed acquisition of additional interests in Jinhui Shipping, a subsidiary of the Company, in 2004. Prior to 31 December 2004, positive goodwill not recognized directly in reserve was amortized on a straight-line basis over five years. With effect from 1 January 2005, the Group no longer amortizes goodwill and such goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill has been allocated to the underlying CGU which represent subsidiaries that are principally engaged in the business of chartering freight and hire. The recoverable amounts for the above CGU were determined based on value in use.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000
Unlisted club debentures, at fair value	20,400	21,000	14,000	14,800
Unlisted club membership, at fair value	1,580	1,580	–	–
Unlisted club membership, at cost	1,331	–	–	–
Unlisted investments, at cost less impairment loss	–	1,501	–	–
	23,311	24,081	14,000	14,800

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

For 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.

21. INTANGIBLE ASSETS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Club entrance fee and berth license		
Cost		
At 1 January and **31 December**	**2,799**	2,799
Accumulated amortization		
At 1 January	**1,030**	866
Charge for the year	**165**	164
At 31 December	**1,195**	1,030
Net book value		
At 31 December	**1,604**	1,769

22. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	HK$'000	*HK$'000*
Shares of Jinhui Shipping listed on the Oslo Stock Exchange, at cost	**441,157**	441,157
Unlisted shares, at cost	**5**	13
Employee share-based compensation in subsidiaries	**37,111**	37,111
	478,273	478,281

Details of the Company's principal subsidiaries at the reporting date are set out in note 45.

At the reporting date, the Company held 46,034,800 (2012: 46,034,800) shares of Jinhui Shipping with market value amounted to approximately HK$1,692,707,000 (2012: HK$457,436,000).

22. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The following table lists out the information relating to Jinhui Shipping and its subsidiaries (collectively, referred to as "Jinhui Shipping Group") and Yee Lee Technology Company Limited and its subsidiaries (collectively, referred to as "Yee Lee Group"), the subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination:

	Jinhui Shipping Group		Yee Lee Group *	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
NCI percentage	**45.23%**	45.23%	**25%**	25%
Non-current assets	**8,331,586**	9,416,675	**193**	268
Current assets	**2,684,035**	2,173,174	**89,732**	123,773
Non-current liabilities	**(3,139,484)**	(3,844,901)	**(13,000)**	(18,000)
Current liabilities	**(1,020,731)**	(1,087,655)	**(19,328)**	(49,368)
Net assets	**6,855,406**	6,657,293	**57,597**	56,673
Carrying amount of NCI	**3,113,945**	3,024,337	**14,403**	14,173
Revenue	**1,696,516**	1,825,473	**255,684**	278,948
Net profit (loss) for the year	**198,112**	277,532	**923**	(3,491)
Total comprehensive income (loss) for the year	**198,112**	277,532	**923**	(3,491)
Net profit (loss) for the year attributable to NCI	**89,606**	125,527	**232**	(874)
Net cash from (used in) operating activities	**202,402**	485,698	**(11,294)**	6,966
Net cash from (used in) investing activities	**110,261**	(776,716)	**(30)**	(18)
Net cash used in financing activities	**(570,188)**	(229,679)	**–**	–

* *The financial statements of Yee Lee Group are not audited by Grant Thornton Hong Kong Limited.*

23. INVENTORIES

	Group	
	2013	2012
	HK$'000	*HK$'000*
Ship stores	**35,166**	56,487
Trading goods	**25,383**	52,606
	60,549	109,093

Inventories at the reporting date were carried at cost.

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**60,534**	61,742	**–**	–
Prepayments, deposits and other receivables	**395,571**	369,188	**196**	216
	456,105	430,930	**196**	216

The carrying amounts of trade and other receivables are considered to be a reasonable approximation of their fair values due to their short term maturities.

Details of the Group's credit policy are set out in note 43(e).

24. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	Group	
	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

The aging analysis of trade receivables (net of impairment loss) that are past due at the reporting date but not individually considered to be impaired is included in the following analysis:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**34,001**	37,240
Past due but not impaired		
Within 3 months past due	**21,122**	16,707
Over 3 months but within 6 months past due	**2,769**	3,102
Over 6 months but within 12 months past due	**228**	3,103
Over 12 months past due	**2,414**	1,590
	26,533	24,502
	60,534	61,742

24. TRADE AND OTHER RECEIVABLES *(Continued)*

The movement for impairment loss on trade and other receivables is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
At 1 January	**135,638**	167,673
Impairment loss recognized	**7,366**	8,190
Reversal of impairment loss	**(3,319)**	(10,160)
Written off as uncollectible	**(4,033)**	(30,065)
At 31 December	**135,652**	135,638

The Group reviews receivables for evidence of impairment on both individual and collective basis. At the reporting date, the Group had determined trade and other receivables of HK$135,652,000 (2012: HK$135,638,000) as individually impaired. The individual impaired trade receivables are due from charterers with prolonged delay in hire payments over the agreed credit terms.

No impairment allowance in respect of remaining receivables was provided since these charterers or trading customers had good payment track records with the Group based on their past credit histories and there were no significant changes in credit qualities of these charterers or trading customers.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Held for trading or not qualifying as hedges				
Equity securities				
Listed in Hong Kong	**315,918**	192,820	**19,871**	17,955
Listed outside Hong Kong	**136,277**	63,024	**–**	4,755
	452,195	255,844	**19,871**	22,710
Debt securities				
Listed in Hong Kong	**386,564**	153,683	**–**	–
Listed outside Hong Kong	**202,718**	46,740	**–**	2,331
Unlisted	**–**	161,749	**–**	–
	589,282	362,172	**–**	2,331
	1,041,477	618,016	**19,871**	25,041

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. The fair value measurements of unlisted debt securities at the reporting date 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 among the three levels of the fair value hierarchy on listed equity securities, listed and unlisted debt securities during the year.

26. AMOUNT DUE FROM SUBSIDIARIES

Amounts due from subsidiaries are unsecured, interest-free or interest bearing at 5% per annum and repayable on demand. The carrying amount of the amounts due is considered to be a reasonable approximation of its fair value.

27. BANK BALANCES AND CASH

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank deposits with three months or less to maturity when placed	**453,888**	354,718	**–**	–
Bank balances	**178,421**	547,175	**8,146**	9,908
Cash in hand	**1,467**	1,204	**–**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows	**633,776**	903,097	**8,146**	9,908
Bank deposits with more than three months to maturity when placed	**–**	117,645	**–**	–
	633,776	1,020,742	**8,146**	9,908

The carrying amounts of bank deposits and bank balances are considered to be a reasonable approximation of their fair values due to their short term maturities on inception.

28. 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.

Subsequent to the reporting date, the Group entered into agreements in mid February 2014 to dispose these two vessels at a total consideration of HK$436,800,000 to a purchaser. Both vessels were delivered to the purchaser in early March 2014 as scheduled and no material book loss was recorded.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**18,331**	24,653	**–**	–
Accrued charges and other payables	**300,144**	475,617	**1,905**	530
	318,475	500,270	**1,905**	530

The carrying amounts of trade and other payables are considered to be a reasonable approximation of their fair values.

29. TRADE AND OTHER PAYABLES *(Continued)*

The aging analysis of trade payables is as follows:

	Group	
	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

30. 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:

	Group	
	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

31. SECURED BANK LOANS

	Group	
	2013	2012
	HK$'000	*HK$'000*
The maturity of secured bank loans is as follows:		
Within one year	**723,527**	586,475
In the second year	**498,112**	495,974
In the third to fifth year	**1,488,247**	1,656,380
Wholly repayable within five years	**2,709,886**	2,738,829
After the fifth year	**1,153,128**	1,692,547
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, secured bank loans included vessel mortgage loans of HK$3,844,901,000 (2012: HK$4,385,437,000) that were denominated in United States Dollars and were committed on floating rate basis ranging from 0.76% to 2.49% (2012: 0.81% to 2.57%) per annum. These loans are secured by certain of the Group's assets as disclosed in note 40.

