JINHUI

JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

2008 RESULTS ANNOUNCEMENT

HIGHLIGHTS FOR YEAR 2008:

- Turnover increased 51% to HK$3,886 million
- Net profit attributable to shareholders increased 150% to HK$918 million
- Basic earnings per share: HK$1.763
- Return on average equity attributable to shareholders: 46%
- Gearing ratio as at 31 December 2008: 61%

The board of directors (the "Board" or the "Directors") of **Jinhui Holdings Company Limited (the "Company")** is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 together with comparative figures in 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	2008	2007
		HK$'000	*HK$'000*
Turnover	*2*	**3,885,957**	2,575,790
Gain on disposal of motor vessel(s)	*3*	**489,728**	158,004
Other operating income		**112,970**	91,250
Shipping related expenses		**(1,734,352)**	(1,065,290)
Cost of trading goods sold		**(167,919)**	(243,405)
Depreciation and amortization		**(231,393)**	(173,854)
Staff costs		**(191,657)**	(80,728)
Other operating expenses		**(283,597)**	(450,721)
Profit from operations	*2*	**1,879,737**	811,046
Interest income		**16,536**	28,761
Interest expenses		**(139,364)**	(165,961)
Profit before taxation		**1,756,909**	673,846
Taxation	*4*	**1,650**	(2,154)
Net profit for the year		**1,758,559**	671,692
Attributable to:			
Shareholders of the Company		**918,020**	367,724
Minority interests		**840,539**	303,968
		1,758,559	671,692
Dividends recognized as distribution	*5(a)*	**93,758**	-
Dividend declared after the balance sheet date	*5(b)*	**-**	31,198
Earnings per share for net profit attributable to shareholders of the Company			
- Basic	*6*	**HK$1.763**	HK$0.704
- Diluted	*6*	**HK$1.637**	HK$0.641

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**6,926,665**	5,748,017
Investment properties		**23,750**	30,010
Goodwill		**39,040**	39,040
Available-for-sale financial assets		**14,561**	12,975
Intangible assets		**2,426**	2,590
		7,006,442	5,832,632
Current assets			
Inventories		**24,733**	16,590
Trade and other receivables	*7*	**248,659**	211,452
Financial assets at fair value through profit or loss		**87,305**	70,812
Tax recoverable		**1,064**	-
Pledged deposits		**80,838**	55,938
Bank balances and cash		**778,090**	572,756
		1,220,689	927,548
Current liabilities			
Trade and other payables	*8*	**461,184**	306,328
Financial liabilities at fair value through profit or loss		**24,347**	35,444
Provision for taxation		**77**	950
Secured bank loans		**437,509**	720,405
		923,117	1,063,127
Net current assets (liabilities)		**297,572**	(135,579)
Total assets less current liabilities		**7,304,014**	5,697,053
Non-current liabilities			
Secured bank loans		**3,032,865**	2,965,787
Net assets		**4,271,149**	2,731,266
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**52,134**	51,996
Reserves		**2,376,291**	1,549,486
		2,428,425	1,601,482
Minority interests		**1,842,724**	1,129,784
Total equity		**4,271,149**	2,731,266

Notes:

1. Basis of preparation and accounting policies

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

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

2. Segment information

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

	Turnover		**Profit (Loss) from operations**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Chartering freight and hire	**3,706,156**	2,311,026	**2,077,426**	1,184,648
Trading	**179,801**	264,764	**(8,889)**	4,708
Other operations	**-**	-	**(188,800)**	(378,310)
	3,885,957	2,575,790	**1,879,737**	811,046

The Group's chartering freight and hire business is carried out internationally and cannot be attributable to any particular geographical location. During the year, about 70% (2007: 73%) and 29% (2007: 25%) of the Group's trading business was carried out in Hong Kong and the People's Republic of China ("PRC") respectively. The Group's other operations mainly comprised investment holding, property investments, and investments in equity and debt securities which were mainly carried out in Hong Kong in both years.

