



JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137



INTERIM REPORT **2010**

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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

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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)

HIGHLIGHTS FOR THE FIRST HALF OF 2010

- Revenue for the period: HK\$1,498 million
- Net profit attributable to shareholders for the period: HK\$318 million
- Basic earnings per share: HK\$0.600
- Gearing ratio as at 30 June 2010: 47%

Chairman's Statement

The Board is pleased to present the interim report of **Jinhui Holdings Company Limited** (the "Company") and its subsidiaries (the "Group") for the six months ended 30 June 2010.

INTERIM RESULTS

The Group recorded revenue of HK\$1,498,436,000 for the first half of 2010, representing an increase of 7% as compared to HK\$1,406,070,000 for the first half of 2009. The net profit attributable to shareholders of the Company for the first half of 2010 was HK\$318,122,000 whereas HK\$329,804,000 was reported in the same period in 2009.

Basic earnings per share was HK\$0.600 for the period ended 30 June 2010 as compared to basic earnings per share of HK\$0.633 for the last corresponding period.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the period ended 30 June 2010 (2009: nil).

BUSINESS REVIEW

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

The dry bulk shipping operating activities restored on the back of firm and strong Chinese iron ore imports and steel consumption in the beginning of 2010. Yet, the market charter rates retreated since June 2010 given the escalating newbuildings put into the market, weaker-than-expect global economic recovery, uncertainty over European sovereign debt crisis, and continued tightening economic measures of the Chinese government. The Baltic Dry Index opened at 3,005 points at the start of 2010, rallied to around 4,000 points before the start of sharp decline in June 2010, and closed at 2,406 points on 30 June 2010.

Chairman's Statement

Segment revenue for the first half of 2010 dropped slightly to HK\$1,291,111,000 whereas HK\$1,359,260,000 was reported for last corresponding period. Unlike the first half of 2009 where our fleet employment was a mix of charter contracts entered before and during the financial turmoil that earned variable hire revenue, the Group was able to secure charter contracts at respectable hire rates entered with reputable charterers for current period.

On average, we operated twenty six owned vessels and five chartered-in vessels during the first half of 2010 and earned an average daily time charter equivalent rates ("TCE") of US\$29,971 as compared to twenty two owned vessels and nine chartered-in vessels in the same period of 2009 with an average daily TCE of US\$30,273. Despite the slight drop in average daily TCE, the fleet utilization improved from 97% for the first half of 2009 to 99% for the same period in 2010.

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

	2010 1st half <i>US\$</i>	2009 1st half <i>US\$</i>	2009 <i>US\$</i>
Capesize	84,694	80,507	77,950
Post-Panamax / Panamax	33,444	18,792	21,376
Supramax / Handymax	25,405	25,798	25,019
In average	29,971	30,273	30,149

The global business environment in 2010 was much better than that in 2009 and moderate recovery was seen in the dry bulk market. In the first half of 2009, the Group was unavoidably impacted under the unprecedented financial crisis and incurred impairment loss on trade receivables of HK\$79,466,000, and compensated with non-recurring income received from a few counterparties to wash out foregoing time-charter contracts amounting to HK\$309,757,000. Excluding these non-recurring items and loss on disposal of motor vessels of HK\$53,536,000, the Group's segment profit from chartering freight and hire segment would have been HK\$428,305,000 for the first half of 2009. With cost-efficient fleet management and tightening overall credit control to enhance quality of charterers, the Group's operating performance from chartering freight and hire segment was improved and the segment profit reached HK\$611,919,000 for the period ended 30 June 2010.

Chairman's Statement

The Group's shipping related expenses dropped 35% from HK\$738,926,000 to HK\$478,564,000 for the first half of 2010, mainly due to decreased average number of chartered-in vessels in operations from nine vessels to five vessels, and partly offset by increased average number of owned vessels in operations from twenty two vessels to twenty six vessels during the period. The Group strives to maintain a young and cost-efficient fleet with average vessel age at four years and keep our daily operating cost low. During the period ended 30 June 2010, one newly built Post-Panamax and four newly built Supramaxes were delivered to the Group. As at 30 June 2010, the Group owned twenty nine vessels and operated five chartered-in vessels.