At the reporting date, two vessels were reclassified to "Assets held for sale" under "Current assets". Please refer to note 28 for details. Accordingly, all outstanding bank borrowings associated with these two vessels were reclassified from long term portion to current portion at the reporting date.

The carrying amount of the secured bank loans is considered to be a reasonable approximation of its fair value.

32. SHARE CAPITAL

Company

	2013		2012	
	Number of ordinary shares of HK$0.10 each	Amount	Number of ordinary shares of HK$0.10 each	Amount
		HK$'000		*HK$'000*
Authorized:				
At 1 January and **31 December**	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid:				
At 1 January and **31 December**	530,289,480	53,029	530,289,480	53,029

33. RESERVES

Details of movements in reserves of the Group and the Company are set out in the "Statements of Changes in Equity" on pages 46 and 47.

At the reporting date, reserves of the Company available for distribution to shareholders amounted to HK$291,546,000 (2012: HK$279,357,000).

Share premium
The application of the share premium account is governed by Section 48B of the Hong Kong Companies Ordinance.

Capital redemption reserve
Capital redemption reserve represents the par value of the repurchased and cancelled shares. The application of the capital redemption reserve is governed by Section 49H of the Hong Kong Companies Ordinance.

Employee share-based compensation reserve
Employee share-based compensation reserve represents the contribution from the share options granted by the Company to Directors and employees of the Group.

Reserve for available-for-sale financial assets
Reserve for available-for-sale financial assets represents the changes in fair value of available-for-sale financial assets.

34. EMPLOYEE SHARE-BASED COMPENSATION

Under the Share Option Scheme, the Board was authorized to grant share options to acquire the shares of the Company to the Directors, officers and employees of the Group and other person(s) selected by the Board who have contributed or will contribute to the Group. The option is unlisted. Each option gives the holder the right to subscribe for one ordinary share of HK$0.10 each of the Company.

Details of share options under the Share Option Scheme granted to Directors and movement in the number of outstanding share options in 2013 were as follows:

	Date of grant	Number of options granted	Value of options at grant dates *HK$'000*	Exercise price per share *HK$*	Exercisable period	Remaining contractual lives of outstanding share options	Number of outstanding options at 1 January and 31 December 2013	Number of options exercisable at 31 December 2013
Performance based options	23 December 2004	52,620,000	34,745	1.60	31 March 2006 to 22 December 2014	1 year	52,620,000	52,620,000
Non-performance based options	29 June 2006	9,552,000	3,435	1.57	29 June 2006 to 28 June 2016	3 years	9,552,000	9,552,000
		62,172,000	**38,180**				**62,172,000**	**62,172,000**

Notes:

1. No share option was granted, exercised, cancelled or lapsed during the years of 2012 and 2013.

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

3. The closing price per share of the Company as at 31 December 2013 was HK$2.09.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Profit before taxation	211,083	279,958
Adjustments for:		
Depreciation and amortization	466,755	446,031
Interest income	(30,895)	(36,686)
Interest expenses	54,373	68,299
Impairment loss eliminated on termination of a newbuilding contract	(68,111)	–
Impairment loss on assets held for sale	100,182	–
Impairment loss (Reversal of impairment loss) on trade receivables	4,047	(1,970)
Provision for loss on charter hire recognized (utilized)	(67,547)	12,268
Settlement income	(28,133)	(10,237)
Dividend income	(9,698)	(5,549)
Change in fair value of investment properties	(7,380)	(3,572)
Net loss on disposal / write-off of property, plant and equipment	4,720	12
Net loss on termination of unlisted investments	2,364	–
Bad debts written off	407	–
Changes in working capital:		
Inventories	48,544	(55,621)
Trade and other receivables	167,173	(24,161)
Financial assets at fair value through profit or loss	(394,840)	(108,051)
Trade and other payables	(207,978)	7,174
Cash generated from operations	245,066	567,895

36. DEFERRED TAXATION

At the reporting date, deferred tax assets have not been recognized in respect of the followings:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Deductible temporary differences	**181**	296
Tax losses	**1,851,043**	1,813,115
	1,851,224	1,813,411

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Both deductible temporary differences and tax losses do not expire under current tax legislation.

