

■ Interim Report ■



JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137

BOARD OF DIRECTORS

Executive Directors

Ng Siu Fai, *Chairman*
Ng Kam Wah Thomas, *Managing Director*
Ng Ki Hung Frankie
Ho Suk Lin

Independent Non-executive Directors

Cui Jianhua
Tsui Che Yin Frank
William Yau

AUDIT COMMITTEE

Tsui Che Yin Frank, *Chairman*
Cui Jianhua
William Yau

REMUNERATION COMMITTEE

Cui Jianhua, *Chairman*
Tsui Che Yin Frank
William Yau

QUALIFIED ACCOUNTANT

Ho Suk Lin

COMPANY SECRETARY

Ho Suk Lin

AUDITORS

Moores Rowland

SHARE REGISTRAR

Standard Registrars 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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WEBSITE

www.jinhuiship.com

SHARE LISTING

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

The board of directors (the “Board” or the “Directors”) of **Jinhui Holdings Company Limited (the “Company”)** announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007 together with comparative figures for the corresponding period of 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		Six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Turnover	2	1,089,142	717,400
Gain on disposal of motor vessels		–	193,866
Other operating income		26,843	21,177
Shipping related expenses		(521,395)	(366,436)
Cost of trading goods sold		(130,547)	(147,539)
Depreciation and amortization		(73,172)	(55,608)
Staff costs		(22,524)	(41,094)
Net loss on financial assets and financial liabilities at fair value through profit or loss	3	(150,229)	–
Other operating expenses		(29,925)	(48,639)
Profit from operations	2	188,193	273,127
Interest income		16,232	7,514
Interest expenses		(67,464)	(36,174)
Profit before taxation		136,961	244,467
Taxation	4	(662)	(922)
Net profit for the period		136,299	243,545
Attributable to:			
Shareholders of the Company		85,658	122,405
Minority interests		50,641	121,140
		136,299	243,545
Earnings per share for net profit attributable to shareholders of the Company during the period			
– Basic	5	HK\$0.163	HK\$0.229
Diluted		HK\$0.151	HK\$0.229

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	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	Reserve for available-for-sale financial assets (Unaudited) HK\$'000	Employee share-based compensation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Sub-total (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2006	53,394	300,209	2,023	7,616	1,681	12,671	734,058	1,111,652	726,328	1,837,980
Release on disposal of motor vessels	-	-	-	(4,378)	-	-	-	(4,378)	-	(4,378)
Gain on revaluation of available-for-sale financial assets	-	-	-	-	396	-	-	396	-	396
Net income (expenses) recognized directly in equity	-	-	-	(4,378)	396	-	-	(4,182)	-	(4,182)
Net profit for the period	-	-	-	-	-	-	122,405	122,405	121,140	243,545
Total recognized income (expenses)	-	-	-	(4,378)	396	-	122,405	118,223	121,140	239,363
Dividend to minority interests	-	-	-	-	-	-	-	-	(23,500)	(23,500)
Employee share option benefits	-	-	-	-	-	12,792	-	12,792	9,386	22,178
	-	-	-	-	-	12,792	-	12,792	(14,114)	(1,322)
At 30 June 2006	53,394	300,209	2,023	3,038	2,077	25,463	856,463	1,242,667	833,354	2,076,021
At 1 January 2007	52,538	301,088	2,938	3,038	2,506	26,259	912,750	1,301,117	858,620	2,159,737
Gain on revaluation of available-for-sale financial assets	-	-	-	-	198	-	-	198	-	198
Net income recognized directly in equity	-	-	-	-	198	-	-	198	-	198
Net profit for the period	-	-	-	-	-	-	85,658	85,658	50,641	136,299
Total recognized income	-	-	-	-	198	-	85,658	85,856	50,641	136,497
Shares issued upon exercise of share options	505	7,569	-	-	-	-	-	8,074	-	8,074
Expenses for shares issued upon exercise of share options	-	(40)	-	-	-	-	-	(40)	-	(40)
Repurchase of own shares	(1,082)	-	1,082	-	-	-	(44,156)	(44,156)	-	(44,156)
Acquisition of minority interests in a subsidiary	-	-	-	-	-	-	(33,358)	(33,358)	(32,804)	(66,162)
	(577)	7,529	1,082	-	-	-	(77,514)	(69,480)	(32,804)	(102,284)
At 30 June 2007	51,961	308,617	4,020	3,038	2,704	26,259	920,894	1,317,493	876,457	2,193,950

