JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

2009 RESULTS ANNOUNCEMENT

HIGHLIGHTS FOR YEAR 2009:

- Revenue for the year: HK$2,868 million
- Net profit attributable to shareholders for the year: HK$655 million
- Basic earnings per share: HK$1.255
- Gearing ratio as at 31 December 2009: 42%

CHAIRMAN'S STATEMENT

2009 Annual Results

Jinhui Holdings Company Limited (the "Company") and its subsidiaries (the "Group") achieved revenue of HK$2,867,606,000 and net profit attributable to shareholders of the Company of HK$655,291,000 for year 2009, representing a decline of 26% and 29% as compared to HK$3,885,957,000 and HK$918,020,000 respectively for year 2008.

Basic earnings per share for the year was HK$1.255 whereas HK$1.763 was reported in 2008.

Dividends

The board of directors of the Company (the "Board") has resolved not to recommend the payment of any final dividend for the year ended 31 December 2009. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2009.

Business Review

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

The dry bulk market environment was extremely challenging after the harsh hit of the financial turmoil at end of 2008. In early 2009, the global trade slump had resulted in oversupply of dry bulk fleet and low charter rates over all types of vessels in the sector. In order to alleviate the impact of the worst financial crisis, governments across the globe have supported their economies by injecting unprecedented amount of liquidity into financial systems and these government funding have turned into massive investments in infrastructure investments especially in China, India and other emerging economies. Since then, the demand for dry bulk commodities resumed in Asia-Pacific region reflected primarily, the persistent demand from China and secondly, traditional commodities importing countries like Korea and Japan. Driven by solid demand for coal and iron ore, the dry bulk charter rates continued to rebound. Baltic Dry Index ("BDI") has recovered from 774 points on 1 January 2009 to 4,661 points on 19 November 2009.

However, the dry bulk market continues to remain volatile and highly sensitive to Chinese government policies and clouded by the continued pressures from large newbuilding deliveries. The risk of inflation under trillions stimulus plans and the timing of withdrawing monetary stimulus policies by various governments pose uncertainties as to whether the current global economic recovery will be of temporary or persistent nature. The BDI was then soften and closed at 3,005 at end of 2009.

Comparing to year 2008, where global dry bulk market soared to record high but slumped unprecedentedly at end of year, the Group's revenue from chartering freight and hire fell 26% from HK$3,706,156,000 to HK$2,724,852,000 in 2009. It was mainly attributable to the non-performance of certain high earnings longer term time-charter contracts in early 2009 and low spot charter rates upon redeploying the relevant vessels into spot contracts. Hence, the Group's operating results was consequentially affected and the segment profit for the year dropped 40% to HK$1,154,508,000 when comparing to record segment profit of HK$1,938,401,000 for year 2008. Nevertheless, majority of our existing reputable charterers continued to honor the time-charter contracts that bring a stable earnings stream and a positive cashflow to the Group in 2009.

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

	2009	2008
	US$	*US$*
Capesize	**77,950**	92,071
Panamax	**21,376**	46,269
Supramax / Handymax	**25,019**	34,312
In average	**30,149**	43,093

Under severe hit of the global economic turmoil, the Group encountered several charterers' delinquencies in contractual obligations under the time-charter contracts since late 2008. The Group has taken legal actions against these charterers for considerable damages and loss on non-performance of time-charter contracts. During the year, the Group had provided impairment loss of HK$80,769,000 (2008: HK$41,536,000) on trade receivables due from certain charterers who were exposed to financial or insolvency problems. Despite that impairment loss on trade receivables had doubled this year, the Group's other operating expenses dropped from HK$283,597,000 for year 2008 to HK$143,136,000 for year 2009. The decrease was mainly due to the absence of net loss on financial assets and financial liabilities at fair value through profit or loss (2008: HK$120,494,000) and impairment loss on leasehold properties (2008: HK$38,453,000) for the year.