37. OPERATING LEASE COMMITMENTS

At the reporting date, the Group had future minimum lease payments payable under non-cancellable operating leases on time charter hire as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within one year	**14,071**	239,051
In the second to fifth year	**–**	14,071
	14,071	253,122

38. FUTURE OPERATING LEASE ARRANGEMENTS

At the reporting date, the Group had future minimum lease income receivables under non-cancellable operating leases as follows:

	Group	
	2013 *HK$'000*	2012 *HK$'000*
Within one year:		
Premises	2,383	1,421
Owned vessels	62,905	816,881
Chartered-in vessels	–	32,921
Others	60	57
	65,348	851,280
In the second to fifth year:		
Premises	1,461	–
Owned vessels	–	70,875
	1,461	70,875
	66,809	922,155

39. CAPITAL EXPENDITURE COMMITMENTS

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

40. PLEDGE OF ASSETS

At the reporting date, the Group had certain credit facilities which were secured by the followings:

(a) Legal charges on 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);

(b) Legal charges on the Group's assets held for sale with an aggregate carrying amount of HK$432,432,000 (2012: nil);

(c) Deposits totalling HK$183,900,000 (2012: HK$154,248,000) of the Group placed with banks; and

(d) Assignment of thirty eight (2012: thirty eight) ship owning subsidiaries' chartering income in favour of banks.

In addition, shares of thirty two (2012: thirty two) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

41. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, during the year, the Group and the Company had the following related party transactions:

Group

Compensation of key management personnel as follows:

	2013	2012
	HK$'000	*HK$'000*
Salaries and other benefits	**64,826**	66,262
Contributions to retirement benefits schemes	**1,442**	1,222
	66,268	67,484

41. RELATED PARTY TRANSACTIONS *(Continued)*

Company

(a) Payment of an administrative fee of HK$1,863,000 (2012: HK$1,767,000) to a subsidiary;

(b) Receipt of interest income of HK$7,355,000 (2012: HK$7,091,000) from subsidiaries;

(c) Payment of rental charges of HK$2,160,000 (2012: HK$1,800,000) to subsidiaries;

(d) Guarantees provided to banks to secure credit facilities granted to subsidiaries amounting to HK$53,500,000 (2012: HK$57,250,000), and the amount of such facilities utilized was HK$18,113,000 (2012: HK$45,939,000) at the reporting date; and

(e) Compensation of key management personnel as follows:

	2013	2012
	HK$'000	*HK$'000*
Salaries and other benefits	**5,421**	4,790
Contributions to retirement benefits schemes	**86**	86
	5,507	4,876

42. EVENT AFTER THE REPORTING DATE

Subsequent to the reporting date, the Group entered into agreements in mid February 2014 to dispose two vessels 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. These two vessels were classified as "Assets held for sale" with carrying amount of HK$432,432,000 at the reporting date. Both vessels were delivered to the purchaser in early March 2014 as scheduled and no material book loss was recorded.

43. FINANCIAL RISK MANAGEMENT AND POLICIES

The Group is exposed to financial risks through its use of financial instruments which arise from its business activities. The financial risks include market risk (mainly comprise of interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The management manages and monitors the financial risk exposures to ensure appropriate measures are implemented on a timely and effective manner. These policies have been in place for years and are considered to be effective.

43. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(a) Categories of financial instruments

At the reporting date, the carrying amounts of financial instruments presented in the statements of financial position related to the following categories of financial assets and financial liabilities:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Available-for-sale financial assets				
Unlisted club debentures, at fair value	**20,400**	21,000	**14,000**	14,800
Unlisted club membership, at fair value	**1,580**	1,580	**–**	–
Unlisted club membership, at cost	**1,331**	–	**–**	–
Unlisted investments, at cost less impairment loss	**–**	1,501	**–**	–
	23,311	24,081	**14,000**	14,800
Financial assets at fair value through profit or loss				
Equity securities	**452,195**	255,844	**19,871**	22,710
Debt securities	**589,282**	362,172	**–**	2,331
	1,041,477	618,016	**19,871**	25,041
Loans and receivables				
Trade and other receivables	**417,055**	216,156	**51**	20
Amount due from subsidiaries	**–**	–	**239,484**	218,960
Pledged deposits	**183,900**	154,248	**–**	–
Bank balances and cash	**633,776**	1,020,742	**8,146**	9,908
	1,234,731	1,391,146	**247,681**	228,888
	2,299,519	2,033,243	**281,552**	268,729
Financial liabilities				
Trade and other payables	**294,723**	298,041	**1,905**	530
Borrowings				
Secured bank loans	**3,863,014**	4,431,376	**–**	–
	4,157,737	4,729,417	**1,905**	530

43. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(b) Interest rate risk

Exposures to interest rate risk and the Group's risk management policies

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk arises primarily from bank borrowings that were committed on floating rate basis. The Group receives fixed interest income from investment in debt securities.

The Group manages interest rate risk by monitoring its interest rate profile as set out in note 31.

Sensitivity analysis*

Based on the exposures to bank borrowings of HK$3,863,014,000 (2012: HK$4,431,376,000) at the reporting date, it was estimated that an increase of 40 basis points in interest rate, with all other variables remaining constant, the Group's net profit would decrease by approximately HK$15,452,000 (2012: HK$17,726,000).

The sensitivity analysis above has been determined as if the change in interest rate had occurred at the reporting date. The basis of 40 points increase is considered to be reasonably possible change based on observation of current market conditions and represents the management's assessment of a reasonably possible change in interest rate over the period until the next reporting date.

(c) Foreign currency risk

Exposures to foreign currency risk and the Group's risk management policies

Foreign currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's transactions, assets and liabilities are mainly denominated in Hong Kong Dollars and United States Dollars which is linked to Hong Kong Dollars at exchange rate of around US$1.00 to HK$7.80. The Group believes that there will be no significant fluctuation in the exchange rates between Hong Kong Dollars and United States Dollars.

At the reporting date, the Group was exposed to foreign currency risk primarily through holding certain bank deposits and investment in debt securities denominated in Renminbi amounting to RMB143,718,000 and RMB113,958,000 (2012: RMB113,201,000 and RMB142,150,000) respectively.

* *The sensitivity analysis disclosed above represents the risks inherent to the Group's financial instruments as of each reporting date. The result of the sensitivity analysis may differ from time to time according to the then prevailing market conditions.*

43. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(c) Foreign currency risk ***(Continued)***

Sensitivity analysis*

At the reporting date, based on the net exposures to the bank deposits and debt securities denominated in Renminbi of RMB257,676,000 (2012: RMB255,351,000), it was estimated that a depreciation of 5% in exchange rate of Renminbi against Hong Kong Dollars would result in a decrease to the Group's net profit by approximately HK$15,692,000 (2012: HK$15,121,000) with all other variables remain constant. The sensitivity analysis had been determined based on the assumed exchange rate movement of Renminbi against Hong Kong Dollars taking place at the beginning of the year and held constant throughout the year.

(d) Price risk

Exposures to price risk and the Group's risk management policies

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will decline because of adverse market price movements of the financial instrument. The Group is exposed to price risk primarily through its investments in listed equity securities and debt securities classified as financial assets at fair value through profit or loss.

The Group's portfolio of financial instruments that exposed to price risk at the reporting date is set out in note 25.