**CONDENSED CONSOLIDATED BALANCE SHEET**

At 30 June 2007

		30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	6	4,411,030	2,974,957
Investment properties		21,750	32,314
Goodwill		39,040	39,040
Available-for-sale financial assets		37,961	37,763
Intangible asset		2,673	1,555
Other non-current assets		10,174	21,374
		4,522,628	3,107,003
Current assets			
Inventories		23,177	13,591
Trade and other receivables	7	206,748	250,160
Financial assets at fair value through profit or loss		126,033	182,694
Pledged deposits		223,395	70,273
Bank balances and cash		713,167	368,050
		1,292,520	884,768
Current liabilities			
Trade and other payables	8	230,622	189,307
Financial liabilities at fair value through profit or loss		209,250	33,379
Taxation		422	2,432
Secured bank loans		366,477	175,951
Unsecured bank overdraft		3,567	–
		810,338	401,069
Net current assets		482,182	483,699
Total assets less current liabilities		5,004,810	3,590,702

CONDENSED CONSOLIDATED BALANCE SHEET

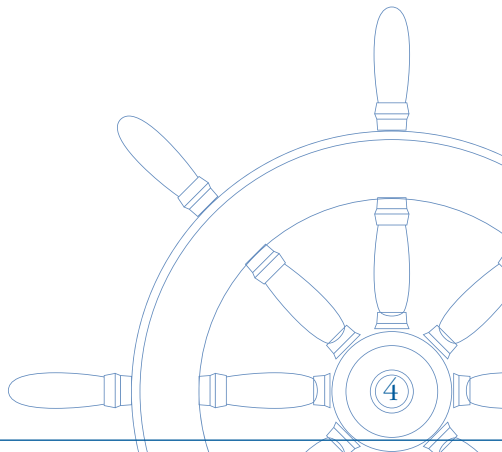
At 30 June 2007

	30 June 2007 (Unaudited) <i>HK\$'000</i>	31 December 2006 (Audited) <i>HK\$'000</i>
<i>Note</i>		
Non-current liabilities		
Secured bank loans	2,810,860	1,430,965
Net assets	2,193,950	2,159,737

EQUITY

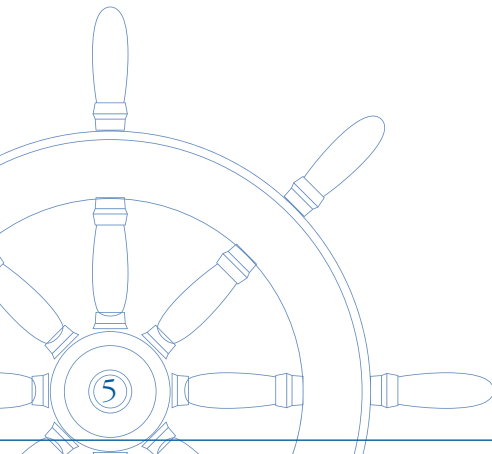
Equity attributable to shareholders of the Company

Issued capital	9	51,961	52,538
Reserves		1,265,532	1,248,579
		1,317,493	1,301,117
Minority interests		876,457	858,620
Total equity		2,193,950	2,159,737