On the contrary, the Group received an income of HK$310,771,000 for year 2009 (2008: nil) from a few counterparties to wash out foregoing time-charter contracts by mutual agreements. The amount was recognized as other operating income in the condensed consolidated statement of comprehensive income.

During the year, the Group disposed five motor vessels in order to enhance our financial position as well as reduce future reliance on leverage. Upon the completion of the disposal of five motor vessels in 2009, the Group's working capital and liquidity had been enhanced by the net sale proceeds (after repayment of vessel mortgage loans) of approximately HK$684 million while a net gain of HK$66,335,000, before minority interests, on disposal of motor vessels was recognized in 2009.

The Group's shipping related expenses for the year dropped 19% to HK$1,405,379,000 as compared to HK$1,734,352,000 for year 2008 mainly due to expiration of time-charter contracts with relatively high charter rates for a few chartered-in vessels. As at 31 December 2009, there were five chartered-in vessels in operation when comparing to nine chartered-in vessels operated as at 31 December 2008.

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 global financial turmoil in 2008 brought an adverse impact on manufacturing sector in China and consequentially led to shrinkage of the overall market demand for industrial raw materials, the Group's revenue from trading business fell 21% to HK$142,754,000 for year 2009 as compared to HK$179,801,000 reported in 2008. Despite the moderate recovery in late 2009 had brought positive impact to the Group's trading business, the profit margin has been under pressures due to weak demand, intense competitions in China and rising cost of raw materials. The Group recorded segment loss of HK$3,022,000 for year 2009 while segment loss of HK$9,028,000 was reported for year 2008.

Other financial information. The reduction in unallocated corporate expenses was mainly attributable to the absence of net loss on financial assets and financial liabilities at fair value through profit or loss and impairment loss on leasehold properties being recognized for the year while the net loss of HK$120,494,000 on financial assets and financial liabilities at fair value through profit or loss and impairment loss of HK$38,453,000 on certain leasehold properties were recognized in 2008.

Having regard to the strong rebound of property market in Hong Kong, the Group carried out a review of the recoverable amount of its leasehold properties situated in Hong Kong as at 31 December 2009. The review led to the recognition of reversal of impairment loss of HK$40,478,000 on leasehold properties in 2009.

With the continued low interest rate policy pursued by the US Federal Government, the Group's finance costs for the year reduced by 57% to HK$59,710,000 as compared to HK$139,364,000 in 2008.

Financial Review

Liquidity, financial resources and capital structure. The Group received an advance of approximately HK$292,192,000 from a charterer in December 2009. As one of the credit risk mitigation measures, the Group secured majority of receipts from the charterer under the arrangement and hence agreed to grant a discount to the charterer with reference to the prevailing risk free deposit rate for a period from January 2010 to July 2011 over the original time-charter contract. Accordingly, the amounts of HK$191,291,000 and HK$100,901,000 were recognized as current and non-current portion of advance receipt respectively in the condensed consolidated statement of financial position as at 31 December 2009.

During the year, upon financing of various vessel mortgage loans, receiving the net sale proceeds on completion of the disposal of five motor vessels and advance receipt, and offset by cash used to partially finance the delivery of eight additional vessels and installments paid for the newbuildings and the cash placed as pledged deposits for issuing a bank guarantee as mentioned on page 21, the total of the Group's equity and debt securities, bank balances and cash increased to HK$1,341,586,000 as at 31 December 2009 (2008: HK$864,011,000). The Group's bank borrowings increased to HK$3,645,496,000 as at 31 December 2009 (2008: HK$3,470,374,000), of which 14%, 10%, 27% and 49% are repayable respectively within one year, one to two years, two to five years and over five years. All the bank borrowings were committed on floating rate basis and were denominated mainly in United States Dollars. 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, reduced to 42% as at 31 December 2009 (2008: 61%). 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 2009, the Group's property, plant and equipment and investment property with an aggregate net book value of HK$5,901,486,000 (2008: HK$4,896,172,000), financial assets at fair value through profit or loss of HK$39,767,000 (2008: HK$54,517,000) and deposits of HK$514,574,000 (2008: HK$80,838,000) placed with banks and other financial institution were pledged together with the assignment of twenty four (2008: twenty one) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of twenty one (2008: twenty one) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the year, capital expenditure on additions of the owned vessels and vessels under construction was HK$2,267,059,000 (2008: HK$2,660,986,000), and on other property, plant and equipment was HK$4,275,000 (2008: HK$88,480,000).

