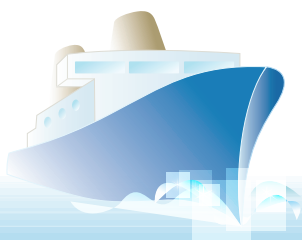




JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137



2009
INTERIM REPORT



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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

COMPANY SECRETARY

Ho Suk Lin

AUDITORS

Grant Thornton
Certified Public Accountants

SHARE REGISTRAR

Tricor Standard Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

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

CONTACTS

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E-mail: info@jinhuiship.com

WEBSITE

www.jinhuiship.com

SHARE LISTING

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

HIGHLIGHTS FOR THE FIRST HALF OF 2009:

- Revenue dropped 31% to HK\$1,406 million
- Net profit attributable to shareholders decreased from HK\$470 million to HK\$330 million
- Basic earnings per share: HK\$0.633
- Gearing ratio as at 30 June 2009: 59%

Chairman's Statement

INTERIM RESULTS

Jinhui Holdings Company Limited (the "Company") and its subsidiaries (the "Group") recorded revenue of HK\$1,406,070,000 and net profit attributable to shareholders of the Company amounting to HK\$329,804,000 for the first half of 2009, representing a decline of 31% and 30% as compared to HK\$2,045,874,000 and HK\$470,166,000 respectively for the first half of 2008.

Basic earnings per share for the period was HK\$0.633 as compared to basic earnings per share of HK\$0.904 for the last corresponding period.

INTERIM DIVIDEND

The board of directors of the Company (the "Board") has resolved not to recommend the payment of any interim dividend for the period ended 30 June 2009 (2008: HK\$0.12 per share).

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 operating environments in the early months of 2009 have been extremely challenging for dry bulk shipping industry. On the positive side, the various quantitative easing from governments across the globe, in particular that of China which has been relatively successful in terms of unleashing some liquidity/credit towards industrial activities, and consequentially brought some positive momentum in terms of coal and iron ore movements into China. The Baltic Dry Index rebounded from fairly low of 774 points on 1 January 2009 to 4,291 points on 3 June 2009 and closed at 3,757 points on 30 June 2009. Despite there are encouraging signs of slowing down of worsening in the global economies, there are still uncertainties over the macroeconomic recovery path and the dry bulk market environment remains difficult.

Chairman's Statement

Comparing to the market peak happened in May 2008, both revenue and segment profit of the Group's chartering freight and hire segment unavoidably fell back by 30% and 32% respectively in the first half of 2009. The drop in revenue was primarily due to the loss of time-charter contracts as a result of counterparties' defaults in early months of 2009 and the sharp fall in charter rates due to the consequential increased in spot exposure. Notwithstandingly, our existing reputable charterers continue to honor the time-charter contracts that bring stable earning stream to the Group and our fleet continues to perform in high utilization. For the first half of 2009, the Group's chartering freight and hire revenue achieved HK\$1,359 million and recorded segment profit of HK\$605 million as compared to HK\$1,949 million and HK\$891 million respectively for the first half of 2008.

Due to the loss of a few long term time-charter contracts in the early 2009, the Group was negatively impacted by reduced profits that reflected in the decline in the average daily time charter equivalent rates ("TCE") of the Group's fleet.

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

	2009 first half	2008 first half	2008
	US\$	US\$	US\$
Capesize	80,507	94,378	92,071
Panamax	18,792	48,739	46,269
Supramax / Handymax	25,798	35,609	34,312
In average	30,273	44,736	43,093

The escalation in the financial crisis has triggered chain of credit defaults in dry bulk market. The Group encountered several charterers' delinquencies in contractual obligations under the time-charter contracts. The Group has taken legal actions against certain charterers for considerable damages and loss on non-performance of time-charter contracts. In the first half of 2009, impairment loss of HK\$79 million (2008: HK\$627,000) had been provided on trade receivables due from certain charterers with prolonged delay in hire payments over the agreed credit terms.

On the other hand, the Group received an income of HK\$310 million for the period ended 30 June 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.