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 June 2007*

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	461,567	15,801
Net cash (used in) from investing activities	(1,477,997)	395,538
Net cash from (used in) financing activities	1,357,980	(211,787)
Net increase in cash and cash equivalents	341,550	199,552
Cash and cash equivalents at 1 January	368,050	395,614
Cash and cash equivalents at 30 June	709,600	595,166
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	713,167	595,170
Secured and unsecured bank overdraft	(3,567)	(4)
	709,600	595,166



NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The consolidated interim results of the Group for the six months ended 30 June 2007 have been reviewed by our auditors, Messrs. Moores Rowland, 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 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 the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2006 except for the adoption of new/revised Hong Kong Financial Reporting Standards and HKASs ("New Standards") that are effective for accounting periods beginning on or after 1 January 2007. The Group has assessed the impact of these New Standards and concluded that the adoption of these New Standards will not have material impact on the Group's financial statements.

2. Segment information

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

	Turnover		Profit (Loss) from operations	
	Six months ended 30 June		Six months ended 30 June	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Chartering freight and hire	947,781	554,223	340,658	294,360
Trading	141,361	163,177	3,265	5,319
Other operations	-	-	(155,730)	(26,552)
	1,089,142	717,400	188,193	273,127

The Group's chartering freight and hire business is carried out internationally and cannot be attributable to any particular geographical location. During the period, about 84% (2006: 81%) and 16% (2006: 11%) of the Group's trading business was carried out in Hong Kong and China respectively. The Group's other operations comprised investment holding, property investments, equity and debt securities, equity linked investments and foreign currency transactions which were mainly carried out in Hong Kong in both periods.

3. Net loss on financial assets and financial liabilities at fair value through profit or loss

The amount for the period represented the net loss on financial assets and financial liabilities at fair value through profit or loss mainly due to the unrealized loss on fair value adjustments of forward foreign exchange contracts and options against Japanese Yen as at 30 June 2007.

4. Taxation

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong Profits Tax:		
Current period	(662)	(922)

Hong Kong Profits Tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the period ended 30 June 2007. In the opinion of the Directors, a substantial portion of the Group's income neither arose in nor derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax. The Group is also not subject to taxation in any other jurisdictions in which the Group operates.

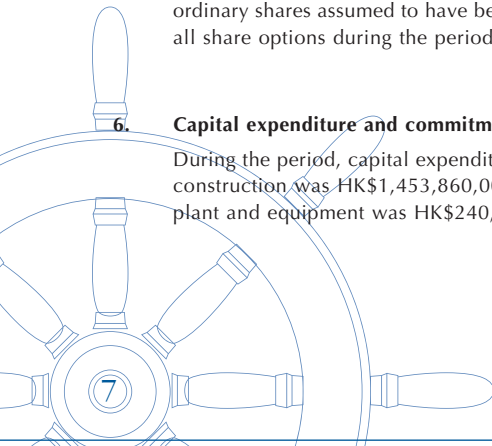
5. Earnings per share

The calculation of basic earnings per share for the period is based on the net profit attributable to shareholders of the Company for the period of HK\$85,658,000 (2006: HK\$122,405,000) and the weighted average number of 525,336,485 (2006: 533,940,480) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the period is based on the net profit attributable to shareholders of the Company for the period of HK\$85,658,000 (2006: HK\$122,405,000). The weighted average number of ordinary shares used in the calculation is 525,336,485 (2006: 533,940,480) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 43,270,801 (2006: nil) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

6. Capital expenditure and commitments

During the period, capital expenditure on additions of the owned vessels and vessels under construction was HK\$1,453,860,000 (2006: HK\$280,973,000) and on the other property, plant and equipment was HK\$240,000 (2006: HK\$3,610,000).



As at 30 June 2007, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK\$5,357,873,000 (31/12/2006: HK\$3,025,123,000), representing the Group's outstanding capital expenditure commitments to acquire twenty-one (31/12/2006: eleven) newbuildings and one (31/12/2006: three) second hand vessel at a total purchase price of approximately HK\$5,690,790,000 (31/12/2006: HK\$3,353,623,000).