As at 31 December 2009, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK$4,866,540,000 (2008: HK$7,244,992,000), representing the Group's outstanding capital expenditure commitments to acquire nineteen newbuildings (2008: twenty six newbuildings and one second hand vessel) at a total purchase price of approximately HK$6,762,811,000 (2008: HK$9,424,001,000).

The above capital expenditure commitments included two Supramax newbuildings at a total original cost of US$33,820,000 and JPY3,590,500,000, which were contracted to be disposed to a third party at a total consideration of US$34,255,100 and JPY3,703,031,000 at their expected dates of delivery in October 2010 and August 2012 respectively.

Contingent liabilities. As at 31 December 2009, the Group had the following contingent liabilities:

(a) a financial guarantee contract which has been issued by Jinhui Shipping since 2006 to a third party for the performance of the obligations of Bocimar Hong Kong Limited, a subsidiary of Bocimar International N.V., regarding the acquisition of a vessel by Bocimar Hong Kong Limited for a consideration of approximately HK$259,740,000, and in return, a counter-guarantee was provided by Bocimar International N.V. to Jinhui Shipping; and

(b) a counter-indemnity which has been issued by the Group since 2008 to a bank for issuing a guarantee on behalf of a subsidiary of Jinhui Shipping in favour of a charterer of a vessel amounted to approximately HK$26,845,000 as security for the arbitration proceedings underway in London regarding a claim against the subsidiary for the loss and damage as a result of a stowage dispute.

Save as disclosed above, the Group had no other contingent liabilities as at 31 December 2009.

Outlook

The year 2009 has been characterized by extreme volatility for dry bulk shipping. Shipping companies have experienced one of the worst times during the early part of the year due, but within a very short timespan, an unexpectedly strong recovery also took place in the second half of 2009 due to a less than expected new vessel supply, as well as a pick up in economic activities due to a global concerted monetary easing policy by major governments which has been the major factor behind this strong recovery in activities. This pick up in economic activities has been primarily Asian biased, and was largely driven by China.

We remain cautious with 2010 where we expect further volatility and challenges in the dry bulk market due to i) uncertainty over the exit strategy of the current monetary easing policy of various governments, as well as their plan to reduce their fiscal deficits; ii) uncertainty in new vessel supply – the orderbook remains to be extremely high and it remains unknown as to whether those vessels that did not get delivered in 2009 were cancelled, or simply delayed; iii) dramatic increase in the number of larger size dry bulk carriers – we are particularly cautious of the larger size vessels given the size of the Capesize orderbook, and at the same time the increasing number of Very Large Ore Carriers ("VLOCs") which will cannibalize the market share of long haul iron ore transportation currently driven by Capesizes; and iv) unpredictable changes in China's economic policy and hence unexpected changes in China's raw materials import pattern.

We believe the seas will remain to be rough for a period of time going forward. We will continue to operate with a cautious and nimble mindset, maintain a first class modern fleet to better serve our customers, seek revenue stability by working with credible counterparties, and further strengthen our financial position with reduction of debt as our top priorities to ensure the long term success of the Company.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 8 March 2010

CORPORATE GOVERNANCE

Compliance of the Code Provisions

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2009, with deviations from code provisions A.2.1, A.4.2 and A.4.1 of the Code in respect of the roles of chairman and chief executive officer, the rotation of directors and the service term for non-executive directors.

