JINHUI

JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137

INTERIM
REPORT
2008

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

QUALIFIED ACCOUNTANT

Ho Suk Lin

COMPANY SECRETARY

Ho Suk Lin

AUDITORS

Grant Thornton
Certified Public Accountants

SHARE REGISTRAR

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Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

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WEBSITE

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SHARE LISTING

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

Financial Highlights

HIGHLIGHTS FOR THE FIRST HALF OF 2008:

- Turnover increased 88% and reached HK$2,046 million
- Net profit attributable to shareholders achieved a record high of HK$470 million
- Basic earnings per share increased 455% to HK$0.904
- Interim dividend per share: HK$0.12

Chairman's Statement

The board of directors (the "Board") of **Jinhui Holdings Company Limited (the "Company")** is pleased to present the interim report and the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008.

INTERIM RESULTS

The Group continued to deliver strong results for the six months ended 30 June 2008. The consolidated turnover of the Group increased by 88% to HK$2,045,874,000 when compared with HK$1,089,142,000 for the first half of 2007. Net profit attributable to shareholders of the Company for the period achieved a record high amounting to HK$470,166,000, representing 449% increase over net profit of HK$85,658,000 for last corresponding period.

Basic earnings per share for the period was HK$0.904 as compared to basic earnings per share of HK$0.163 for last corresponding period.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK$0.12 (2007: nil) per share in cash for the six months ended 30 June 2008 payable on Friday, 3 October 2008 to shareholders whose names appear on the register of members of the Company on Wednesday, 24 September 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 September 2008 to Wednesday, 24 September 2008, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed 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 Friday, 19 September 2008. The interim dividend warrants will be despatched on or about Friday, 3 October 2008.

BUSINESS REVIEW

Chartering freight and hire. The Group operates its worldwide shipping activities through Jinhui Shipping and Transportation Limited ("Jinhui Shipping") whose shares are listed on the Oslo Stock Exchange.

The dry bulk freight market was affected by the unfavourable conditions at the beginning of 2008, market charter rates experienced a significant drop due to the coinciding of (i) short term disruptions of coal and iron ore supply from Brazil and Australia leading to abrupt over supply of prompt vessels; (ii) uncertainty over the negotiation results of the 2008 iron ore contract price; and (iii) global financial turmoil leading to a trough in confidence both in terms of lending and investing. The Baltic Dry Index opened at 9,143 in 2008 and reached a trough of 5,615 on 29 January 2008.

The dry bulk freight market has recovered since February 2008 and rebounded sharply in April 2008 due to robust demand from charterers, limited supply of new vessels and moderation of cargo supply bottlenecks (in particular the backbone cargoes iron ore and coal). In such tight market environment, small changes in the supply and demand resulted in large swings in charter rates, explaining the volatile trading environment. The Baltic Dry Index rose to its peak at around 11,800 by late May 2008 and closed at 9,589 by the end of June 2008.

The Group's shipping turnover for the period amounted to HK$1,948,656,000, representing an increase of 106% over last corresponding period. The Group's shipping profit rose to HK$969,080,000 for the period, representing an increase of 184% as compared to that of HK$340,658,000 for last corresponding period. With thirty five owned and chartered-in vessels in operation for the period, the Group aimed at maximizing fleet utilization and chartering efficiency. The success of fleet management has been reflected in 55% up in average daily time charter equivalent rate ("TCE") and 42% increase in the number of revenue days from 3,889 days for the first half of 2007 to 5,503 days for the first half of 2008. Even excluding the gain of HK$22,434,000 arising from completion of the disposal of a motor vessel during the period, our shipping business still achieved remarkable growth. We continue to expect promising operating results from shipping business with our expanded fleet size and higher charter rates due to renewal of contracts.

The average daily TCE of the Group's fleet were as follows:

	2008 first half	2007 first half	2007
	US$	*US$*	*US$*
Capesize	**94,378**	55,939	67,653
Panamax	**48,739**	31,149	39,095
Supramax/Handymax	**35,609**	23,538	25,200
In average	**44,736**	28,870	32,778

Chairman's Statement

Given both the dry bulk freight market as well as the financial markets were going through a period of extreme uncertainty at the beginning of 2008, the Group cancelled two agreements both dated 23 November 2007 in relation to the acquisition of two Very Large Ore Carriers at a total purchase price of US$245,240,000 (approximately HK$1,913 million), at a total expense of US$4,000,000 (approximately HK$31 million) in January 2008. The Group further entered into agreements to dispose three Supramaxes "Jin Hai", "Jin Feng" and "Jin Ying" at a total consideration of US$234,250,000 (approximately HK$1,827 million) in April 2008 with the objective to remain financially nimble. Accordingly, a total net gain on disposal of motor vessels, before minority interests, of around HK$490 million was realized upon completion of deliveries of one vessel in June 2008 and the other two vessels to the purchasers in July 2008.