The above capital expenditure commitments included two Supramax newbuildings at a total original cost of US\$33,820,000 and JPY3,590,500,000 (approximately HK\$493 million in total), which was contracted to be disposed to a third party at a total consideration of US\$34,255,100 and JPY3,703,031,000 (approximately HK\$503 million in total) at their expected dates of delivery in October 2010 and August 2012 respectively.

7. Trade and other receivables

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Trade receivables	80,812	84,610
Prepayments, deposits and other receivables	125,936	165,550
	206,748	250,160

The aging analysis of trade receivables (net of provision for doubtful debts) is as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
0 – 90 days	67,765	58,362
91 – 180 days	9,479	22,873
181 – 365 days	2,247	1,568
Over 365 days	1,321	1,807
	80,812	84,610

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. Credit limits are set for all customers and are revised only with the approval of senior management. General credit terms for trading customers are payments by the end of 60 to 120 days following the month in which sales took place.

8. Trade and other payables

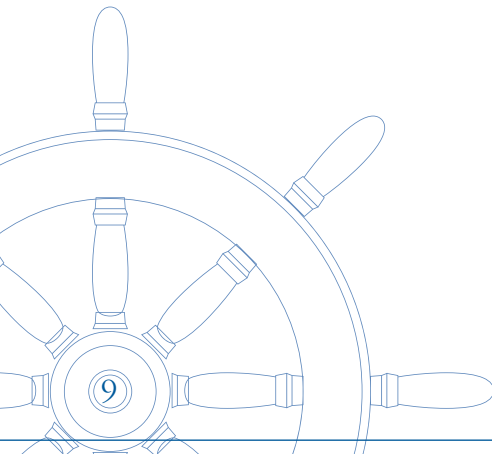
	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Trade payables	12,897	33,118
Accrued charges and other payables	217,725	156,189
	230,622	189,307

The aging analysis of trade payables is as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
0 – 90 days	1,725	22,192
91 – 180 days	276	167
181 – 365 days	799	1,124
Over 365 days	10,097	9,635
	12,897	33,118

9. Issued capital

During the period, the number of issued shares of the Company was decreased from 525,383,480 shares to 519,605,480 shares following the cancellation of 10,824,000 shares of HK\$0.10 each repurchased at the open market in the Hong Kong Stock Exchange at an aggregate price of HK\$43,999,000 before expenses, and the allotment and issue of 5,046,000 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.



INTERIM RESULTS

The consolidated turnover of the Group for the period was HK\$1,089,142,000, representing an increase of 52% as compared to that of last corresponding period. Affected by the net loss on financial assets and financial liabilities at fair value through profit or loss, the Group's net profit attributable to shareholders of the Company for the period amounted to HK\$85,658,000, whereas a net profit of HK\$122,405,000 was reported for last corresponding period. The net loss on financial assets and financial liabilities at fair value through profit or loss during the period was mainly attributable to the unrealized loss on fair value adjustments of various long term forward foreign exchange contracts and options against Japanese Yen as at 30 June 2007, whereas the net profit for last corresponding period was partly attributable to an exceptional gain of HK\$193,866,000 on the completion of the disposal of four motor vessels by the Group.

If the net loss on financial assets and financial liabilities at fair value through profit or loss for the period is excluded, the net profit for the period will be HK\$286,528,000 as compared to a net profit of HK\$243,545,000 for last corresponding period.

Basic earnings per share for the period was HK\$0.163 as compared to basic earnings per share of HK\$0.229 for last corresponding period.

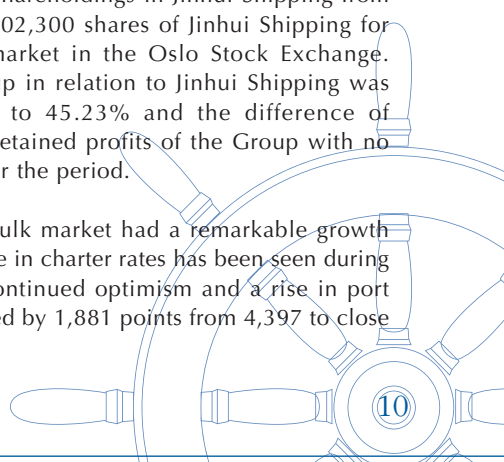
INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2007 (2006: nil).