Code provision A.2.1 Under code provision A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

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 of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes a deviation from code provision A.2.1 of the Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive officer. 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.

Code provision A.4.2 Under code provision A.4.2 of the Code, all directors appointed to fill casual vacancies should be subject to election by shareholders at the first general meeting after their appointment, and 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 of the Company (the "Directors") other than the Chairman and the Managing Director shall be subject to retirement by rotation. This constitutes a deviation from code provision A.4.2 of the 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. 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.

Code provision A.4.1 Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

The Non-executive Directors of the Company are not appointed for specific terms. This constitutes a deviation from code provision A.4.1 of the Code. According to the Articles of Association of the Company, all Directors, other than the Chairman and the Managing Director (who are ordinarily executive directors), of the Company will be subject to retirement provisions. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than those in the Code.

CORPORATE GOVERNANCE (CONT'D)

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry by the Company, all Directors confirmed that they had complied with the required standard as set out therein throughout the year ended 31 December 2009.

Scope of Work of the Auditors

The figures in the preliminary results announcement of the Group for the year ended 31 December 2009 have been agreed by the Group's auditors, Grant Thornton (the "Auditors"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditors on the preliminary results announcement.

Audit Committee

The audit committee comprises of three Independent Non-executive Directors. The audit committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the condensed consolidated financial statements for the year ended 31 December 2009.

SUPPLEMENTARY INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2009.

Annual General Meeting and Book Closure

The Annual General Meeting of the Company will be held on Thursday, 27 May 2010. Notice of the Annual General Meeting will be published on the websites of Hong Kong Exchanges and Clearing Limited ("HKEx") at www.hkexnews.hk and the Company at www.jinhuiship.com, and despatched to shareholders of the Company in due course.

The register of members of the Company will be closed from Tuesday, 25 May 2010 to Thursday, 27 May 2010, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for voting at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Monday, 24 May 2010.

Employees

As at 31 December 2009, the Group had 105 (2008: 108) full-time employees. The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

Fleet

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers.

During the year, a newly built Panamax named as "Jin Rui", six newly built Supramaxes named as "Jin Wan", "Jin Shun", "Jin Gang", "Jin Ji", "Jin Mao", and "Jin Jun" and one second hand Supramax renamed as "Jin Kang" were delivered to the Group.

In 2009, the Group entered into agreements to dispose of one Capesize named as "Jin Tai", one Panamax named as "Jin He", and three Supramaxes named as "Jin Man", "Jin Pu" and "Jin Kang". All five vessels were delivered to the purchasers in 2009.

As at 31 December 2009, the Group had twenty four owned vessels which included one modern Panamax, twenty two modern grabs fitted Supramaxes and one Handymax. Apart from the owned vessels, the Group operated five chartered-in vessels which included two Capesizes, one Panamax and two Supramaxes as at 31 December 2009.

SUPPLEMENTARY INFORMATION (CONT'D)

Fleet Details

The fleet details after the year ended 31 December 2009 and up to 25 February 2010 was as follows:

	Number of vessels						
	In operation			Newbuildings / New charters			
	Owned	Chartered	Subtotal	Owned [1]	Chartered	Subtotal	Total
Capesize Fleet							
As at 1 January 2010 and 25 February 2010	-	2	2	-	-	-	2
Post-Panamax Fleet							
As at 1 January 2010 and 25 February 2010	-	-	-	2	-	2	2
Panamax Fleet							
As at 1 January 2010 and 25 February 2010	1	1	2	1	-	1	3
Supramax / Handymax Fleet							
As at 1 January 2010 and 25 February 2010	23	2	25	13	-	13	38
Handysize Fleet							
As at 1 January 2010 and 25 February 2010	-	-	-	1	-	1	1
Total Fleet							
as at 25 February 2010	24	5	29	17	-	17	46

Note:

[1] Includes seventeen newbuildings ordered by the Group as at 25 February 2010, which we expected to take deliveries of two Post-Panamaxes and five Supramaxes in 2010, one Panamax and five Supramaxes in 2011, two Supramaxes and one Handysize in 2012 and one Supramax in 2013.