During the period, the Group entered into agreements to acquire two Post-Panamaxes, one Panamax, one Supramax and one Handysize for a total consideration of JPY15,150,000,000 and US$126,600,000 (approximately HK$2,099 million in total), all of the new buildings are to be built by highly experienced and reputable shipyards.

Taking into account of three newly built Supramaxes delivered to the Group, named as "Jin Feng", "Jin Man" and "Jin Pu" and one Supramax disposed and delivered to the purchaser during the period, as at 30 June 2008 the Group owned twenty vessels. Apart from the owned vessels, the Group also operated ten chartered-in vessels as at 30 June 2008.

Trading and other operations. The Group operates its trading of chemical and industrial raw materials through Yee Lee Technology Company Limited, a 75% owned subsidiary of the Company. Turnover for the Group's trading business dropped by 31% to HK$97,218,000 for the first half of 2008 as compared to same period in 2007. The decrease in turnover was mainly attributable to sluggish demand from US and Europe markets after subprime mortgage financial crisis suffered in late 2007 and increased direct competition with China local suppliers. In addition, the cost of trading goods was inevitably forced up by the appreciation in Renminbi, surging production and labour costs due to China's new Labour Contract Law which has come into force on 1 January 2008 and the tightening of environmental protection requirements and other energy and resources conservation policies in China. These pose a great challenge for the Group's trading business. For the six months ended 30 June 2008, the Group's trading business recorded an operating profit of HK$80,000, representing a decrease of 98% as compared to last corresponding period.

The Group's other operations recorded an operating loss of HK$25,948,000 as compared to an operating loss of HK$155,730,000 for last corresponding period. This was primarily due to the tightening of investment policies adopted since late 2007, the net loss on financial assets and financial liabilities at fair value through profit or loss had been greatly reduced by 80% from HK$150,229,000 for the six months ended 30 June 2007 to HK$29,442,000 for the six months ended 30 June 2008.

OUTLOOK

The global economy is going through a period of uncertainty due to a tight credit environment and persistent high oil price leading to a slowdown in economic growth. We expect the dry bulk freight market will remain volatile given the relatively inelastic nature of the industry and a tight balance in supply and demand. Currently, chartering activity has slowed due to seasonality reasons and a slowdown in industrial activities in China ahead of the Beijing Olympics 2008. So far in 2008, the Baltic Dry Index has hit a trough at 5,615 on 29 January 2008, and currently stands at around 7,100 by late August 2008.

Although the dry bulk import requirement from China and other Asian economies has been the biggest demand driver in the past few years and no reversion of this trade pattern is expected in the foreseeable future, the global economic picture has however been further deteriorating and it is now apparent that the impact of the US subprime mortgage crisis will not be limited to a short term global credit crunch. With declining asset prices, rising home mortgages default in US as well as Europe, rising unemployment figures, high inflation driven by high commodity prices and a weak US dollar, the global economy is set to enter uncharted waters with increasing risks lying ahead.

On the supply side, there has been a significant reduction in the number of newbuildings which were scheduled to be delivered in the first half of 2008 due to delays or cancellation, a phenomenon which we have repeatedly suggested could take place as a by-product of the credit crunch, a lack of critical components for construction of new vessels, increasing building costs, as well as insufficient skilled workforce in the shipbuilding industry. We continue to believe that there are a number of shipyards with questionable ability and resources to perform their shipbuilding contracts, leading to a further significant reduction or delays in newbuilding deliveries, and poor quality end product even when a few of the many inexperienced shipyards finally deliver the vessels. This deferral of newbuilding capacity, coupled with a considerable proportion of overage vessels currently in service globally (which will prove to be challenging for trading in the long term given the increasing operating cost as well as increasingly strict marine regulatory requirement) will provide a significant buffer, putting demand and supply of vessels in good balance over the long run.