BUSINESS REVIEW

Chartering freight and hire. The Group operates its worldwide shipping activities through Jinhui Shipping and Transportation Limited ("Jinhui Shipping"). During the period, the Company had further increased its shareholdings in Jinhui Shipping from 52.99% to 54.77% by acquiring additional 1,502,300 shares of Jinhui Shipping for approximately HK\$66,162,000 at the open market in the Oslo Stock Exchange. Accordingly, the minority interests of the Group in relation to Jinhui Shipping was decreased by HK\$32,804,000 from 47.01% to 45.23% and the difference of HK\$33,358,000 had been charged directly to retained profits of the Group with no impact on the consolidated income statement for the period.

After a relatively stable end of 2006, the dry bulk market had a remarkable growth during the first half of 2007. A significant increase in charter rates has been seen during the period due to the strong cargo volumes, continued optimism and a rise in port congestion. The Baltic Dry Index overall increased by 1,881 points from 4,397 to close at 6,278 by end of the period.



The increase in charter rates during the period has a positive impact on the Group's businesses. The Group's shipping turnover for the period amounted to HK\$947,781,000, representing an increase of 71% over last corresponding period. The Group's shipping business recorded an operating profit of HK\$340,658,000 for the period, representing an increase of 16% over last corresponding period.

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

	2007 first half <i>US\$</i>	2006 first half <i>US\$</i>	2006 <i>US\$</i>
Capesize	55,939	34,557	39,389
Panamax	31,149	19,410	20,299
Supramax	23,791	18,685	20,328
Handymax	20,251	13,935	17,357
Handysize	-	10,341	10,514
In average	28,870	19,462	21,555

During the period, a 2002-built and a 2003-built Supramaxes, two newly built Supramaxes and a 2004-built Capesize were delivered to the Group, and were named as "Jin Quan", "Jin Cheng", "Jin Yuan", "Jin Yi" and "Jin Tai".

As an ongoing effort to maintain a young modern fleet and putting its focus on the ownership of a sizeable Supramax fleet, the Group entered into agreements during the period to acquire one second hand Supramax and twelve Supramax newbuildings for a total consideration of JPY10,701,000,000 and US\$403,500,000 (approximately HK\$3,829 million in total).

On the other hand, the Group had committed to dispose of three vessels, which will enable the Group to focus its financial resources to seek future potential purchase of vessels which can be promptly delivered to the Group for early commencement of business, hence be early income generators for the Group should such opportunities be found and materialized.

On 8 May 2007, the Group entered into an agreement to dispose of a 2001-built Supramax "Jin Kang" for a consideration of US\$53,725,000 (approximately HK\$419,055,000), which will be delivered to the purchaser during the period from 1 August 2007 to 2 October 2007. Upon completion of the disposal of "Jin Kang", the Group expects to realize a net gain, before minority interests, of around HK\$156 million later in 2007.

On 22 May 2007, the Group entered into agreements to dispose of two Supramax newbuildings for a total consideration of JPY3,703,031,000 and US\$34,255,100 (approximately HK\$503 million in total), which will be delivered to the purchaser in October 2010 and August 2012 respectively.

Trading and other operations. The Group operates its trading of chemical and industrial raw materials through Yee Lee Technology Company Limited (“Yee Lee”), a 75% owned subsidiary of the Company. The turnover for the Group’s trading business was HK\$141,361,000, representing a decrease of 13% as compared to that of last corresponding period. Affected by the tightening of policies and import quotas for most raw materials in China, Yee Lee recorded an operating profit of HK\$3,265,000 as compared to an operating profit of HK\$5,319,000 for last corresponding period.