SUPPLEMENTARY INFORMATION (CONT'D)

According to the Company's best estimation, the activity of the Group's fleet as at 25 February 2010 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	2010	2011
Capesize Fleet	Coverage	*%*	100	77
	Operating days covered	*Days*	730	551
	Daily TCE	*US$*	83,691	73,752
Panamax Fleet	Coverage	*%*	56	41
	Operating days covered	*Days*	409	348
	Daily TCE	*US$*	36,599	38,200
Supramax / Handymax Fleet	Coverage	*%*	62	32
	Operating days covered	*Days*	6,020	3,476
	Daily TCE	*US$*	28,623	33,740

Chartered-in Fleet – TCE cost:

		Unit	2010	2011
Capesize Fleet	Operating days	*Days*	730	730
	Daily TCE cost	*US$*	40,750	40,750
Panamax Fleet	Operating days	*Days*	365	259
	Daily TCE cost	*US$*	22,500	22,500
Supramax / Handymax Fleet	Operating days	*Days*	491	365
	Daily TCE cost	*US$*	30,290	36,000

Other Important Events Occurred in the Year

There is a dispute between Galsworthy Limited ("Galsworthy"), a subsidiary of the Company, and Parakou Shipping Pte Limited ("Parakou") in relation to the non-performance of a charterparty evidenced by a fixture recap ("the charterparty"). Galsworthy was the prospective disponent owner of one of the Group's vessels. It is Galsworthy's case that acting via its agent Goldbeam International Limited ("GIL"), also a subsidiary of the Company, it entered into the charterparty with Parakou in June 2008. The charterparty was arranged through Clarkson Asia Limited ("Clarkson") acting as sole shipbroker. Galsworthy claims that Parakou acted in repudiatory breach of the charterparty by refusing to take delivery of the vessel in March 2009 pursuant to the terms of the charterparty. As a result of the breach, Galsworthy is claiming about HK$310 million together with interest and costs against Parakou in March 2009. Parakou disputes Galsworthy's claim; in particular it denies that a binding charterparty was ever concluded between Galsworthy and Parakou. The dispute has been referred to arbitration in London before a 3-man arbitral tribunal as per the arbitration clause of the charterparty.

Parakou has then commenced in rem and in personam actions against Jinkang Marine Inc. ("Jinkang Marine") and Goldbeam Shipping Inc. ("GSI") in July 2009 and August 2009 respectively in Hong Kong for an indemnity in respect of all sums, including interest and costs, which may be awarded against Parakou in the London arbitration which Galsworthy is pursuing against them. Both Jinkang Marine and GSI are subsidiaries of the Company. The alleged indemnity claim is advanced on the basis of certain representations said to have been made by either Jinkang Marine or GSI via Clarkson during the negotiation which has led to the conclusion of the charterparty between Galsworthy and Parakou. Jinkang Marine and GSI deny that Clarkson was acting on their behalf and they had made the alleged representations through Clarkson. For the purpose of obtaining security in support of their alleged indemnity claim in Hong Kong, Parakou has arrested another vessel of the Group in Richards Bay, South Africa through the peculiar associated ship arrest procedure there. As a result of the arrest, a bank guarantee backed by cash deposits of approximately HK$346 million in favour of Parakou was provided in September 2009 to secure prompt release of that vessel.