Chairman's Statement

In order to enhance our financial position as well as reduce future reliance on leverage, the Group entered into agreements to dispose of five motor vessels in the first half of 2009, of which two Supramaxes had been delivered to the purchasers in June 2009, whereas one Capesize, one Panamax and one Supramax would be delivered to the purchasers in the second half of 2009. Upon the completion of the disposal of two Supramaxes in June 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\$145 million while a loss of HK\$53,536,000, before minority interests, on disposal of motor vessels was recognized in the first half of 2009.

The Group's shipping related expenses for the period dropped to HK\$738,926,000 as compared to HK\$882,438,000 for the last corresponding period. The decrease in shipping related expenses was mainly attributable to expiration of time-charter contracts of a few chartered-in Panamaxes in late 2008.

During the period ended 30 June 2009, three newly built Supramaxes, one newly built Panamax and one second hand Supramax had been delivered to the Group. As at 30 June 2009, the Group owned twenty four vessels and operated nine chartered-in vessels.

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.

In light of the marked deterioration in the business environment over the past few months, revenue for the Group's trading business dropped by 52% to HK\$47 million for the first half of 2009 as compared to HK\$97 million reported in the first half of 2008. Although the market sentiment has been improved since April 2009, the Group's trading business recorded a segment loss of HK\$4,286,000 for the six months ended 30 June 2009, comparing to a segment profit of HK\$2,000 for the last corresponding period.

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 being recognized in current period while the net loss of HK\$29 million on financial assets and financial liabilities at fair value through profit or loss was recorded for the six months ended 30 June 2008.

Due to the remarkable interest rates cut, the Group's finance costs for the period ended 30 June 2009 reduced to HK\$38 million as compared to HK\$79 million for the last corresponding period.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. During the period ended 30 June 2009, upon financing of various vessel mortgage loans and receiving the net sale proceeds on completion of the disposal of two motor vessels, and offset by cash used to partially finance the delivery of five additional vessels and installments paid for the newbuildings, the total of the Group's equity and debt securities, bank balances and cash decreased to HK\$798,172,000 as at 30 June 2009 (31/12/2008: HK\$864,011,000). The Group's bank borrowings increased to HK\$3,692,176,000 as at 30 June 2009 (31/12/2008: HK\$3,470,374,000), of which 11%, 10%, 28% and 51% 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 59% as at 30 June 2009 (31/12/2008: 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 30 June 2009, the Group's property, plant and equipment, investment property and assets held for sale with an aggregate net book value of HK\$5,741,361,000 (31/12/2008: HK\$4,896,172,000), financial assets at fair value through profit or loss of HK\$30,771,000 (31/12/2008: HK\$54,517,000) and deposits of HK\$88,536,000 (31/12/2008: HK\$80,838,000) placed with banks and other financial institution were pledged together with the assignment of twenty three (31/12/2008: twenty one) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of twenty one (31/12/2008: twenty one) ship owning subsidiaries were pledged 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\$1,454,997,000 (30/6/2008: HK\$1,386,405,000) and on other property, plant and equipment was HK\$1,177,000 (30/6/2008: HK\$3,994,000).

As at 30 June 2009, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK\$5,564,029,000 (31/12/2008: HK\$7,244,992,000), representing the Group's outstanding capital expenditure commitments to acquire twenty two newbuildings (31/12/2008: twenty six newbuildings and one second hand vessel) at a total purchase price of approximately HK\$7,525,661,000 (31/12/2008: 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.

Chairman's Statement

Contingent liabilities. As at 30 June 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 30 June 2009.

OUTLOOK

Despite there are signs and statistics suggesting that the worst of the downturn may be behind us, the fundamentals of the world economy remain to be fragile in our view. The key ingredients for a sustainable economic rebound, other than positive movements in financial markets and stock market indices, are yet to be seen.

With OECD countries and the US still in recession, trading conditions for the rest of 2009 and into 2010 is expected to remain extremely challenging. Restoration in confidence in selected activities (mostly non-industrial) has resulted in recent months due to an unprecedented, orchestrated quantitative easing effort from governments across the globe. However, we observed that much of this liquidity remains trapped within the banking system and failed to channel into real economic or industrial activities, not to mention even those corporates with viable businesses and better access to credit remain to be highly cautious with further new investments. The past few months may have been a perfect environment for some financial institutions to produce spectacular gains from proprietary trading of financial securities, but as a matter of fact real business activities along the global supply chain, from manufacturing of goods to transportation of goods are still operating in an exceedingly challenging environment.