On the demand side, while we believe the growth in global dry bulk seaborne trade to remain robust in the long term, however we are seeing unfavourable indicators at the macro level: high commodity prices has begun to lead to demand destruction; the slowdown in consumption from western economies will lead to decline in volume of import of finished goods from Asia; China and other Asian economies are not immune and are facing inflation pressures and a challenging lending environment, leading to slowdown in investments and various economic activities. In short, we remain cautious with regards to demand outlook in the medium term given the uncertain macro economic conditions.

Going forward, the Group will monitor the dry bulk freight market and global economic indicators carefully, and continue to focus on maintaining steady business growth.

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

Hong Kong, 27 August 2008

SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to a resolution passed on 18 November 2004 (the "Share Option Scheme"). Under the Share Option Scheme, the Board may grant share options to acquire the shares of the Company to the directors, officers and employees of the Group and other persons selected by the Board who have contributed or will contribute to the Group. The purpose of granting the share options is to provide incentives and/or rewards to eligible persons for their contribution to, and continuing efforts to promote the interests of, 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.

The weighted average value per option granted by the Company were estimated at the dates of grant based on Black-Scholes option pricing model using the following assumptions:

Date of grant	29 June 2006	23 December 2004
Share price at the option grant date	HK$1.57	HK$1.53
Exercise price	HK$1.57	HK$1.60
Risk-free interest rate per annum based on Federal Funds Rate	5.25%	2.25%
Expected stock price volatility	49.66%	76.73%
Expected option life	1 year	2 years
Weighted average value per option granted	HK$0.36	HK$0.66

The Black-Scholes option pricing model was used in estimating the fair value of traded options that have no vesting restriction and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. Because the share options of the Company have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options of the Company.

Disclosure of Interests

Details of the grant of share options and a summary of the movements of the outstanding share options including the interests of the directors of the Company (the "Directors") and chief executive of the Company during the six months ended 30 June 2008 under the Share Option Scheme were as follows:

Name	Date of grant	Closing price per share at date of grant of options *HK$*	Exercise price per share *HK$*	Period during which options exercisable	Number of options: As at 1 January 2008	Exercised/Lapsed during the period	As at 30 June 2008
A. Directors							
Ng Siu Fai	23 December 2004	1.53	1.60	31 March 2006 to 22 December 2014 *Note 2*	31,570,000	–	**31,570,000**
	29 June 2006	1.57	1.57	29 June 2006 to 28 June 2016	3,184,000	–	**3,184,000**
Ng Kam Wah Thomas	23 December 2004	1.53	1.60	31 March 2006 to 22 December 2014 *Note 2*	21,050,000	–	**21,050,000**
	29 June 2006	1.57	1.57	29 June 2006 to 28 June 2016	3,184,000	–	**3,184,000**
Ng Ki Hung Frankie	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	3,000,000	–	**3,000,000**
	29 June 2006	1.57	1.57	29 June 2006 to 28 June 2016	3,184,000	–	**3,184,000**
Ho Suk Lin	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	3,000,000	–	**3,000,000**
Cui Jianhua	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	1,000,000	(700,000)	**300,000**
Tsui Che Yin Frank	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	1,000,000	–	**1,000,000**
William Yau	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	200,000	–	**200,000**
Sub-total					70,372,000	(700,000)	**69,672,000**

Name	Date of grant	Closing price per share at date of grant of options *HK$*	Exercise price per share *HK$*	Period during which options exercisable	Number of options: As at 1 January 2008	Exercised/ Lapsed during the period	As at 30 June 2008
B. Other employees							
With vesting schedules	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009 *Note 3*	1,476,000	(88,000)	**1,388,000**
Without vesting schedule	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	740,000	–	**740,000**
Sub-total					2,216,000	(88,000)	**2,128,000**
TOTAL					72,588,000	(788,000)	**71,800,000**

Notes:

1. During the period, 700,000 share options were exercised and 88,000 share options were lapsed. Other than that, no share option was granted, exercised, cancelled or lapsed during the period ended 30 June 2008.

2. The grant of share options to each of Messrs. Ng Siu Fai and Ng Kam Wah Thomas had been approved by the shareholders of the Company at the extraordinary general meeting of the Company on 27 January 2005 and are subject to certain conditions including a performance target, whereby the share options became exercisable upon the Group having recorded an audited consolidated net profit of not less than HK$400 million for the financial year 2005, which had been achieved. These share options may be exercised during the period commencing on 31 March 2006 (the business day immediately after the day of the issue and publication of the audited consolidated results of the Group for the financial year of 2005) to 22 December 2014 or the date on which the share options shall lapse in accordance with the terms of the Share Option Scheme, whichever is the earlier.