The Group’s other operations recorded an operating loss of HK\$155,730,000 as compared to an operating loss of HK\$26,552,000 for last corresponding period. The operating loss for the period was mainly due to the net loss on financial assets and financial liabilities at fair value through profit or loss during the period, which was mainly attributable to the unrealized loss on fair value adjustments of various long term forward foreign exchange contracts and options against Japanese Yen as at 30 June 2007.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. During the period, upon re-financing of three ship mortgage loans set off by payment in cash used to partially finance the delivery of five additional vessels, the total of the Group’s equity and debt securities, equity linked investments, bank deposits with embedded derivatives, bank balances and cash increased to HK\$826,642,000 as at 30 June 2007 (31/12/2006: HK\$539,196,000). The Group’s bank borrowings increased to HK\$3,180,904,000 as at 30 June 2007 (31/12/2006: HK\$1,606,916,000), of which 11%, 10%, 26% and 53% are repayable respectively within one year, one to two years, two to five years and over five years. The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, equity linked investments, bank deposits with embedded derivatives, cash and cash equivalents) over total equity, was 107% as at 30 June 2007 (31/12/2006: 49%). All the bank borrowings were committed on floating rate basis and were denominated mainly in United States Dollars. Certain interest rate swap arrangements have been in place in order to mitigate the risk associated with the increase in interest rates. With cash, marketable equity and debt securities, and equity linked investments in hand as well as available credit facilities, the Group’s liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Pledge of assets. As at 30 June 2007, the Group's property, plant and equipment and investment property with an aggregate net book value of HK\$4,069,241,000 (31/12/2006: HK\$2,671,828,000), financial assets at fair value through profit or loss with market value of HK\$72,129,000 (31/12/2006: HK\$41,302,000), and deposits of HK\$223,395,000 (31/12/2006: HK\$70,273,000) placed with banks and other institutions were pledged together with the assignment of seventeen (31/12/2006: twelve) ship owning companies' chartering income to secure credit facilities utilized by the Group. In addition, shares of twelve (31/12/2006: ten) ship owning companies were charged to banks for vessel mortgage loans.

Capital expenditures and commitments. Out of the Group's capital expenditures totalling HK\$1,454,100,000 for the period ended 30 June 2007 (year ended 31/12/2006: HK\$1,330,565,000), approximately HK\$1,453,860,000 (year ended 31/12/2006: HK\$1,303,154,000) was spent on the construction and acquisition of the Group's vessels.

As at 30 June 2007, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK\$5,357,873,000 (31/12/2006: HK\$3,025,123,000), representing the Group's outstanding capital expenditure commitments to acquire twenty-one (31/12/2006: eleven) newbuildings and one (31/12/2006: three) second hand vessel at a total purchase price of approximately HK\$5,690,790,000 (31/12/2006: HK\$3,353,623,000).

The above capital expenditure commitments included two Supramax newbuildings at a total original cost of US\$33,820,000 and JPY3,590,500,000 (approximately HK\$493 million in total), which was contracted to be disposed to a third party for a total consideration of US\$34,255,100 and JPY3,703,031,000 (approximately HK\$503 million in total) at their expected dates of delivery in October 2010 and August 2012 respectively.

Contingent liabilities. As at 30 June 2007, the Group had contingent liability in respect of a guarantee granted by Jinhui Shipping in favour of Best Shipping Ltd. for the performance of the obligations of Bocimar Hong Kong Limited, a subsidiary of Bocimar International N.V., under an agreement dated 15 September 2006 regarding the acquisition of a vessel by Bocimar Hong Kong Limited from Best Shipping Ltd. 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. In addition, as at 31 December 2006, the Group had contingent liability in respect of a guarantee of approximately HK\$78,000,000 granted to a third party in its ordinary course of businesses.

Save as disclosed above, the Group had no other contingent liabilities as at 30 June 2007.