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

The economic recovery particularly in Asia-Pacific region was remarkable and market demand for chemical products rebounded strongly since end of 2009. The Group's revenue from trading business increased three-fold to HK\$207,325,000 for the first half of 2010 whereas HK\$46,810,000 was reported for the first half of 2009. Through establishing additional supply chain sources and exploring new markets, the Group's operating results from trading business turned from a segment loss of HK\$4,286,000 for the first half of 2009 to a segment profit of HK\$5,941,000 for the first half of 2010. The Group will continue to seek profitability through greater sales volume obtained from new markets.

Other financial information. The rise in unallocated corporate expenses was mainly attributable to the net loss on financial assets at fair value through profit or loss of HK\$21,672,000 being recognized in current period while the net gain on financial assets at fair value through profit or loss of HK\$3,046,000 was recorded in unallocated other operating income for the six months ended 30 June 2009.

The Group also benefited from notable interest rate cut since 2009 and the finance costs for the first half of 2010 was HK\$19,336,000, representing a cutback of 50% over HK\$38,374,000 for last corresponding period.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. During the period ended 30 June 2010, upon financing of various vessel mortgage loans, 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 increased to HK\$1,356,670,000 as at 30 June 2010 (31/12/2009: HK\$1,341,586,000). The Group's bank borrowings increased to HK\$4,188,196,000 as at 30 June 2010 (31/12/2009: HK\$3,645,496,000), of which 11%, 9%, 28% and 52% 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, was 47% as at 30 June 2010 (31/12/2009: 42%). 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 2010, the Group's property, plant and equipment and investment property with an aggregate net book value of HK\$7,366,953,000 (31/12/2009: HK\$5,901,486,000), financial assets at fair value through profit or loss of HK\$34,542,000 (31/12/2009: HK\$39,767,000) and deposits of HK\$525,864,000 (31/12/2009: HK\$514,574,000) placed with banks and other financial institution were pledged together with the assignment of twenty nine (31/12/2009: twenty four) ship owning subsidiaries' chartering income to secure bank guarantee and credit facilities utilized by the Group. In addition, shares of twenty four (31/12/2009: twenty one) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the period ended 30 June 2010, capital expenditure on additions of the owned vessels and vessels under construction was HK\$1,044,668,000 (30/6/2009: HK\$1,454,997,000), and on other property, plant and equipment was HK\$10,316,000 (30/6/2009: HK\$1,177,000).

As at 30 June 2010, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK\$3,884,912,000 (31/12/2009: HK\$4,866,540,000), representing the Group's outstanding capital expenditure commitments to acquire fourteen (31/12/2009: nineteen) newbuildings at a total purchase price of approximately HK\$5,250,337,000 (31/12/2009: HK\$6,762,811,000).

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 2010, the Group had contingent liability in respect of 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.

OUTLOOK

The first half of 2010 has generally been better than expectations, with a strengthening freight market due to a favourable import policy of China, as well as a general upturn in Asia steel and coal demand, and the demand for other dry bulk commodities. However, the seas turned rough with little or no notice in recent months. As China reduced its government stimulus package and efforts to cool the local real estate market in recent months, the freight market also corrected with the reduction in Chinese imports. There is a lot of expectation placed on the continued economic growth of Asia, in particularly China. It remains to be seen as to how well the Chinese demand of dry commodities will trend forward, with local real estate and steel production market operating under unfavourable government directives.

The firm demand for dry bulk commodities from Asian countries had absorbed well the impact of continued delivery of newbuildings into the global dry bulk fleet during the first few months of 2010. With renewed round of newbuilding orders backed by mining majors (on large ore carriers) as well as new aspired shipowners (on various size of bulk carriers), the risk of oversupply in global tonnages should not be forgotten or ruled out and we see challenges ahead of us.

Looking at the global macro picture, we noticed very mixed signals. Asset prices around the globe have in general been receiving strong support as a result of the concerted monetary easing policy and government stimulus packages by various countries. Recently, there have been more rigorous monetary tightening policies to prevent potential overheating economies in countries such as China and Australia; there have been uncertainties in the west due to sovereign debt / credit crisis in some European countries; and economic recovery in the US seems to experience continued struggles, with the need of prolonged monetary easing.

We believe this uncertain macro backdrop may continue for a while, and we will continue to remind ourselves of the rainy days and continue to run our business in a conservative manner.