With the ongoing financial deleveraging and consumer retrenchment in the US and Europe, China and other Asian countries also suffer from over capacity in manufacturing which leads to drastic reduction in export which they heavily relied on in the past. Fortunately, China has been more successful in ensuring credit is allocated to economic/industrial activities by implementing large-scale infrastructure projects, as well as encouraging lending to individuals which stimulated domestic consumption and fixed asset investments in order to maintain healthy economic growth. It remains debatable as to the long term consequences of such approach, but in the meantime, a positive momentum in freight rates as well as a rebound in market value of vessels was generated which we have promptly taken

Chairman's Statement

advantage of to enhance our financial position. We took this cautious view and conservative steps since asset prices have already surpassed their medium term earnings capability from our perspective. Realistically, China alone as the only driving force of global economy or the dry seaborne trade may not be sufficient for a sustainable uptrend, especially when western economies are still struggling. The very foundation of global trade has been disrupted and the economic dynamics within as well as between countries and regions will go through radical structural changes going forward. We believe it is prudent to keep our powder dry against such backdrop as demand of dry seaborne trade will be volatile.

Turning to the supply side of dry bulk shipping, the capacity growth from delivery of ordered new vessels, as well as the over capacity in shipbuilding (due to limited failure of greenfield shipyards, who received local government supports over fear of increased unemployment) will remain to be key uncertainties going forward and will affect the trading condition of the dry bulk market.

With potential mismatch over the demand/supply as a possible scenario ahead, OECD countries and the US still facing much challenges ahead before steering themselves out of recession, the sustainability of the current positive momentum in dry bulk freight rates due to increase in Chinese imports and port congestions may soon be tested.

The Group remains cautious with the medium term outlook and will monitor the dry bulk market and other key global economic indicators carefully. We will continue to focus on our core business, look at the basics, continue to build up our liquidity, reduce costs and mitigate any business and operating risks wherever possible. In the earlier part of 2009, we have experienced a number of counterparty defaults. We have been and will continue to devote resources to pursue these counterparties plus disclose their identities when appropriate, in particular those who failed to perform their contractual obligations with us but have since devoted financial resources to further their businesses.

Despite the prevailing seemingly calm seas, the Group will continue to work hard to navigate the stormy waters while preserving the Group's ability to take advantage of a real sustainable rebound of the global economy.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 2 September 2009

Disclosure of Interests

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 person(s) 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.

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 2009 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 2009	Exercised during the period	As at 30 June 2009
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	300,000	-	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
Subtotal					69,672,000	-	69,672,000

Disclosure of Interests

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 2009	Exercised during the period	As at 30 June 2009
B. Other employees							
With vesting schedules	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009 Note 3	1,012,000	(120,000)	892,000
Without vesting schedule	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	440,000	-	440,000
Subtotal					1,452,000	(120,000)	1,332,000
Total					71,124,000	(120,000)	71,004,000

Notes:

- During the period, 120,000 share options were exercised. Other than that, no share option was granted, exercised, cancelled or lapsed during the period ended 30 June 2009.
- 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 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.
- The closing price per share of the Company as at 30 June 2009 was HK\$2.25.
- 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 2009, 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")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position

(i) Directors' interests in shares of the Company

Name	Number of shares in the Company held and capacity			Total	Percentage of total issued shares of the Company
	Beneficial owner	Interest of spouse	Beneficiary of trust		
Ng Siu Fai	19,917,000	15,140,000	342,209,280 <i>Note</i>	377,266,280	72.35%
Ng Kam Wah Thomas	5,909,000	–	342,209,280 <i>Note</i>	348,118,280	66.76%
Ng Ki Hung Frankie	–	–	342,209,280 <i>Note</i>	342,209,280	65.63%
Ho Suk Lin	1,440,000	–	–	1,440,000	0.28%
Cui Jianhua	680,000	–	–	680,000	0.13%
William Yau	241,000	–	–	241,000	0.05%

Note: Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline Consultants Limited ("Fairline") which is the legal and beneficial owner of 342,209,280 shares of the Company (representing approximately 65.63% of the total issued shares of the Company) as at 30 June 2009. 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.