Sensitivity analysis*

Based on the portfolio of listed equity securities held by the Group at the reporting date, if the quoted prices of the listed equity securities had been decreased by 10%, the Group's net profit would decrease by approximately HK$45,220,000 (2012: HK$25,584,000).

Based on the portfolio of debt securities held by the Group at the reporting date, if the quoted prices of the debt securities had been decreased by 10%, the Group's net profit would decrease by approximately HK$58,928,000 (2012: HK$36,217,000).

* *The sensitivity analysis disclosed above represents the risks inherent to the Group's financial instruments as of each reporting date. The result of the sensitivity analysis may differ from time to time according to the then prevailing market conditions.*

43. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(e) Credit risk

Exposures to credit risk and the Group's risk management policies

Credit risk relates to the risk that the counterparty to a financial instrument would fail to discharge its contractual obligations under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposures to credit risk mainly arises from granting credit to charterers or trading customers in the ordinary course of its operations, investment in debt securities and other financial instruments, and placing deposits with financial institutions.

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.

The Group has no significant concentration of credit risk in respect of trade receivables, with exposure spread over a number of charterers or trading customers. At the reporting date, the Group did not hold any collateral from charterers or trading customers.

The Group is exposed to credit risk associated to investment in debt securities. By diversifying the investment portfolio across various debt securities offered by sound credit rating counterparties, the Group does not expect to incur material credit losses on managing these financial instruments.

Bank deposits are only placed with creditworthy financial institutions. The management does not expect any financial institutions fail to meet their obligations.

43. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(f) Liquidity risk

Exposures to liquidity risk and the Group's risk management policies

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other borrowings. The management regularly monitors the Group's current and expected liquidity requirements and its compliance with lending covenants, to ensure it maintains sufficient reserves of cash and bank balances, readily realizable marketable equity and debt securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements.

The analysis below set out the remaining contractual maturity based on undiscounted cash flow of the Group's financial liabilities at the reporting date.

	Within one year HK$'000	In the second year HK$'000	In the third to fifth year HK$'000	After the fifth year HK$'000	Total undiscounted amount HK$'000	Carrying amount HK$'000
2013						
Trade and other payables	294,723	–	–	–	294,723	294,723
Secured bank loans	767,452	535,087	1,564,075	1,178,467	4,045,081	3,863,014
	1,062,175	535,087	1,564,075	1,178,467	4,339,804	4,157,737
2012						
Trade and other payables	298,041	–	–	–	298,041	298,041
Secured bank loans	643,101	545,942	1,765,969	1,748,754	4,703,766	4,431,376
	941,142	545,942	1,765,969	1,748,754	5,001,807	4,729,417

44. CAPITAL MANAGEMENT

The Group's capital management objectives are:

(a) to ensure the Group's ability to continue as a going concern;

(b) to provide adequate returns for shareholders;

(c) to maintain an optimal capital structure to reduce the cost of capital; and

(d) to support the Group's stability and sustainable growth.

The Group's capital management strategies are to rely on internal resources and interest-bearing borrowings to finance the capital expenditures. The management may make adjustments to its capital structure in the light of changes in economic conditions, recent market values of the Group's assets as well as the risk characteristics of the underlying assets through adjusting the amount of dividends paid to shareholders, issuing new shares or selling assets to reduce debts.

The Group monitors capital structure on the basis of the gearing ratio. This ratio is calculated as net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity.

The gearing ratio of the Group at the reporting date is calculated as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Secured bank loans repayable within one year	**723,527**	586,475
Secured bank loans repayable after one year	**3,139,487**	3,844,901
Total secured bank loans	**3,863,014**	4,431,376
Less: Equity and debt securities	**(1,041,477)**	(618,016)
Less: Bank balances and cash	**(633,776)**	(1,020,742)
Net debts	**2,187,761**	2,792,618
Total equity	**7,138,336**	6,928,340
Gearing ratio	**31%**	40%