3. These share options were granted to employees of the Group, other than the Directors, under vesting schedules, which began in January 2005 with monthly exercisable limit of about 10% of the share options granted.

4. The closing price per share of the Company as at 30 June 2008 was HK$4.70.

5. All the options forfeited before expiry of the Share Option Scheme will be treated as lapsed options which will not be added back to the number of shares available to be issued under the Share Option Scheme.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

As at 30 June 2008, the interests and short positions of each Director and chief executive 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 Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position

(i) Directors' interests in shares of the Company

Name	Number of shares of the Company held and capacity Beneficial owner	Interest of spouse	Beneficiary of trust	Total	Percentage of total issued shares of the Company
Ng Siu Fai	19,537,000	16,717,000	341,884,280 *Note 1*	378,138,280	72.63%
Ng Kam Wah Thomas	5,909,000	–	341,884,280 *Note 1*	347,793,280	66.80%
Ng Ki Hung Frankie	–	–	341,884,280 *Note 1*	341,884,280	65.66%
Ho Suk Lin	1,774,000	–	–	1,774,000	0.34%
Cui Jianhua	700,000	–	–	700,000	0.13%
William Yau	241,000	–	–	241,000	0.04%

Note 1: 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 Consultants Limited ("Fairline") which is the legal and beneficial owner of 341,884,280 shares of the Company (representing approximately 65.66 per cent. of the total issued shares of the Company) as at 30 June 2008. 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.

(ii) Directors' rights to acquire shares of the Company under the Share Option Scheme adopted on 18 November 2004

The interests of the Directors' rights to acquire shares of the Company under the Share Option Scheme are stated in details in the preceding section of the Share Option Scheme.

(iii) Directors' interests in associated corporation

Name	Number of shares in Jinhui Shipping held and capacity Beneficial owner	Interest of spouse	Beneficiary of trust	Total	Percentage of total issued shares in Jinhui Shipping
Ng Siu Fai	1,098,500	–	46,514,800 *Note 2*	47,613,300	56.65%
Ng Kam Wah Thomas	–	–	46,514,800 *Note 2*	46,514,800	55.34%
Ng Ki Hung Frankie	–	–	46,514,800 *Note 2*	46,514,800	55.34%

Note 2: 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. 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 per cent. of the total issued shares of Jinhui Shipping) held by the Company and 480,000 shares of Jinhui Shipping (representing approximately 0.57 per cent. of the total issued shares of Jinhui Shipping) held by Fairline through their beneficial interests in the Company and Fairline respectively.

Save as disclosed above, as at 30 June 2008, none of the Directors, chief executive or their associates had any interests or short positions in any shares, underlying shares or 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.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable any Director or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor chief executive of the Company or any of their spouses or children under the age of 18 had any interests in, or had been granted, any right to subscribe for the shares in or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), or had exercised any such right during the period.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, in accordance with the register kept under Section 336 of the SFO, the following persons (other than the Directors or chief executive of the Company) had interests representing 5% or more of the issued share capital of the Company:

Long position

Name of shareholders	Capacity	Number of shares of the Company	Number of share options of the Company	Percentage of total issued shares of the Company
Fairline	Beneficial owner	341,884,280	–	65.66%
Wong Yee Man Gloria	Beneficial owner and interest of spouse	378,138,280 *Note 1*	–	72.63%
	Interest of spouse	–	34,754,000 *Note 2*	6.67%

Notes:

1. The interest in shares includes 16,717,000 shares of the Company in which Ms. Wong Yee Man Gloria is interested as a beneficial owner and 361,421,280 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 30 June 2008, the Company has not been notified of any person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

COMPLIANCE OF THE CODE PROVISIONS

The Company has complied with the 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 period ended 30 June 2008, 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 Company. 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 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 the Directors confirmed that they had complied with the required standard as set out therein throughout the six months ended 30 June 2008.