Disclosure of Interests

(ii) Directors' interests in underlying shares of the Company (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 "Share Option Scheme" on pages 10 and 11.

(iii) Directors' interests in associated corporation

Name	Number of shares in Jinhui Shipping held and capacity			Total	Percentage of total issued shares of Jinhui Shipping
	Beneficial owner	Interest of spouse	Beneficiary of trust		
Ng Siu Fai	1,214,700	359,000	46,534,800 <i>Note</i>	48,108,500	57.24%
Ng Kam Wah Thomas	50,000	–	46,534,800 <i>Note</i>	46,584,800	55.43%
Ng Ki Hung Frankie	–	–	46,534,800 <i>Note</i>	46,534,800	55.37%

Note: Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline which is the controlling shareholder of the Company as disclosed hereinabove. As at 30 June 2009, each of Messrs. Ng Siu Fai, Ng Kam Wah Thomas and Ng Ki Hung Frankie, the eligible beneficiaries of the Ng Hing Po 1991 Trust, is deemed to be interested in 46,034,800 shares of Jinhui Shipping (representing approximately 54.77% of the total issued shares of Jinhui Shipping) held by the Company and 500,000 shares of Jinhui Shipping (representing approximately 0.59% of the total issued shares of Jinhui Shipping) held by Fairline through their beneficial interests in the Company and Fairline respectively.

Save as disclosed above, as at 30 June 2009, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) have, or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position

Name of shareholders	Capacity	Number of shares in the Company	Number of share options in the Company	Percentage of total issued shares of the Company
Fairline	Beneficial owner	342,209,280	–	65.63%
Wong Yee Man Gloria	Beneficial owner and interest of spouse	377,266,280 <i>Note 1</i>	–	72.35%
	Interest of spouse	–	34,754,000 <i>Note 2</i>	6.66%

Notes:

1. The interest in shares includes 15,140,000 shares of the Company in which Ms. Wong Yee Man Gloria is interested as a beneficial owner and 362,126,280 shares of the Company in which she is deemed to be interested through the interest of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).
2. Ms. Wong Yee Man Gloria is deemed to be interested in the options to subscribe for 34,754,000 shares of the Company held by her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).

Save as disclosed herein, as at 30 June 2009, 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 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 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.

Corporate Governance

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 Directors confirmed that they had complied with the required standard as set out therein throughout the six months ended 30 June 2009.

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 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 six months ended 30 June 2009.

EMPLOYEES

As at 30 June 2009, the Group had 108 (31/12/2008: 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 period, a newly built Panamax named as "Jin Rui", three newly built Supramaxes named as "Jin Wan", "Jin Shun" and "Jin Gang", and one second hand Supramax renamed as "Jin Kang" were delivered to the Group.

During the period, 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", of which "Jin Man" and "Jin Pu" were both delivered to the purchasers in June 2009 while "Jin Kang" and "Jin Tai" were both delivered to the purchasers in July 2009. "Jin He" is expected to be delivered to the purchaser during the period between 15 November 2009 to 31 December 2009.

As at 30 June 2009, the Group had twenty four owned vessels which included one modern Capesize, two modern Panamaxes, twenty modern grabs fitted Supramaxes and one Handymax. Apart from the owned vessels, the Group operated nine chartered-in vessels which included three Capesizes, three Panamaxes and three Supramaxes as at 30 June 2009.

Supplementary Information

FLEET DETAILS

The movement in fleet details after the period ended 30 June 2009 and up to 30 August 2009 was as follows:

	Number of vessels						Total
	In operation			Newbuildings / New charters			
	Owned ¹	Chartered	Subtotal	Owned ²	Chartered ³	Subtotal	
Capesize Fleet							
As at 1 July 2009	1	3	4	-	2	2	6
New charter	-	1	1	-	-	-	1
Disposal	(1)	-	(1)	-	-	-	(1)
As at 30 August 2009	-	4	4	-	2	2	6
Post-Panamax Fleet							
As at 1 July 2009 and 30 August 2009	-	-	-	2	-	2	2
Panamax Fleet							
As at 1 July 2009 and 30 August 2009	2	3	5	1	-	1	6
Supramax / Handymax Fleet							
As at 1 July 2009	21	3	24	16	-	16	40
Expiry of charter	-	(1)	(1)	-	-	-	(1)
Disposal	(1)	-	(1)	-	-	-	(1)
As at 30 August 2009	20	2	22	16	-	16	38
Handysize Fleet							
As at 1 July 2009 and 30 August 2009	-	-	-	1	-	1	1
Total Fleet							
as at 30 August 2009	22	9	31	20	2	22	53

Notes:

- Includes one disposed Panamax which is expected to be delivered to the purchaser during the period between 15 November 2009 to 31 December 2009.
- Includes twenty newbuildings ordered by the Group as at 30 August 2009, which we expected to take deliveries of three Supramaxes in 2009, two Post-Panamax and five Supramaxes in 2010, five Supramaxes and one Panamax in 2011, two Supramaxes and one Handysize in 2012 and one Supramax in 2013.
- Includes two Capesizes with scheduled deliveries in 2008 and 2009, which have been delayed due to problems at the shipyards.

Supplementary Information

According to the Company's best estimation, the activity of the Group's fleet as at 30 August 2009 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		<i>Unit</i>	2009	2010
Capesize Fleet	Coverage	%	97	100
	Operating days covered	<i>Days</i>	1,156	720
	Daily TCE	<i>US\$</i>	79,622	83,704
Panamax Fleet	Coverage	%	80	50
	Operating days covered	<i>Days</i>	1,325	360
	Daily TCE	<i>US\$</i>	22,076	38,200
Supramax / Handymax Fleet	Coverage	%	94	49
	Operating days covered	<i>Days</i>	7,840	4,602
	Daily TCE	<i>US\$</i>	26,104	31,504

Chartered-in Fleet – TCE cost:

		<i>Unit</i>	2009	2010
Capesize Fleet	Operating days	<i>Days</i>	1,001	730
	Daily TCE cost	<i>US\$</i>	50,753	40,750
Panamax Fleet	Operating days	<i>Days</i>	1,058	365
	Daily TCE cost	<i>US\$</i>	27,663	22,500
Supramax / Handymax Fleet	Operating days	<i>Days</i>	852	491
	Daily TCE cost	<i>US\$</i>	34,621	30,290

Note:

Two Capesizes with scheduled deliveries in 2008 and 2009, which have been delayed as mentioned in note 3 on page 18, have been excluded in the above operating statistics.

Independent Review Report



Member of Grant Thornton International Ltd

Independent Review Report to the Board of Directors of Jinhui Holdings Company Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 21 to 32 which comprise the condensed consolidated statement of financial position of Jinhui Holdings Company Limited as of 30 June 2009 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows 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
6th Floor, Nexus Building,
41 Connaught Road Central,
Hong Kong

2 September 2009

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
	<i>Note</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	2	1,406,070	2,045,874
(Loss) Gain on disposal of motor vessel(s)	3	(53,536)	22,434
Other operating income	4	342,191	60,137
Interest income		5,983	7,409
Shipping related expenses		(738,926)	(882,438)
Cost of trading goods sold		(44,492)	(89,162)
Staff costs		(28,773)	(25,867)
Other operating expenses		(113,145)	(68,707)
Operating profit before depreciation and amortization		775,372	1,069,680
Depreciation and amortization		(133,313)	(119,059)
Operating profit		642,059	950,621
Finance costs		(38,374)	(78,731)
Profit before taxation		603,685	871,890
Taxation	5	(30)	(9)
Net profit for the period		603,655	871,881
Other comprehensive income			
Change in fair value of available-for-sale financial assets		-	2,173
Total comprehensive income for the period		603,655	874,054
Net profit for the period attributable to:			
Shareholders of the Company		329,804	470,166
Minority interests		273,851	401,715
		603,655	871,881
Total comprehensive income for the period attributable to:			
Shareholders of the Company		329,804	472,339
Minority interests		273,851	401,715
		603,655	874,054
Earnings per share for net profit attributable to shareholders of the Company			
- Basic	6	HK\$0.633	HK\$0.904
- Diluted	6	N/A	HK\$0.827