Both legal proceedings in London and Hong Kong are still underway as of date of this announcement.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Revenue	2	**2,867,606**	3,885,957
Net gain on disposal of motor vessels	3	**66,335**	489,728
Other operating income	4	**445,022**	112,970
Interest income		**9,985**	16,536
Shipping related expenses		**(1,405,379)**	(1,734,352)
Cost of trading goods sold		**(131,936)**	(167,919)
Staff costs		**(182,513)**	(191,657)
Other operating expenses		**(143,136)**	(283,597)
Operating profit before depreciation and amortization		**1,525,984**	2,127,666
Depreciation and amortization		**(268,781)**	(231,393)
Operating profit		**1,257,203**	1,896,273
Finance costs		**(59,710)**	(139,364)
Profit before taxation		**1,197,493**	1,756,909
Taxation	5	**(218)**	1,650
Net profit for the year		**1,197,275**	1,758,559
Other comprehensive income			
Change in fair value of available-for-sale financial assets		**3,240**	379
Reversal of impairment loss on property, plant and equipment		**2,472**	-
Total comprehensive income for the year		**1,202,987**	1,758,938
Net profit for the year attributable to:			
Shareholders of the Company		**655,291**	918,020
Minority interests		**541,984**	840,539
		1,197,275	1,758,559
Total comprehensive income for the year attributable to:			
Shareholders of the Company		**659,731**	918,511
Minority interests		**543,256**	840,427
		1,202,987	1,758,938
Earnings per share for net profit attributable to shareholders of the Company			
- Basic	6	**HK$1.255**	HK$1.763
- Diluted	6	**HK$1.221**	HK$1.637

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**7,680,682**	6,926,665
Investment properties		**32,150**	23,750
Goodwill		**39,040**	39,040
Available-for-sale financial assets		**17,801**	14,561
Intangible assets		**2,262**	2,426
		7,771,935	7,006,442
Current assets			
Inventories		**22,534**	24,733
Trade and other receivables	*8*	**303,407**	248,659
Financial assets at fair value through profit or loss		**135,830**	87,305
Tax recoverable		**-**	1,064
Pledged deposits	*9*	**514,574**	80,838
Bank balances and cash	*10*	**1,205,756**	778,090
		2,182,101	1,220,689
Current liabilities			
Trade and other payables	*11*	**718,998**	461,184
Financial liabilities at fair value through profit or loss		**-**	24,347
Provision for taxation		**218**	77
Secured bank loans		**512,321**	437,509
		1,231,537	923,117
Net current assets		**950,564**	297,572
Total assets less current liabilities		**8,722,499**	7,304,014
Non-current liabilities			
Advance receipt		**100,901**	-
Secured bank loans		**3,133,175**	3,032,865
		3,234,076	3,032,865
Net assets		**5,488,423**	4,271,149
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*12*	**53,029**	52,134
Reserves		**3,049,414**	2,376,291
		3,102,443	2,428,425
Minority interests		**2,385,980**	1,842,724
Total equity		**5,488,423**	4,271,149

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to shareholders of the Company									
	Issued capital	**Share premium**	**Capital redemption reserve**	**Other asset revaluation reserve**	**Employee share-based compensation reserve**	**Reserve for available-for-sale financial assets**	**Retained profits**	**Subtotal**	**Minority interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008	51,996	309,146	4,020	3,038	26,259	4,064	1,202,959	1,601,482	1,129,784	2,731,266
Total comprehensive income for the year	-	-	-	-	-	491	918,020	918,511	840,427	1,758,938
2007 final dividend paid	-	-	-	-	-	-	(31,198)	(31,198)	-	(31,198)
2008 interim dividend paid	-	-	-	-	-	-	(62,560)	(62,560)	-	(62,560)
Dividends to minority interests	-	-	-	-	-	-	-	-	(127,487)	(127,487)
Shares issued upon exercise of share options	138	2,064	-	-	-	-	-	2,202	-	2,202
Expenses for shares issued upon exercise of share options	-	(12)	-	-	-	-	-	(12)	-	(12)
At 31 December 2008	52,134	311,198	4,020	3,038	26,259	4,555	2,027,221	2,428,425	1,842,724	4,271,149
At 1 January 2009	52,134	311,198	4,020	3,038	26,259	4,555	2,027,221	2,428,425	1,842,724	4,271,149
Total comprehensive income for the year	-	-	-	1,354	-	3,086	655,291	659,731	543,256	1,202,987
Shares issued upon exercise of share options	895	13,428	-	-	-	-	-	14,323	-	14,323
Expenses for shares issued upon exercise of share options	-	(36)	-	-	-	-	-	(36)	-	(36)
At 31 December 2009	**53,029**	**324,590**	**4,020**	**4,392**	**26,259**	**7,641**	**2,682,512**	**3,102,443**	**2,385,980**	**5,488,423**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