3. Gain on disposal of motor vessel(s)

The amount for the year represented the gain on completion of the disposal of three (2007: one) motor vessel(s).

4. Taxation

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

	2008	2007
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current year	**1**	2,133
(Over) Under provision in prior years	**(1,732)**	21
PRC Corporate Income Tax:		
Current year	**81**	-
	(1,650)	2,154

Hong Kong Profits Tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits for the year. In the opinion of the Directors, a substantial portion of the Group's income neither arose in nor was derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax.

PRC Corporate Income Tax has been provided at the applicable rate on the estimated assessable profits of a PRC subsidiary since its operation in year 2008.

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

5. Dividends

	2008	2007
	HK$'000	*HK$'000*
(a) *Dividends recognized as distribution:*		
- 2007 final dividend of HK$0.06 per share	**31,198**	-
- 2008 interim dividend of HK$0.12 per share	**62,560**	-
	93,758	-
(b) *Dividend declared after the balance sheet date:*		
- 2007 final dividend of HK$0.06 per share	**-**	31,198

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2008.

6. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders of the Company for the year of HK$918,020,000 (2007: HK$367,724,000) and the weighted average number of 520,633,622 (2007: 522,618,116) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders of the Company for the year of HK$918,020,000 (2007: HK$367,724,000). The weighted average number of ordinary shares used in the calculation is 520,633,622 (2007: 522,618,116) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average of 40,284,975 (2007: 51,195,651) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

7. Trade and other receivables

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**68,654**	79,328
Prepayments, deposits and other receivables	**180,005**	132,124
	248,659	211,452

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

	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**61,667**	64,579
Over 3 months but within 6 months	**5,176**	13,084
Over 6 months but within 12 months	**926**	890
Over 12 months	**885**	775
	68,654	79,328

Management has a credit policy in place for approving the credit limits and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. Credit evaluations are performed on customers requiring a credit over certain amount including assessing the customer's creditworthiness and financial standing.

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment. The credit terms given to trading customers vary based on the financial assessments and payment track records. General credit terms for trading customers range from 60 to 120 days following the month in which sales take place.

8. Trade and other payables

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**21,347**	17,433
Accrued charges and other payables	**439,837**	288,895
	461,184	306,328

The aging analysis of trade payables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**10,907**	7,284
Over 3 months but within 6 months	**1,506**	4
Over 6 months but within 12 months	**43**	187
Over 12 months	**8,891**	9,958
	21,347	17,433

9. Comparative figures

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

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2008 (2007: HK$0.06 per share).

The Board had declared an interim dividend of HK$0.12 per share (2007: nil), totalling HK$62,560,000 which was paid on 3 October 2008.

ANNUAL GENERAL MEETING AND BOOK CLOSURE

The Annual General Meeting of the Company will be held on Wednesday, 20 May 2009. Notice of the Annual General Meeting will be published on the websites of Hong Kong Exchanges and Clearing Limited ("HKEx") at www.hkexnews.hk and the Company at www.jinhuiship.com, and despatched to shareholders of the Company in due course.

The register of members of the Company will be closed from Monday, 18 May 2009 to Wednesday, 20 May 2009, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for voting at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 15 May 2009.

RESULTS

The Group is principally engaged in the businesses of ship chartering, ship owning and trading. The consolidated turnover of the Group for the year was HK$3,885,957,000, representing an increase of 51% as compared to that of last year. The Group's net profit attributable to shareholders of the Company for the year amounted to HK$918,020,000, representing an increase of 150% over net profit of HK$367,724,000 for year 2007. Basic earnings per share for the year was HK$1.763 as compared to basic earnings per share of HK$0.704 of last year.

Year 2008 was a challenging year in dry bulk market marked with unprecedented highs and lows in Baltic Dry Index ("BDI") and wrapped in a global economic downturn. In 2008, though we achieved our record profits with strong balance sheet, we were not immune to the changing sentiment towards the marine transportation sector caused by the global economic turmoil.