EMPLOYEES

As at 30 June 2007, the Group had 106 full-time employees and 413 crew (31/12/2006: 105 full-time employees and 293 crew). The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

POST BALANCE SHEET EVENT

On 23 August 2007, the Group entered into an agreement to acquire one Supramax newbuilding for a consideration of US\$59,000,000, which will be delivered to the Group on or before 30 November 2007.

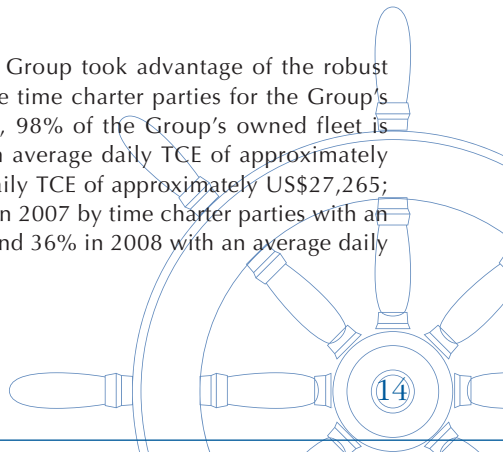
OUTLOOK

Subsequent to the period ended 30 June 2007, the charter rates reach all-time highs with the Baltic Dry Index further increases to around 7,200 by mid August 2007.

On 20 July 2007, a newly built Supramax was delivered to the Group and was named as "Jin Xing".

The total capacity of the Group's fleet is around deadweight 1.7 million metric tons comprising eighteen owned vessels (including one Supramax which will be disposed by the Group later in 2007) and eight chartered-in vessels. Taking into account all existing commitments to acquire and dispose of vessels as announced by the Company previously, the Group will have additional nineteen newly built grabs fitted Supramaxes and one second hand Handymax for delivery going forward, where one of which will be delivered in 2007, five in 2008, six in 2009, five in 2010, two in 2011 and one in 2012.

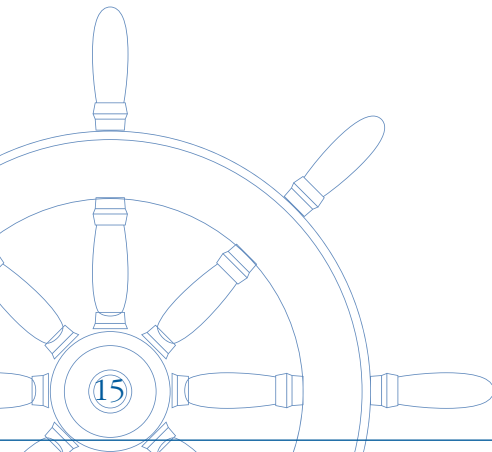
As previously announced by the Company, the Group took advantage of the robust freight environment and renewed majority of the time charter parties for the Group's fleet. According to the Group's best estimation, 98% of the Group's owned fleet is covered in 2007 by time charter parties with an average daily TCE of approximately US\$25,392 and 74% in 2008 with an average daily TCE of approximately US\$27,265; 93% of the Group's chartered-in fleet is covered in 2007 by time charter parties with an average daily TCE of approximately US\$39,694 and 36% in 2008 with an average daily TCE of approximately US\$42,527.



With the expectation of a healthy market outlook, the Group will continue to maintain a flexible chartering policy to achieve balance of revenue stability against spot exposure and will continue to ensure a young modern fleet is maintained to provide first class transportation services to our customers.

The Group has entered into certain long term forward foreign exchange contracts and options for the purposes of capital expenditure requirements with regards to payment for the newbuildings contracted with Japanese shipyards, and liquidity management. With the unexpected appreciation of Japanese Yen against United States Dollar in recent months due to unwinding of Japanese Yen carry trades in the financial markets, the Group suffered from the loss on those long term forward foreign exchange contracts and options. The Group has terminated some of these long term forward foreign exchange contracts and options in August 2007. Based on the Group's best estimation and the current market information, the Group expects a further loss on forward foreign exchange contracts and options of around US\$35 million (approximately HK\$273 million). The Group will make every effort in minimizing the loss on the foreign currency exposure in the coming months with the objective to safeguard the Group's long term profitability going forward.