Condensed Consolidated Statement of Financial Position

As at 30 June 2009

		30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6,956,049	6,926,665
Investment properties		23,750	23,750
Goodwill		39,040	39,040
Available-for-sale financial assets		14,561	14,561
Intangible assets		2,344	2,426
		7,035,744	7,006,442
Current assets			
Inventories		12,123	24,733
Assets held for sale	8	809,352	–
Trade and other receivables	9	227,918	248,659
Financial assets at fair value through profit or loss		58,234	87,305
Tax recoverable		24	1,064
Pledged deposits		88,536	80,838
Bank balances and cash	10	739,938	778,090
		1,936,125	1,220,689
Current liabilities			
Trade and other payables	11	404,700	461,184
Financial liabilities at fair value through profit or loss		–	24,347
Provision for taxation		–	77
Secured bank loans		418,447	437,509
		823,147	923,117
Net current assets		1,112,978	297,572
Total assets less current liabilities		8,148,722	7,304,014
Non-current liabilities			
Secured bank loans		3,273,729	3,032,865
Net assets		4,874,993	4,271,149
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	12	52,146	52,134
Reserves		2,706,272	2,376,291
		2,758,418	2,428,425
Minority interests		2,116,575	1,842,724
Total equity		4,874,993	4,271,149

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to shareholders of the Company									
	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Other asset revaluation reserve (Unaudited) HK\$'000	Employee share-based compensation reserve (Unaudited) HK\$'000	Reserve for available-for-sale financial assets (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Subtotal (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	26,259	4,064	1,202,959	1,601,402	1,129,704	2,731,266
Total comprehensive income for the period	-	-	-	-	-	2,173	470,166	472,339	401,715	874,054
2007 final dividend paid	-	-	-	-	-	-	(31,198)	(31,198)	-	(31,198)
Dividends 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)
At 30 June 2008	52,066	310,192	4,020	3,038	26,259	6,237	1,641,927	2,043,739	1,484,062	3,527,801
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 period	-	-	-	-	-	-	329,804	329,804	273,851	603,655
Shares issued upon exercise of share options	12	180	-	-	-	-	-	192	-	192
Expenses for shares issued upon exercise of share options	-	(3)	-	-	-	-	-	(3)	-	(3)
At 30 June 2009	52,146	311,375	4,020	3,038	26,259	4,555	2,357,025	2,758,418	2,116,575	4,874,993

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
Note	HK\$'000	HK\$'000
Net cash from operating activities	749,617	847,446
Net cash used in investing activities	(961,431)	(760,723)
Net cash from financing activities	213,464	13,667
Net increase in cash and cash equivalents	1,650	100,390
Cash and cash equivalents at 1 January	660,288	572,756
Cash and cash equivalents at 30 June	10 661,938	673,146

Notes to the Interim Financial Statements

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2009 have been reviewed by our auditors, Grant Thornton, 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 (“HKICPA”). An unmodified review conclusion has been issued by the auditors.

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 HKICPA and the applicable disclosure provisions of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2008 except for the adoption of new / revised Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs (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, there have not been any other New Standards that have significant impact on the Group’s financial statements.

Notes to the Interim 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 and segment results for the six months ended 30 June 2009 and 2008 and reconcile the total reportable segment results to the Group's net profit for the period as presented in the condensed consolidated statement of comprehensive income.

	Six months ended 30 June 2009		
	Chartering freight and hire (Unaudited) <i>HK\$'000</i>	Trading (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Revenue	1,359,260	46,810	1,406,070
Segment results	605,060	(4,286)	600,774
Unallocated other operating income			6,056
Unallocated corporate expenses			(9,128)
Interest income			5,983
Profit before taxation			603,685
Taxation			(30)
Net profit for the period			603,655

Notes to the Interim Financial Statements

2. Segment information (Continued)

Six months ended 30 June 2008

	Chartering freight and hire (Unaudited) <i>HK\$'000</i>	Trading (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Revenue	1,948,656	97,218	2,045,874
Segment results	890,606	2	890,608
Unallocated other operating income			12,108
Unallocated corporate expenses			(38,235)
Interest income			7,409
Profit before taxation			871,890
Taxation			(9)
Net profit for the period			871,881

3. (Loss) Gain on disposal of motor vessel(s)

The amount for the period ended 30 June 2009 represented the loss on completion of the disposal of two motor vessels. The amount for the period ended 30 June 2008 represented the gain on completion of the disposal of a motor vessel.