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 unaudited condensed consolidated interim financial statements for the six months ended 30 June 2008.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. During the period, upon financing of various vessel mortgage loans and receiving the net sale proceeds on completion of the disposal of a motor vessel, as well as cash used to partially finance the delivery of three additional vessels and installments paid for the newbuildings, the total of the Group's equity and debt securities, bank balances and cash increased to HK$795,928,000 as at 30 June 2008 (31/12/2007: HK$637,070,000). The Group's bank borrowings increased to HK$3,759,797,000 as at 30 June 2008 (31/12/2007: HK$3,686,192,000), of which 17%, 11%, 25% and 47% 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. As a result of strong earnings and continuing healthy operating cash flows, the gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, equity linked investments, bank deposits with embedded derivatives, cash and cash equivalents) over total equity, reduced to 84% as at 30 June 2008 (31/12/2007: 112%). According to the Group's accounting policy, all the Group's owned vessels are stated at cost less accumulated depreciation and impairment losses at each balance sheet date. It is worth noting that this gearing level is substantially inflated, considering the values of owned vessels have significantly appreciated since their time of purchases. With cash, marketable equity and debt securities in hand and majority of 2008 shipping revenue already covered as well as available credit facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Pledge of assets. As at 30 June 2008, the Group's property, plant and equipment and investment property with an aggregate net book value of HK$4,830,834,000 (31/12/2007: HK$4,404,517,000), financial assets at fair value through profit or loss with market value of HK$89,675,000 (31/12/2007: HK$59,733,000), and deposits of HK$43,737,000 (31/12/2007: HK$55,938,000) placed with banks and other institutions were pledged together with the assignment of twenty (31/12/2007: eighteen) ship owning companies' chartering income to secure credit facilities utilized by the Group. In addition, shares of twenty two (31/12/2007: twenty) ship owning companies were charged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the period, capital expenditure on additions of the owned vessels and vessels under construction was HK$1,386,405,000 (30/6/2007: HK$1,453,860,000) and on other property, plant and equipment was HK$3,994,000 (30/6/2007: HK$240,000).

As at 30 June 2008, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK$7,094,215,000 (31/12/2007: HK$8,095,580,000), representing the Group's outstanding capital expenditure commitments to acquire twenty six (31/12/2007: twenty six) newbuildings, one (31/12/2007: one) second hand vessel and one (31/12/2007: nil) property at a total purchase price of approximately HK$8,748,816,000 (31/12/2007: HK$9,459,897,000).

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. The Group had issued a guarantee 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, as at 30 June 2008 and 31 December 2007.

Save as disclosed above, the Group had no other contingent liabilities as at 30 June 2008.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2008.

EMPLOYEES

As at 30 June 2008, the Group had 108 full-time employees and 490 crew (31/12/2007: 103 full-time employees and 440 crew). 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 fund. 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 DETAILS

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers. As at 30 June 2008, the Group owned twenty vessels which included one modern Capesize, one modern Panamax, sixteen modern grabs fitted Supramaxes and two Supramaxes to be disposed and delivered to the purchasers in July 2008. Apart from the owned vessels, the Group operated ten chartered-in vessels which included one Capesize, six Panamaxes, two Supramaxes and one Handymax as at 30 June 2008.

The movement in fleet details after the period ended 30 June 2008 and up to 26 August 2008 was as follows:

	Number of vessels						
	In operation			Newbuildings/New charters			
	Owned	Chartered [1]	Subtotal	Owned [2]	Chartered [3]	Subtotal	Total
Capesize Fleet							
As at 1 July 2008	1	1	2	–	5	5	7
New charter	–	1	1	–	(1)	(1)	–
As at 26 August 2008	1	2	3	–	4	4	7
Post-Panamax Fleet							
As at 1 July 2008 and 26 August 2008	–	–	–	2	–	2	2
Panamax Fleet							
As at 1 July 2008	1	6	7	2	–	2	9
Expiry of charter	–	(1)	(1)	–	–	–	(1)
As at 26 August 2008	1	5	6	2	–	2	8
Supramax/Handymax Fleet							
As at 1 July 2008	18	3	21	19	1	20	41
Newbuildings orders	–	–	–	2	–	2	2
Newbuilding delivery	1	–	1	(1)	–	(1)	–
Disposals	(2)	–	(2)	–	–	–	(2)
As at 26 August 2008	17	3	20	20	1	21	41
Handysize Fleet							
As at 1 July 2008 and 26 August 2008	–	–	–	1	–	1	1
Total Fleet							
As at 26 August 2008	**19**	**10**	**29**	**25**	**5**	**30**	**59**

Notes:

1 Includes one Handymax with purchase commitment upon expiry of existing charter party later in 2008 and one Supramax with purchase option exercisable on or before April 2010.