The Group disposed three motor vessels in year 2008 in order to offload part of its capital expenditures and to improve working capital position. The gain of HK$489,728,000 on completion of the disposal of three motor vessels was recognized in the consolidated income statement for year 2008.

During the year, the Group has committed to purchase two Post-Panamax, one Panamax, three Supramax and one Handysize newbuildings, and one second hand Supramax for delivery during the years from 2009 to 2012 at a total consideration of approximately HK$3,251 million.

As scheduled, five Supramaxes and one Handymax were delivered to the Group in year 2008. As at 31 December 2008, the Group had twenty one owned vessels and nine chartered-in vessels in operation with average vessel age of five years and total capacity over deadweight 2 million metric tons.

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.

Dry bulk market in year 2008 was characterized by extreme volatility. In early 2008, the dry bulk market was overwhelmed by the continuous infrastructure investments in China, India and other emerging economies, as well as continuous shipment of industrial raw materials from cargo supplying countries. Supported by extremely bullish sentiment which was characterized by the participation in the industry by non-conventional shipping or shipping related companies and in particular the Forward Freight Agreement ("FFA") activities, BDI reached its record high of 11,793 points on 20 May 2008. Since mid of 2008, charter rates softened and the world economies had been going through a slowdown due to tightening credit markets. The outbreak of Lehman Brothers bankruptcy in the U.S. further exacerbated the disruption of the global banking markets, bringing the world's full attention to the fragile fundamental of some of the western economies due to irresponsible lending practices by some financial institutions which encouraged extreme over-leveraging, as well as exposure to senseless financial engineering products designed by egocentric bankers in some of the world's largest and supposedly reputable, trustworthy and prestigious financial institutions. Dry bulk market had been one of the many industries heavily hit in this unprecedented financial turmoil. A free-fall of BDI was witnessed and charter rates of all kinds of vessels slumped in October 2008. With stagnant trading and shipping activities in global market, there were increasing numbers of vessels in anchorage. BDI dropped to the appalling 663 points on 5 December 2008 and closed at 774 points at end of 2008.

In year 2008, the Group's shipping business enjoyed growth in both turnover and net profit for the year even in the volatile market environment by improved fleet utilization and favourable long term charter contracts committed by majority of our fleet in year 2007 and early 2008. Despite the weak freight environment towards the last few months of 2008 that inevitably impacted some of our vessels exposed to the spot charter rates, our fleet still generated robust turnover and cash flows to the Group for the year.

The Group's shipping turnover for the year amounted to HK$3,706,156,000, representing an increase of 60% as compared to year 2007. The Group's shipping business recorded an operating profit of HK$2,077,426,000 for the year, representing an increase of 75% as compared to the operating profit of HK$1,184,648,000 for year 2007. The increase in turnover and net profit of shipping business was mainly due to the overall increase in charter rates during the year and partly attributable to the gain of HK$489,728,000 on completion of the disposal of three motor vessels during the year. The Group achieved record operating profits for the year under the leadership of the senior executive management team. Our staff costs rose by HK$110,929,000 as compared to last year due to the increase in number of employees to cope with rising chartering and ship management activities that arise from expansion of owned vessels and special performance-based remuneration awarded.

While majority of the Group's vessels were covered by time-charter contracts entered into before the financial crisis, however, a few vessels were operating in the spot market when their previous time-charter contracts expired during the fourth quarter of 2008.