4. Other operating income

The amount of other operating income for the period ended 30 June 2009 included an income of HK\$309,757,000 (2008: nil) received from a few counterparties to wash out foregoing time-charter contracts by mutual agreements.

Notes to the Interim Financial Statements

5. Taxation

The amount of taxation charged to the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong Profits Tax:		
Current period	–	9
PRC Corporate Income Tax:		
Current period	30	–
	<hr/>	<hr/>
	30	9

Hong Kong Profits Tax has not been provided as the Group has no assessable profits for the period ended 30 June 2009 (2008: 16.5% on the estimated assessable profits). 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 period ended 30 June 2009.

Apart from tax charges on estimated assessable profits arising in 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 for the period ended 30 June 2009 is based on the net profit attributable to shareholders of the Company for the period of HK\$329,804,000 (2008: HK\$470,166,000) and the weighted average number of 521,354,718 (2008: 520,092,249) ordinary shares in issue during the period.

Diluted earnings per share for the period ended 30 June 2009 is not presented, as the exercise prices of the share options were greater than the average market price of the Company's share for the period and there was no dilution effect on the basic earnings per share.

Notes to the Interim Financial Statements

6. Earnings per share (Continued)

The calculation of diluted earnings per share for the period ended 30 June 2008 was based on the net profit attributable to shareholders of the Company for the period of HK\$470,166,000. The weighted average number of ordinary shares used in the calculation was 520,092,249 ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 48,374,907 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options granted under the Company's share option scheme during the period.

7. Dividends

	Six months ended 30 June	
	2009	2008
	(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 date:		
– 2008 interim dividend of HK\$0.12 per share	–	62,560

The Board has resolved not to recommend the payment of any interim dividend for the period ended 30 June 2009.

8. Assets held for sale

As at 30 June 2009, the amount represented the carrying amounts of three motor vessels held for sale. The Group entered into agreements to dispose of these three motor vessels at total consideration of HK\$950 million in June 2009, of which two motor vessels were delivered to the purchasers in July 2009 and one motor vessel is expected to be delivered to the purchaser during the period between 15 November 2009 to 31 December 2009. Upon completion of delivery of these three motor vessels, the Group's working capital and liquidity would be enhanced by the net sale proceeds (after repayment of vessel mortgage loans) of approximately HK\$539 million and an estimated gain of approximately HK\$120 million, before minority interests, would be realized in the second half of 2009.

Notes to the Interim Financial Statements

9. Trade and other receivables

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Trade receivables	49,431	68,654
Prepayments, deposits and other receivables	178,487	180,005
	227,918	248,659

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

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within 3 months	42,402	61,667
Over 3 months but within 6 months	3,423	5,176
Over 6 months but within 12 months	2,741	926
Over 12 months	865	885
	49,431	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.

Notes to the Interim Financial Statements

10. Bank balances and cash

	30 June 2009 (Unaudited) HK\$'000	30 June 2008 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Cash and cash equivalents for condensed consolidated statement of cash flows purpose	661,938	673,146	660,288
Bank deposits with more than three months to maturity when placed	78,000	–	117,802
	739,938	673,146	778,090

11. Trade and other payables

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Trade payables	28,245	21,347
Accrued charges and other payables	376,455	439,837
	404,700	461,184

The aging analysis of trade payables is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within 3 months	7,973	10,907
Over 3 months but within 6 months	6,944	1,506
Over 6 months but within 12 months	2,431	43
Over 12 months	10,897	8,891
	28,245	21,347

Notes to the Interim Financial Statements

12. Issued capital

During the period, the number of issued ordinary shares of the Company was increased from 521,337,480 shares to 521,457,480 shares following the allotment and issue of 120,000 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 period 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 period's presentation as a result of the adoption of HKAS 1 (Revised) and HKFRS 8.