		2009	2008
	Note	***HK$'000***	*HK$'000*
Net cash from operating activities		**1,594,893**	1,592,376
Net cash used in investing activities		**(774,328)**	(1,070,149)
Net cash used in financing activities		**(282,897)**	(434,695)
Net increase in cash and cash equivalents		**537,668**	87,532
Cash and cash equivalents at 1 January		**660,288**	572,756
Cash and cash equivalents at 31 December	*10*	**1,197,956**	660,288

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

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

The accounting policies and basis of preparation adopted in these financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2008 except for the adoption of new / revised HKFRS and HKAS (collectively, "New Standards") that have become effective for accounting periods beginning on or after 1 January 2009.

With effect from 1 January 2009, the Group adopted HKAS 1 (Revised) "Presentation of Financial Statements" and presented items of income and expenses, and components of other comprehensive income in a single "Statement of Comprehensive Income".

The Group also adopted HKFRS 8 "Operating Segments" which has become effective on 1 January 2009. As the Group's operating segments reported to chief operating decision-maker as required by HKFRS 8 are the same as the business segments reported in accordance with the predecessor standard (HKAS 14 "Segment Reporting"), the adoption of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments.

Except for the above, the Board has assessed and concluded that there has not been any other New Standards that has material impact on the classification, recognition and measurement of the amounts recognized in the Group's financial statements.

2. Segment information

The Group has identified the reportable segments as chartering freight and hire, and trading.

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

	Chartering freight and hire	**Trading**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
For the year ended 31 December 2009			
Segment revenue	**2,724,852**	**142,754**	**2,867,606**
Segment results	**1,154,508**	**(3,022)**	**1,151,486**
Unallocated other operating income			**72,235**
Unallocated corporate expenses			**(36,213)**
Interest income			**9,985**
Profit before taxation			**1,197,493**
Taxation			**(218)**
Net profit for the year			**1,197,275**
As at 31 December 2009			
Segment assets	**7,704,449**	**85,815**	**7,790,264**
Unallocated assets			
Pledged deposits			**514,574**
Bank balances and cash			**1,205,756**
Other current assets			**152,544**
Other non-current assets			**290,898**
Total assets			**9,954,036**
Segment liabilities	**4,260,892**	**41,669**	**4,302,561**
Unallocated liabilities			
Other current liabilities			**163,052**
Total liabilities			**4,465,613**

2. Segment information (Cont'd)

	Chartering freight and hire *HK$'000*	Trading *HK$'000*	Total *HK$'000*
For the year ended 31 December 2008			
Segment revenue	3,706,156	179,801	3,885,957
Segment results	1,938,401	(9,028)	1,929,373
Unallocated other operating income			12,680
Unallocated corporate expenses			(201,680)
Interest income			16,536
Profit before taxation			1,756,909
Taxation			1,650
Net profit for the year			1,758,559
As at 31 December 2008			
Segment assets	6,986,273	41,613	7,027,886
Unallocated assets			
Pledged deposits			80,838
Bank balances and cash			778,090
Other current assets			95,313
Other non-current assets			245,004
Total assets			8,227,131
Segment liabilities	3,748,865	2,792	3,751,657
Unallocated liabilities			
Other current liabilities			204,325
Total liabilities			3,955,982

3. Net gain on disposal of motor vessels

The amount for the year ended 31 December 2009 represented the net gain on completion of the disposal of five (2008: three) motor vessels.