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

	2008	2007
	US$	*US$*
Capesize	**92,071**	67,653
Panamax	**46,269**	39,095
Supramax/Handymax	**34,312**	25,200
In average	**43,093**	32,778

Trading and other operations. The Group operates its trading of chemical and industrial raw materials through Yee Lee Technology Company Limited, a 75% owned subsidiary of the Company. The turnover for the Group's trading business was HK$179,801,000, representing a decrease of 32% as compared to that of last year. The decrease in turnover was mainly attributable to the sharp fall in commodities price and market demand for industrial raw materials since the subprime mortgage financial crisis and increased direct competition with local suppliers in China. In addition, the cost of trading goods was inevitably forced up by the appreciation in Renminbi, surging production and labour costs due to PRC's new Labour Contract Law which came into force on 1 January 2008 and the tightening of environmental protection requirements and other energy and resources conservation policies in China. These posed a great challenge for the Group's trading business. The Group's trading business incurred an operating loss of HK$8,889,000 while an operating profit of HK$4,708,000 was reported in year 2007.

The Group's other operations recorded an operating loss of HK$188,800,000 as compared to an operating loss of HK$378,310,000 for last year. The operating loss for the year was mainly attributable to the unrealized mark-to-market loss on certain securities investments when global stock markets plunged in the last quarter of 2008, and recognition of impairment losses in respect of trade receivables and certain leasehold properties amounted to HK$41,536,000 and HK$38,453,000 respectively. As a result of tightening of investment policies adopted by the Group since late 2007, the net loss on financial assets and financial liabilities at fair value through profit or loss greatly reduced from HK$363,850,000 for year 2007 to HK$120,494,000 for year 2008. The Group did not enter into any FFA or bunker-related derivatives throughout the year and there were no forward foreign exchange contracts and options or equity-linked investments held as at 31 December 2008.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. During the year, upon receiving the net sale proceeds on completion of the disposal of three motor vessels, set off by financing of various vessel mortgage loans as well as cash used to partially finance the delivery of six additional vessels and installments paid for motor vessels, the total of the Group's equity and debt securities, bank balances and cash increased to HK$864,011,000 as at 31 December 2008 (2007: HK$637,070,000). The Group's bank borrowings decreased to HK$3,470,374,000 as at 31 December 2008 (2007: HK$3,686,192,000), of which 13%, 9%, 27% and 51% are repayable respectively within one year, one to two years, two to five years and over five years.

As a result of strong earnings and continuing healthy operating cash flows, the gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, reduced to 61% as at 31 December 2008 (2007: 112%). All the bank borrowings were committed on floating rate basis and were denominated mainly in United States Dollars. An interest rate swap arrangement has been in place in order to mitigate the risk associated with the increase in interest rates. As at 31 December 2008, credit facilities of approximately HK$3,185 million in relation to the financing of the acquisition of undelivered vessels had been arranged with various international banks. With cash, marketable equity and debt securities in hand and majority of 2009 and 2010 revenue in relation to the shipping business already covered (approximately 90% and 63% respectively) as well as available credit facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Pledge of assets. As at 31 December 2008, the Group's property, plant and equipment and investment property with an aggregate net book value of HK$4,896,172,000 (2007: HK$4,404,517,000), financial assets at fair value through profit or loss of HK$54,517,000 (2007: HK$59,733,000), and deposits of HK$80,838,000 (2007: HK$55,938,000) placed with banks and other financial institution were pledged together with the assignment of twenty one (2007: eighteen) ship owning subsidiaries' chartering income to secure credit facilities utilized by the Group. In addition, shares of twenty one (2007: twenty) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the year, capital expenditure on additions of the owned vessels and vessels under construction was HK$2,660,986,000 (2007: HK$3,096,916,000), and on other property, plant and equipment was HK$88,480,000 (2007: HK$1,039,000).

As at 31 December 2008, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK$7,244,992,000 (2007: HK$8,095,580,000), representing the Group's outstanding capital expenditure commitments to acquire twenty six (2007: twenty six) newbuildings and one (2007: one) second hand vessel at a total purchase price of approximately HK$9,424,001,000 (2007: HK$9,459,897,000).

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

Contingent liabilities. As at 31 December 2008, the Group had the following contingent liabilities:

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

Save as disclosed above, the Group had no other contingent liabilities as at 31 December 2008.