45. PRINCIPAL SUBSIDIARIES

Name	Issued and paid-up capital	Attributable equity interest at 31/12/2013	Attributable equity interest at 31/12/2012	Principal activities	Place of operation
Incorporated in Bermuda					
Jinhui MetCoke Limited	12,000 ordinary shares of US$1 each	54.77%	54.77%	Investment holding	Worldwide
# Jinhui Shipping and Transportation Limited	84,045,341 ordinary shares of US$0.05 each	54.77%	54.77%	Investment holding	Worldwide
Incorporated in the British Virgin Islands					
Advance Rich Limited	1 share of US$1 each	54.77%	54.77%	Investment	Worldwide
Jin Hui Shipping Inc.	50,000 shares of US$1 each	54.77%	54.77%	Investment holding	Worldwide
Jinhui Investments Limited	1 share of US$1 each	54.77%	54.77%	Investment holding	Worldwide
# Pantow Profits Limited	60,000 shares of US$1 each	100%	100%	Investment holding	Worldwide
* Yee Lee Technology Company Limited	4,000,000 shares of HK$1 each	75%	75%	Investment holding	Hong Kong
Incorporated in Hong Kong					
Carpa Limited	2 shares of HK$1 each	100%	100%	Property investment	Hong Kong
Exalten Limited	2 shares of HK$1 each	100%	100%	Property investment	Hong Kong

45. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital	Attributable equity interest at 31/12/2013	Attributable equity interest at 31/12/2012	Principal activities	Place of operation
Incorporated in Hong Kong ***(Continued)***					
Fair Fait International Limited	2 shares of HK$1 each	54.77%	54.77%	Property investment	Hong Kong
Fair Group International Limited	10,000 shares of HK$1 each	100%	100%	Property investment	Hong Kong
First Lion International Limited	2 shares of HK$1 each	100%	100%	Property investment	Hong Kong
Goldbeam International Limited	5,000,000 shares of HK$1 each	54.77%	54.77%	Ship management services, shipping agent and investment	Hong Kong
# Jinhui Investments (China) Limited	2 shares of HK$1 each	100%	100%	Investment holding	Hong Kong
Keenfair Investment Limited	2 shares of HK$1 each	100%	100%	Investment trading	Hong Kong
Linkford International Limited	2 shares of HK$1 each	100%	100%	Property investment	Hong Kong
Monocosmic Limited	10,000 shares of HK$1 each	54.77%	54.77%	Property investment	Hong Kong
Ringo Star Company Limited	2 shares of HK$1 each	54.77%	54.77%	Property investment	Hong Kong
* Yee Lee Industrial Chemical, Limited	50,000 shares of HK$100 each	75%	75%	Trading of chemical and industrial raw materials	Hong Kong

45. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital	Attributable equity interest at 31/12/2013	Attributable equity interest at 31/12/2012	Principal activities	Place of operation
Incorporated in the Republic of Liberia					
Galsworthy Limited	1 registered share of US$1 each	54.77%	54.77%	Ship chartering	Worldwide
Goldbeam Shipping Inc.	100 registered shares of US$1 each	54.77%	54.77%	Ship chartering	Worldwide
Paxton Enterprises Limited	500 registered shares of US$1 each	54.77%	54.77%	Ship chartering	Worldwide
Sompol Trading Limited	10 registered shares of US$1 each	54.77%	54.77%	Ship chartering	Worldwide
Wonder Enterprises Ltd.	500 registered shares of US$1 each	54.77%	54.77%	Ship chartering	Worldwide
Incorporated in the Republic of Panama					
Huafeng Shipping Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinan Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinao Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinbi Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinchao Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide

45. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital	Attributable equity interest at 31/12/2013	Attributable equity interest at 31/12/2012	Principal activities	Place of operation
Incorporated in the Republic of Panama ***(Continued)***					
Jincheng Maritime Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinfeng Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jingang Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinhan Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinheng Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinhong Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinhui Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinji Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinjun Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinlang Marine Inc.	2 registered shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinli Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinmao Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide

45. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital	Attributable equity interest at 31/12/2013	Attributable equity interest at 31/12/2012	Principal activities	Place of operation
Incorporated in the Republic of Panama ***(Continued)***					
Jinmei Marine Inc.	2 registered shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinming Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinping Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinquan Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinrong Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinrui Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinsheng Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinshun Shipping Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinsui Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jintong Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinwan Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinxiang Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide

45. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital	Attributable equity interest at 31/12/2013	Attributable equity interest at 31/12/2012	Principal activities	Place of operation
Incorporated in the Republic of Panama *(Continued)*					
Jinxing Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinyao Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinyi Shipping Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinyu Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinyuan Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinyue Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide
Jinzhou Marine Inc.	2 common shares of US$1 each	54.77%	54.77%	Ship owning	Worldwide

These are direct subsidiaries of the Company. All other companies are indirect subsidiaries.

* *These companies' financial statements are not audited by Grant Thornton Hong Kong Limited.*

46. COMPARATIVE FIGURES

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

Glossary

This glossary contains the abbreviations and main terms used in the 2013 annual report.

Abbreviations / Main terms	Meanings in the annual report
BDI	Baltic Dry Index, an index tracks worldwide international shipping prices of various dry bulk cargoes published by the London-based Baltic Exchange;
Board	Board of Directors;
Capesize	Dry bulk vessel of deadweight approximately 150,000 metric tons or above;
CGU	Cash generating unit;
Chairman	Chairman of the Board;
China / PRC	The People's Republic of China;
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules;
Company / Jinhui Holdings	Jinhui Holdings Company Limited, a company incorporated in Hong Kong, whose shares are listed on the Hong Kong Stock Exchange;
Company Code	A set of code adopted by the Company, which sets out the corporate standards and practices used by the Group;
Director(s)	Director(s) of the Company;
DWT	Deadweight tonnage;
Fairline	Fairline Consultants Limited, a company incorporated in the British Virgin Islands with limited liability, which is the legal and beneficial owner of 342,209,280 shares of the Company (representing approximately 64.53% of the total issued shares of the Company) and 500,000 shares of Jinhui Shipping (representing approximately 0.59% of the total issued shares of Jinhui Shipping) as at 31 December 2013;
Group	Company and its subsidiaries;
Handymax	A dry cargo vessel of deadweight approximately 45,000 metric tons;
Handysize	A dry cargo vessel of deadweight below 40,000 metric tons;
HKAS	Hong Kong Accounting Standards;
HKFRS	Hong Kong Financial Reporting Standards;

Glossary

Abbreviations / Main terms	Meanings in the annual report
HKICPA	Hong Kong Institute of Certified Public Accountants;
Hong Kong	The Hong Kong Special Administrative Region of the PRC;
IMO	The International Maritime Organization;
ISM Code	The International Safety Management Code;
ISPS Code	The International Ship and Port Facility Security Code;
Jinhui Shipping	Jinhui Shipping and Transportation Limited, a company incorporated in Bermuda and an approximately 54.77% owned subsidiary of the Company as at 31 December 2013, whose shares are listed on the Oslo Stock Exchange;
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange;
MARPOL	The International Convention for the Prevention of Pollution from Ships;
Panamax	Vessel of deadweight approximately 70,000 metric tons, designed to be just small enough to transit the Panama Canal;
Post-Panamax	Vessel of deadweight approximately 90,000 metric tons to 100,000 metric tons;
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
Shareholder(s)	Shareholder(s) of the Company;
Share Option Scheme	A share option scheme adopted by the Company pursuant to a resolution passed on 18 November 2004;
STCW Convention	The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers;
Stock Exchange	The Stock Exchange of Hong Kong Limited;
Supramax(es)	Dry cargo vessel(s) of deadweight approximately 50,000 metric tons;
HK$	Hong Kong Dollars, the lawful currency of Hong Kong;
JPY	Japanese Yen, the lawful currency of Japan;
RMB	Renminbi, the lawful currency of the PRC; and
US$	United States Dollars, the lawful currency of the United States of America.