Chairman's Statement

The freight market should receive further support as iron ore and coal import from China and Asia resumes in coming months. Given that we see conflicting economic and industry signals, we will continue to operate with a cautious and nimble mindset, maintain a first class modern fleet to better serve our customers, seek revenue stability by working with credible counterparties, and further strengthen our financial position with reduction of debt as our top priorities to ensure the long term success of the Company.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 31 August 2010

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 of the Company (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 the Group 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 outstanding share options under the Share Option Scheme during the six months ended 30 June 2010 were as follows:

Name	Date of grant	Exercise price per share HK\$	Exercisable period	Number of outstanding options as at 1 January and 30 June 2010
Directors				
Ng Siu Fai	23 December 2004	1.60	31 March 2006 to 22 December 2014	31,570,000
	29 June 2006	1.57	29 June 2006 to 28 June 2016	3,184,000
Ng Kam Wah Thomas	23 December 2004	1.60	31 March 2006 to 22 December 2014	21,050,000
	29 June 2006	1.57	29 June 2006 to 28 June 2016	3,184,000
Ng Ki Hung Frankie	29 June 2006	1.57	29 June 2006 to 28 June 2016	3,184,000
				62,172,000

Notes:

1. No share option was granted, exercised, cancelled or lapsed during the period ended 30 June 2010.
2. The closing price per share of the Company as at 30 June 2010 was HK\$2.35.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2010, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 were as follows:

Long positions

(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	71.15%
Ng Kam Wah Thomas	5,909,000	-	342,209,280 <i>Note</i>	348,118,280	65.65%
Ng Ki Hung Frankie	3,000,000	-	342,209,280 <i>Note</i>	345,209,280	65.10%
Ho Suk Lin	3,850,000	-	-	3,850,000	0.73%
Cui Jianhua	960,000	-	-	960,000	0.18%
Tsui Che Yin Frank	1,000,000	-	-	1,000,000	0.19%
William Yau	441,000	-	-	441,000	0.08%

Note: 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 64.53% of the total issued shares of the Company) as at 30 June 2010. 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 page 10.

(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 2010, each of Messrs. Ng Siu Fai, Ng Kam Wah Thomas and Ng Ki Hung Frankie, the eligible beneficiaries of the Ng Hing Po 1991 Trust, is deemed to be interested in 46,034,800 shares of Jinhui Shipping (representing approximately 54.77% of the total issued shares of Jinhui Shipping) held by the Company and 500,000 shares of Jinhui Shipping (representing approximately 0.59% of the total issued shares of Jinhui Shipping) held by Fairline through their beneficial interests in the Company and Fairline respectively.

All the interests stated above represent long positions. No short positions were recorded in the register maintained by the Company under Section 352 of the SFO as at 30 June 2010.

Save as disclosed above, as at 30 June 2010, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, so far as was known to any Directors or chief executives of the Company, the following persons (other than the Directors or chief executives 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 positions

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

Notes:

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

Save as disclosed herein, as at 30 June 2010, the Company has not been notified of any person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Corporate Governance

COMPLIANCE OF THE CODE PROVISIONS

The Company has complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the period ended 30 June 2010, with deviations from code provisions A.2.1, A.4.2 and A.4.1 of the CG 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 CG 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 CG 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 CG 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 CG Code. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group’s business continuity and stability, and there should be planned and orderly succession for these offices. 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 CG 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 CG 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), 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 CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the six months ended 30 June 2010.

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 2010.

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 2010.

EMPLOYEES

As at 30 June 2010, the Group had 105 (31/12/2009: 105) 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, four newly built Supramaxes named as "Jin Ao", "Jin Heng", "Jin Yue" and "Jin Yang", and one newly built Post-Panamax named as "Jin Mei" were delivered to the Group.

As at 30 June 2010, the Group had twenty nine owned vessels which included one modern Post-Panamax, one modern Panamax, twenty six modern grabs fitted Supramaxes and one Handymax. Apart from the owned vessels, the Group operated five chartered-in vessels which included two Capesizes, one Panamax and two Supramaxes as at 30 June 2010.

Subsequent to the period ended 30 June 2010, a newly built Post-Panamax was delivered to the Group on 17 August 2010 and was named as "Jin Lang".