2 Includes twenty five newbuildings ordered by the Group as at 26 August 2008, which we expected to take deliveries of one Supramax in late 2008, six Supramaxes and one Panamax in 2009, two Post-Panamaxes and five Supramaxes in 2010, five Supramaxes and one Panamax in 2011, two Supramaxes and one Handysize in 2012 and one Supramax in 2013.

3 Includes one Capesize[4] and one Supramax which are expected to join our chartered fleet later in 2008, and three Capesizes[4] in 2009.

4 The scheduled deliveries of one Capesize in late 2008 and two Capesizes in 2009 may be delayed while another Capesize to be chartered-in in 2009 may or may not be delivered to the Group due to problems at the shipyards.

According to the Group's best estimation, the activity of the Group's fleet as at 25 August 2008 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	**2008**	**2009**
Capesize Fleet	Coverage	%	86	49
	Operating days covered	*Days*	1,049	1,018
	Daily TCE	*US$*	94,054	73,475
Panamax Fleet	Coverage	%	85	33
	Operating days covered	*Days*	2,005	664
	Daily TCE	*US$*	49,882	32,214
Supramax/Handymax Fleet	Coverage	%	98	90
	Operating days covered	*Days*	7,155	7,859
	Daily TCE	*US$*	36,060	36,592

Chartered-in Fleet – TCE cost *:

		Unit	**2008**	**2009**
Capesize Fleet	Operating days	*Days*	847	1,764
	Daily TCE cost	*US$*	62,979	45,713
Panamax Fleet	Operating days	*Days*	2,039	1,458
	Daily TCE cost	*US$*	28,496	28,345
Supramax/Handymax Fleet	Operating days	*Days*	976	820
	Daily TCE cost	*US$*	42,164	44,829

* Assuming the Group will exercise the options to charter-in the vessels during the optional periods, if any, pursuant to terms of certain charter contracts.

Note: One Capesize to be chartered-in in 2009, which may or may not be delivered to the Group as mentioned in note 4 on page 20, has been excluded in the above operating statistics.

Independent Review Report

Grant Thornton
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Member of Grant Thornton International Ltd

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

We have reviewed the interim financial report set out on pages 23 to 32 which comprise the condensed consolidated balance sheet of Jinhui Holdings Company Limited as of 30 June 2008 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

27 August 2008

Condensed Consolidated Income Statement

For the six months ended 30 June 2008

	Note	Six months ended 30 June 2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000
Turnover	2	**2,045,874**	1,089,142
Gain on disposal of a motor vessel	3	**22,434**	–
Other operating income		**60,137**	26,843
Shipping related expenses		**(882,438)**	(518,297)
Cost of trading goods sold		**(89,162)**	(130,547)
Depreciation and amortization		**(119,059)**	(76,270)
Staff costs		**(25,867)**	(22,524)
Other operating expenses		**(68,707)**	(180,154)
Profit from operations	2	**943,212**	188,193
Interest income		**7,409**	16,232
Interest expenses		**(78,731)**	(67,464)
Profit before taxation		**871,890**	136,961
Taxation	4	**(9)**	(662)
Net profit for the period		**871,881**	136,299
Attributable to:			
Shareholders of the Company		**470,166**	85,658
Minority interests		**401,715**	50,641
		871,881	136,299
Dividend recognized as distribution	5(a)	**31,198**	–
Dividend declared after the balance sheet dates	5(b)	**62,513**	–
Earnings per share for net profit attributable to shareholders of the Company			
– Basic	6	**HK$0.904**	HK$0.163
– Diluted	6	**HK$0.827**	HK$0.151