EMPLOYEES

As at 31 December 2008, the Group had 108 (2007: 103) 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 fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

FLEET DETAILS

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers. As at 31 December 2008, the Group had twenty one owned vessels which included one modern Capesize, one modern Panamax, eighteen modern grabs fitted Supramaxes and one Handymax. Apart from the owned vessels, the Group operated nine chartered-in vessels which included two Capesizes, four Panamaxes and three Supramaxes as at 31 December 2008.

The movement in fleet details after the year ended 31 December 2008 and up to 17 March 2009 was as follows:

	Number of vessels						
	In operation			Newbuildings/New charters			
	Owned	Chartered	Subtotal	Owned[1]	Chartered[2]	Subtotal	Total
Capesize Fleet							
As at 1 January 2009 and 17 March 2009	1	2	3	-	3	3	6
Post-Panamax Fleet							
As at 1 January 2009 and 17 March 2009	-	-	-	2	-	2	2
Panamax Fleet							
As at 1 January 2009 and 17 March 2009	1	4	5	2	-	2	7
Supramax/Handymax Fleet							
As at 1 January 2009	19	3	22	19	-	19	41
Exercise of purchase option	1	(1)	-	-	-	-	-
As at 17 March 2009	20	2	22	19	-	19	41
Handysize Fleet							
As at 1 January 2009 and 17 March 2009	-	-	-	1	-	1	1
Total Fleet as at 17 March 2009	22	8	30	24	3	27	57

Notes:

1 Includes twenty four newbuildings ordered by the Group as at 17 March 2009, which we expected to take deliveries of six Supramaxes and one Panamax in 2009, two Post-Panamaxes and five Supramaxes in 2010, five Supramaxes and one Panamax in 2011, two Supramaxes and one Handysize in 2012 and one Supramax in 2013.

2 Includes two Capesizes with scheduled deliveries in 2008 and 2009, which have been delayed due to problems at the shipyards.

According to the Group's best estimation, the activity of the Group's fleet as at 25 February 2009 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	2009	2010
Capesize Fleet	Coverage	*%*	94	100
	Operating days covered	*Days*	1,241	1,080
	Daily TCE	*US$*	78,735	72,076
Panamax Fleet	Coverage	*%*	57	100
	Operating days covered	*Days*	1,070	720
	Daily TCE	*US$*	25,273	38,750
Supramax/Handymax Fleet	Coverage	*%*	96	59
	Operating days covered	*Days*	8,376	6,112
	Daily TCE	*US$*	30,850	33,419

Chartered-in Fleet – TCE cost *:

		Unit	2009	2010
Capesize Fleet	Operating days	*Days*	975	730
	Daily TCE cost	*US$*	52,049	40,750
Panamax Fleet	Operating days	*Days*	1,264	2
	Daily TCE cost	*US$*	28,757	32,000
Supramax/Handymax Fleet	Operating days	*Days*	680	365
	Daily TCE cost	*US$*	41,113	36,000

* Assuming the Group will not exercise the options to charter-in the vessels during the optional periods, if any, pursuant to terms of certain charter contracts.

Note: Two Capesizes with scheduled deliveries in 2008 and 2009, which have been delayed as mentioned in note 2 on page 12, have been excluded in the above operating statistics.

OUTLOOK

The global economy remains to be in poor shape and the coming months remain to be unprecedentedly challenging. Globally, financial institutions are still in the progress of deleveraging and as a result, new lending business of most financial institutions remains minimal or non-existent. This resultant abrupt liquidity drought has drastic negative implications across all industries as witnessed today.

The outlook of a number of developed economies remains to be testing, in particular the U.S., European as well as Japanese economies. The continuous decline in home prices, rapid decline in consumer spending and lackluster export volumes will further lead to a vicious cycle, given over-dependence on consumption or export of goods in those respective economies. Globalization means that Asia is not immune despite the impact is in somewhat a lesser magnitude, due to higher savings rate and lower use of financial leverage in most Asian economies.