Supplementary Information

FLEET DETAILS

The fleet details after the period ended 30 June 2010 and up to 29 August 2010 were as follows:

	Number of vessels						Total
	In operation			Newbuildings / New charters			
	Owned	Chartered	Subtotal	Owned ¹	Chartered	Subtotal	
Capesize Fleet							
As at 1 July 2010 and 29 August 2010	-	2	2	-	-	-	2
Post-Panamax Fleet							
As at 1 July 2010	1	-	1	1	-	1	2
Newbuilding delivery	1	-	1	(1)	-	(1)	-
As at 29 August 2010	2	-	2	-	-	-	2
Panamax Fleet							
As at 1 July 2010 and 29 August 2010	1	1	2	1	-	1	3
Supramax / Handymax Fleet							
As at 1 July 2010 and 29 August 2010	27	2	29	9	-	9	38
Handysize Fleet							
As at 1 July 2010 and 29 August 2010	-	-	-	1	-	1	1
Total Fleet							
As at 29 August 2010	30	5	35	11	-	11	46

Note:

- ¹ Includes eleven newbuildings ordered by the Group as at 29 August 2010, which we expected to take deliveries of one Supramax in 2010, one Panamax and five Supramaxes in 2011, two Supramaxes and one Handysize in 2012 and one Supramax in 2013.

Supplementary Information

According to the Company's best estimation, the activity of the Group's fleet as at 29 August 2010 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		<i>Unit</i>	2010	2011
Capesize Fleet	Coverage	%	100	76
	Operating days covered	<i>Days</i>	730	557
	Daily TCE	<i>US\$</i>	83,698	73,641
Post-Panamax/Panamax Fleet	Coverage	%	70	22
	Operating days covered	<i>Days</i>	805	353
	Daily TCE	<i>US\$</i>	32,208	38,200
Supramax/Handymax Fleet	Coverage	%	95	44
	Operating days covered	<i>Days</i>	9,542	4,917
	Daily TCE	<i>US\$</i>	26,148	30,369

Chartered-in Fleet – TCE cost:

		<i>Unit</i>	2010	2011
Capesize Fleet	Operating days	<i>Days</i>	730	730
	Daily TCE cost	<i>US\$</i>	40,750	40,750
Panamax Fleet	Operating days	<i>Days</i>	365	259
	Daily TCE cost	<i>US\$</i>	22,500	22,500
Supramax Fleet	Operating days	<i>Days</i>	730	500
	Daily TCE cost	<i>US\$</i>	26,450	31,680



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 20 to 30 which comprise the condensed consolidated statement of financial position of Jinhui Holdings Company Limited as of 30 June 2010 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, Nexxus Building,
41 Connaught Road Central,
Hong Kong

31 August 2010

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

		Six months ended 30 June	
		2010	2009
	Note	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue	2	1,498,436	1,406,070
Other operating income	3	19,490	342,191
Interest income		8,187	5,983
Shipping related expenses		(478,564)	(738,926)
Cost of trading goods sold		(193,065)	(44,492)
Staff costs		(27,308)	(28,773)
Loss on disposal of motor vessels		-	(53,536)
Other operating expenses		(58,989)	(113,145)
Operating profit before depreciation and amortization		768,187	775,372
Depreciation and amortization		(159,671)	(133,313)
Operating profit		608,516	642,059
Finance costs		(19,336)	(38,374)
Profit before taxation		589,180	603,685
Taxation	4	(52)	(30)
Net profit for the period		589,128	603,655
Other comprehensive income		-	-
Total comprehensive income for the period		589,128	603,655
Net profit for the period attributable to:			
Shareholders of the Company		318,122	329,804
Minority interests		271,006	273,851
		589,128	603,655
Total comprehensive income attributable to:			
Shareholders of the Company		318,122	329,804
Minority interests		271,006	273,851
		589,128	603,655
Earnings per share	5		
- Basic		HK\$0.600	HK\$0.633
- Diluted		HK\$0.572	N/A

Condensed Consolidated Statement of Financial Position

As at 30 June 2010

		30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
	Note		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		8,575,609	7,680,682
Investment properties		32,150	32,150
Goodwill		39,040	39,040
Available-for-sale financial assets		17,801	17,801
Intangible assets		2,179	2,262
		8,666,779	7,771,935
Current assets			
Inventories		22,099	22,534
Trade and other receivables	7	316,075	303,407
Financial assets at fair value through profit or loss		140,161	135,830
Pledged deposits	8	525,864	514,574
Bank balances and cash	9	1,216,509	1,205,756
		2,220,708	2,182,101
Current liabilities			
Trade and other payables	10	615,866	718,998
Provision for taxation		93	218
Secured bank loans		449,506	512,321
		1,065,465	1,231,537
Net current assets		1,155,243	950,564
Total assets less current liabilities		9,822,022	8,722,499
Non-current liabilities			
Advance receipt		5,781	100,901
Secured bank loans		3,738,690	3,133,175
		3,744,471	3,234,076
Net assets		6,077,551	5,488,423
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		53,029	53,029
Reserves		3,367,536	3,049,414
		3,420,565	3,102,443
Minority interests		2,656,986	2,385,980
Total equity		6,077,551	5,488,423