Condensed Consolidated Balance Sheet

At 30 June 2008

	Note	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**6,422,373**	5,748,017
Investment properties		**30,010**	30,010
Goodwill		**39,040**	39,040
Available-for-sale financial assets		**15,148**	12,975
Intangible assets		**2,508**	2,590
		6,509,079	5,832,632
Current assets			
Inventories		**16,747**	16,590
Trade and other receivables	7	**240,311**	211,452
Financial assets at fair value through profit or loss		**124,201**	70,812
Pledged deposits		**43,737**	55,938
Bank balances and cash		**673,146**	572,756
		1,098,142	927,548
Current liabilities			
Trade and other payables	8	**290,833**	306,328
Financial liabilities at fair value through profit or loss		**28,090**	35,444
Taxation		**700**	950
Secured bank loans		**623,503**	720,405
		943,126	1,063,127
Net current assets (liabilities)		**155,016**	(135,579)
Total assets less current liabilities		**6,664,095**	5,697,053
Non-current liabilities			
Secured bank loans		**3,136,294**	2,965,787
Net assets		**3,527,801**	2,731,266
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	9	**52,066**	51,996
Reserves		**1,991,673**	1,549,486
		2,043,739	1,601,482
Minority interests		**1,484,062**	1,129,784
Total equity		**3,527,801**	2,731,266

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	Attributable to shareholders of the Company									
	Share capital (Unaudited) HK$'000	Share premium (Unaudited) HK$'000	Capital redemption reserve (Unaudited) HK$'000	Other asset revaluation reserve (Unaudited) HK$'000	Reserve for available-for-sale financial assets (Unaudited) HK$'000	Employee share-based compensation reserve (Unaudited) HK$'000	Retained profits (Unaudited) HK$'000	Sub-total (Unaudited) HK$'000	Minority interests (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 January 2007	52,538	301,088	2,938	3,038	2,506	26,259	912,750	1,301,117	858,620	2,159,737
Gain on revaluation of available-for-sale financial assets	–	–	–	–	198	–	–	198	–	198
Net income recognized directly in equity	–	–	–	–	198	–	–	198	–	198
Net profit for the period	–	–	–	–	–	–	85,658	85,658	50,641	136,299
Total recognized income	–	–	–	–	198	–	85,658	85,856	50,641	136,497
Shares issued upon exercise of share options	505	7,569	–	–	–	–	–	8,074	–	8,074
Expenses for shares issued upon exercise of share options	–	(40)	–	–	–	–	–	(40)	–	(40)
Repurchase of own shares	(1,082)	–	1,082	–	–	–	(44,156)	(44,156)	–	(44,156)
Acquisition of minority interests in a subsidiary	–	–	–	–	–	–	(33,358)	(33,358)	(32,804)	(66,162)
	(577)	7,529	1,082	–	–	–	(77,514)	(69,480)	(32,804)	(102,284)
At 30 June 2007	51,961	308,617	4,020	3,038	2,704	26,259	920,894	1,317,493	876,457	2,193,950

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	Attributable to shareholders of the Company									
	Share capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Capital redemption reserve (Unaudited) *HK$'000*	Other asset revaluation reserve (Unaudited) *HK$'000*	Reserve for available-for-sale financial assets (Unaudited) *HK$'000*	Employee share-based compensation reserve (Unaudited) *HK$'000*	Retained profits (Unaudited) *HK$'000*	Sub-total (Unaudited) *HK$'000*	Minority interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
At 1 January 2008	51,996	309,146	4,020	3,038	4,064	26,259	1,202,959	1,601,482	1,129,784	2,731,266
Gain on revaluation of available-for-sale financial assets	–	–	–	–	2,173	–	–	2,173	–	2,173
Net income recognized directly in equity	–	–	–	–	2,173	–	–	2,173	–	2,173
Net profit for the period	–	–	–	–	–	–	470,166	470,166	401,715	871,881
Total recognized income	–	–	–	–	2,173	–	470,166	472,339	401,715	874,054
2007 final dividend paid	–	–	–	–	–	–	(31,198)	(31,198)	–	(31,198)
Dividend to minority interests	–	–	–	–	–	–	–	–	(47,437)	(47,437)
Shares issued upon exercise of share options	70	1,050	–	–	–	–	–	1,120	–	1,120
Expenses for shares issued upon exercise of share options	–	(4)	–	–	–	–	–	(4)	–	(4)
	70	1,046	–	–	–	–	(31,198)	(30,082)	(47,437)	(77,519)
At 30 June 2008	**52,066**	**310,192**	**4,020**	**3,038**	**6,237**	**26,259**	**1,641,927**	**2,043,739**	**1,484,062**	**3,527,801**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash from operating activities	**847,446**	461,567
Net cash used in investing activities	**(760,723)**	(1,477,997)
Net cash from financing activities	**13,667**	1,357,980
Net increase in cash and cash equivalents	**100,390**	341,550
Cash and cash equivalents at 1 January	**572,756**	368,050
Cash and cash equivalents at 30 June	**673,146**	709,600
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**673,146**	713,167
Unsecured bank overdrafts	**–**	(3,567)
	673,146	709,600

Notes to the Interim Financial Statements

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of Appendix 16 of the Listing Rules.