4. Other operating income

The other operating income for the year ended 31 December 2009 included an income of HK$310,771,000 (2008: nil) received from a few counterparties to wash out foregoing time-charter contracts by mutual agreements and reversal of impairment loss of HK$38,006,000 on leasehold properties whereas impairment loss of HK$38,453,000 on leasehold properties was recognized as other operating expenses in 2008.

5. Taxation

The amount of taxation charged / (credited) to the condensed consolidated statement of comprehensive income represents:

	2009	2008
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current year	**30**	1
Over provision in prior year	**-**	(1,732)
PRC Corporate Income Tax:		
Current year	**251**	81
Over provision in prior year	**(63)**	-
	218	(1,650)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated 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.

Apart from tax charges on estimated assessable profits arising in Hong Kong and PRC, the Group is not subject to taxation in any other jurisdictions in which the Group operates.

6. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders of the Company for the year of HK$655,291,000 (2008: HK$918,020,000) and the weighted average number of 522,128,023 (2008: 520,633,622) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders of the Company for the year of HK$655,291,000 (2008: HK$918,020,000) and the weighted average number of ordinary shares in issue during the year after adjusting for the number of dilutive potential ordinary shares arising from the share options granted under the Company's share option scheme.

Reconciliation of weighted average number of ordinary shares used in calculating diluted earnings per share:

	2009	2008
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**522,128,023**	520,633,622
Deemed issue of ordinary shares on granting of share options	**14,377,838**	40,284,975
	536,505,861	560,918,597

7. Dividends

	2009	2008
	HK$'000	*HK$'000*
Dividends recognized as distribution:		
- 2007 final dividend of HK$0.06 per share	**-**	31,198
- 2008 interim dividend of HK$0.12 per share	**-**	62,560
	-	93,758

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2009.

8. Trade and other receivables

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**71,777**	68,654
Prepayments, deposits and other receivables	**231,630**	180,005
	303,407	248,659

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

	2009	2008
	HK$'000	*HK$'000*
Within 3 months	**65,618**	61,667
Over 3 months but within 6 months	**4,449**	5,176
Over 6 months but within 12 months	**424**	926
Over 12 months	**1,286**	885
	71,777	68,654

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.

9. Pledged deposits

As at 31 December 2009, the amount included approximately HK$346 million deposits placed with a bank as security for the issuance of a bank guarantee in relation to legal proceedings as mentioned in "Other Important Events Occurred in the Year" on page 12.

10. Bank balances and cash

	2009	2008
	HK$'000	*HK$'000*
Cash and cash equivalents for condensed consolidated statement of cash flows purpose	**1,197,956**	660,288
Bank deposits with more than three months to maturity when placed	**7,800**	117,802
	1,205,756	778,090

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. Trade and other payables

	2009	2008
	HK$'000	*HK$'000*
Trade payables	**31,857**	21,347
Accrued charges and other payables	**687,141**	439,837
	718,998	461,184

The aging analysis of trade payables is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 3 months	**9,794**	10,907
Over 3 months but within 6 months	**1,042**	1,506
Over 6 months but within 12 months	**7,925**	43
Over 12 months	**13,096**	8,891
	31,857	21,347

12. Issued capital

During the year, the number of issued ordinary shares of the Company was increased from 521,337,480 shares to 530,289,480 shares following the allotment and issue of 8,952,000 new ordinary shares of HK$0.10 each as a result of the exercise of options to subscribe for shares of the Company under the share option scheme of the Company. All the shares issued during the year rank pari passu with the existing shares of the Company in all respects.

13. Comparative information

Comparative information has been restated to conform to current year's presentation as a result of the adoption of HKAS 1 (Revised) and HKFRS 8.

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Company for the year ended 31 December 2009 containing all the detailed information will be despatched to shareholders of the Company and available on the websites of HKEx at www.hkexnews.hk and the Company at www.jinhuiship.com in due course.

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