The BDI was down by around 93% from its peak of 11,793 points on 20 May 2008 to 774 points at end of 2008. It is worth noting that the previous historically high freight rates was likely to be partly driven by the FFA market, where we saw a large number of non shipping players ranging from financial institutions to hedge funds speculating in this over-the-counter paper market, trading such products as financial derivatives. In recent weeks, the BDI has shown nascent signs of rebound, rising 172% from 773 points on 2 January 2009 to around 2,100 points in mid March 2009.

We highlighted before that although with zero participation in the FFA market, the Group will not be 100% immune from a wide number of counterparty defaults. The Group has been fortunate that a good proportion of charterers have been practicing honourable business ethics and have been performing according to the terms and conditions of the charterparties. However, we do see increasing delays in receiving charter-hires from some weaker charterers. Our policy in this regard is plain and simple - We will devote all necessary resources and take appropriate commercial and legal actions against any charterers in breach of charterparties to enforce the performance of contractual obligations under the contracts.

The current status of the dry bulk market remains dull in response to the prevailing negative sentiment. We expect to see increasing failures to honour legally binding contracts in coming months especially by weaker players, which are typically characterized by their short operating histories. Those remaining will become stronger and will command higher credibility in the market.

In light of the risks involved with a global economic slowdown, central banks and governments around the world have been effecting large scale stimulus plans to avoid a complete meltdown in global economic growth. The effectiveness of such actions remains to be seen, but with money supply increasing at astonishing velocity under these credit easing plans, we see risks ahead that as the economic pendulum swings in the opposite direction, hyperinflation could kick in abruptly at speed and magnitude akin to the strike of the current economic crisis.

A common feature within a lot of the various governments' economic stimulus packages is the emphasis on infrastructure investments, and is in our view particularly viable in developing economies given the insufficient level of such vital assets to begin with. We recently witnessed meaningful reduction of stockpiles of key commodities in Chinese ports, increasing numbers of vessel scrapping, coupled with our view that the number of newbuildings to be delivered will be significantly reduced due to lack of funding channel for purchasers or due to questionable viability of a large number of new shipyards, the longer term outlook of global dry bulk seaborne trade demand remains hopeful albeit coming months remain to be critical. Overall, 2009 remains to be extremely tough even for the largest and strongest shipowners.

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 the basics, continue to build up our liquidity, reducing costs and mitigating any business and operating risks wherever possible. The Group will continue to work hard to navigate the stormy waters while preserving the Group's ability to rebound when the global economic environment normalizes.

SHARE CAPITAL

During the year, the number of issued ordinary shares of the Company was increased from 519,961,480 shares to 521,337,480 shares following the allotment and issue of 1,376,000 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.

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

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

CORPORATE GOVERNANCE

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

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

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and the Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes a deviation from code provision A.2.1 of the Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive officer. As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Company. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company.

Code provision A.4.2 Under code provision A.4.2 of the Code, all directors appointed to fill casual vacancies should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Articles of Association of the Company, all Directors other than the Chairman and the Managing Director shall be subject to retirement by rotation. This constitutes a deviation from code provision A.4.2 of the Code. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group's business continuity and stability, and there should be planned and orderly succession for these offices. Any Director holding the office as the Chairman or the Managing Director should therefore be exempted from the retirement by rotation and re-election at the Company's annual general meeting.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

SCOPE OF WORK OF THE AUDITORS

The figures in the preliminary results announcement of the Group for the year ended 31 December 2008 have been agreed by the Group's auditors, Grant Thornton ("the Auditors"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditors on the preliminary results announcement.

AUDIT COMMITTEE

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

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Company for the year ended 31 December 2008 containing all the detailed information will be despatched to shareholders of the Company and available on the websites of HKEx at www.hkexnews.hk and the Company at www.jinhuiship.com in due course.

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

Hong Kong, 18 March 2009

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