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2007 except for the adoption of new/revised Hong Kong Financial Reporting Standards and HKASs ("New Standards") that have become effective for accounting periods beginning on or after 1 January 2008. The Board has assessed the impact of these New Standards and concluded that the adoption of these New Standards has no material impact on the Group's financial statements.

2. Segment information

An analysis of the Group's turnover and profit (loss) from operations by principal activities is as follows:

	Turnover		**Profit (Loss) from operations**	
	Six months ended 30 June		**Six months ended 30 June**	
	2008	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Chartering freight and hire	**1,948,656**	947,781	**969,080**	340,658
Trading	**97,218**	141,361	**80**	3,265
Other operations	**–**	–	**(25,948)**	(155,730)
	2,045,874	1,089,142	**943,212**	188,193

The Group's chartering freight and hire business is carried out internationally and cannot be attributable to any particular geographical location. During the period, about 60% (2007: 84%) and 38% (2007: 16%) of the Group's trading business was carried out in Hong Kong and China respectively. The Group's other operations comprised investment holding, property investments, investments in equity and debt securities, and derivative financial instruments which were mainly carried out in Hong Kong in both periods.

3. Gain on disposal of a motor vessel

The amount for the period represented the gain on completion of the disposal of a motor vessel (2007: nil).

4. Taxation

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current period	**(9)**	(662)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits for the period ended 30 June 2008. In the opinion of the Directors, a substantial portion of the Group's income neither arose in nor was derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax. The Group is also not subject to taxation in any other jurisdictions in which the Group operates.

5. Dividends

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(a) *Dividend recognized as distribution:*		
2007 final dividend of HK$0.06 per share	**31,198**	–
(b) *Dividend declared after the balance sheet dates:*		
2008 interim dividend of HK$0.12 per share	**62,513**	–

6. Earnings per share

The calculation of basic earnings per share for the period is based on the net profit attributable to shareholders of the Company for the period of HK$470,166,000 (2007: HK$85,658,000) and the weighted average number of 520,092,249 (2007: 525,336,485) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the period is based on the net profit attributable to shareholders of the Company for the period of HK$470,166,000 (2007: HK$85,658,000). The weighted average number of ordinary shares used in the calculation is 520,092,249 (2007: 525,336,485) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 48,374,907 (2007: 43,270,801) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

7. Trade and other receivables

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Trade receivables	**61,510**	79,328
Prepayments, deposits and other receivables	**178,801**	132,124
	240,311	211,452

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

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Within 3 months	**52,408**	64,579
Over 3 months but within 6 months	**4,646**	13,084
Over 6 months but within 12 months	**3,605**	890
Over 12 months	**851**	775
	61,510	79,328

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 are performed on customers requiring a credit over a certain amount including assessing the customer's creditworthiness and financial standing.

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 60 to 120 days following the month in which sales take place.

8. Trade and other payables

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Trade payables	**23,137**	17,433
Accrued charges and other payables	**267,696**	288,895
	290,833	306,328

The aging analysis of trade payables is as follows:

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Within 3 months	**13,055**	7,284
Over 3 months but within 6 months	**121**	4
Over 6 months but within 12 months	**872**	187
Over 12 months	**9,089**	9,958
	23,137	17,433

9. Share capital

During the period, the number of issued ordinary shares of the Company was increased from 519,961,480 shares to 520,661,480 shares following the allotment and issue of 700,000 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.

10. Post balance sheet events

On 11 July 2008, the Group entered into an agreement to acquire a Supramax newbuilding of deadweight 57,700 metric tons at a purchase price of US$46,500,000, which will be delivered to the Group on or before 30 June 2011.

On 25 July 2008, the Group entered into an agreement to acquire a Supramax newbuilding of deadweight 61,000 metric tons at a purchase price of JPY5,350,000,000, which will be delivered to the Group during the period between 1 June 2011 and 31 July 2011.

11. Comparative figures

Certain comparative figures have been reclassified to conform to current period's presentation.