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	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 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
At 1 January 2010	53,029	324,590	4,020	4,392	26,259	7,641	2,682,512	3,102,443	2,385,980	5,488,423
Total comprehensive income for the period	-	-	-	-	-	-	318,122	318,122	271,006	589,128
At 30 June 2010	53,029	324,590	4,020	4,392	26,259	7,641	3,000,634	3,420,565	2,656,986	6,077,551

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Net cash from operating activities	525,235	749,617
Net cash used in investing activities	(1,038,004)	(961,431)
Net cash from financing activities	531,322	213,464
Net increase in cash and cash equivalents	18,553	1,650
Cash and cash equivalents at 1 January	1,197,956	660,288
Cash and cash equivalents at 30 June	1,216,509	661,938

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 2010 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 34 “Interim Financial Reporting” issued by the HKICPA 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 2009.

2. Segment information

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

The following tables present the Group’s reportable segment revenue and segment results for the six months ended 30 June 2010 and 2009, and reconcile the Group’s total reportable segment results to the Group’s net profit for the period as presented in the condensed consolidated statement of comprehensive income.

Notes to the Interim Financial Statements

2. Segment information (Continued)

	Chartering freight and hire (Unaudited) <i>HK\$'000</i>	Trading (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<i>Six months ended 30 June 2010</i>			
Segment revenue	1,291,111	207,325	1,498,436
Segment results	611,919	5,941	617,860
<i>Unallocated income and expenses</i>			
Interest income			8,187
Unallocated other operating income			1,274
Unallocated corporate expenses			(38,141)
Profit before taxation			589,180
Taxation			(52)
Net profit for the period			589,128

Notes to the Interim Financial Statements

2. Segment information (Continued)

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

3. Other operating income

The other operating income for the period ended 30 June 2009 included an income of HK\$309,757,000 received from a few counterparties to wash out foregoing time-charter contracts by mutual agreements. There is no such income recognized in current period.

Notes to the Interim Financial Statements

4. Taxation

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

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PRC Corporate Income Tax:		
Current period	52	30

Hong Kong Profits Tax has not been provided as the Group has no assessable profits for the period ended 30 June 2010 and 2009. 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 2010 and 2009.

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

Notes to the Interim Financial Statements

5. Earnings per share

The calculation of basic earnings per share for the period ended 30 June 2010 is based on the net profit attributable to shareholders of the Company for the period of HK\$318,122,000 (2009: HK\$329,804,000) and the weighted average number of 530,289,480 (2009: 521,354,718) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the period ended 30 June 2010 is based on the net profit attributable to shareholders of the Company for the period of HK\$318,122,000 and the weighted average number of 530,289,480 ordinary shares in issue during the period and adjusting for the dilutive potential ordinary shares of 25,772,499 arising from the share options granted under the Company's share option scheme.

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 for the period ended 30 June 2009.

6. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the period ended 30 June 2010 (2009: nil).

7. Trade and other receivables

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Trade receivables	76,145	71,777
Prepayments, deposits and other receivables	239,930	231,630
	316,075	303,407

Notes to the Interim Financial Statements

7. Trade and other receivables (Continued)

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

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Within 3 months	68,399	65,618
Over 3 months but within 6 months	4,872	4,449
Over 6 months but within 12 months	1,777	424
Over 12 months	1,097	1,286
	<hr/> 76,145	<hr/> 71,777

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.

8. Pledged deposits

As at 30 June 2010 and 31 December 2009, the amounts included HK\$346 million deposits placed with a bank as security for the issuance of a bank guarantee in September 2009 in relation to legal proceedings which are still underway as of date of this report.

Notes to the Interim Financial Statements

9. Bank balances and cash

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Cash and cash equivalents	1,216,509	1,197,956
Bank deposits with more than three months to maturity when placed	–	7,800
	1,216,509	1,205,756

10. Trade and other payables

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Trade payables	38,636	31,857
Accrued charges and other payables	577,230	687,141
	615,866	718,998

The aging analysis of trade payables is as follows:

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Within 3 months	8,904	9,794
Over 3 months but within 6 months	93	1,042
Over 6 months but within 12 months	9,878	7,925
Over 12 months	19,761	13,096
	38,636	31,857