With the backdrop of world output growth expected to remain at healthy levels, continuous strong growth and raw material demand from China, India and other emerging markets, an infrastructure boom in the middle east, and increase in ton mile demand due to shifting in trade patterns, the Group expects the dry bulk market to remain robust going forward. The management of the Group firmly believes that the grabs fitted Supramax, in particular, will benefit most from the in and out bound cargoes both from China and India for years to come. With a sequence of timely acquisition of this type of tonnage, the Group should be in an excellent position to take advantage of the expected firm freight environment, thereby further enhancing profitability for our shareholders.



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

During the period, the Company had repurchased and cancelled 10,824,000 shares of the Company at the open market in the Hong Kong Stock Exchange at an aggregate price of HK\$43,999,000 before expenses. The nominal value of the cancelled shares of HK\$1,082,400 was credited to capital redemption reserve and the aggregate price was paid out from the retained profits. Details of the repurchase are as follows:

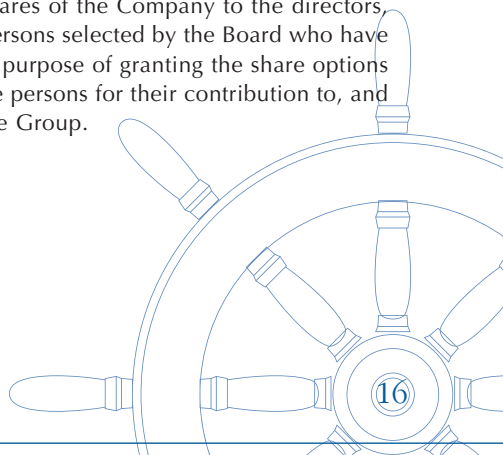
Month of repurchase	Number of ordinary shares of HK\$0.10 each	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid (before expenses) HK\$'000
April 2007	9,602,000	4.490	3.380	37,996
June 2007	1,222,000	5.100	4.690	6,003
	10,824,000			43,999

The Directors considered that the repurchase would increase the net asset value and earnings per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2007.

SHARE OPTION SCHEME

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



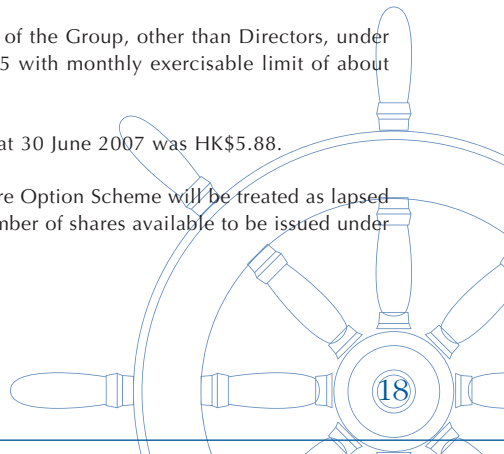
Details of the grant of share options and a summary of the movements of the outstanding share options including the interests of the directors and chief executives of the Company during the six months ended 30 June 2007 under the Share Option Scheme were as follows:

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 2007	Exercise during the period	As at 30 June 2007
A. Directors							
Ng Siu Fai	23 December 2004	1.53	1.60	31 March 2006 to 22 December 2014 <i>Note 2</i>	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 <i>Note 2</i>	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	5,000,000	(2,000,000)	3,000,000
Cui Jianhua	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	1,000,000	–	1,000,000
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	500,000	(300,000)	200,000
Sub-total					72,672,000	(2,300,000)	70,372,000

Name	Date of grant	Closing price per share at date of grant of options HK\$	Exercise price per share HK\$	Period during which options exercisable	Number of options		
					As at 1 January 2007	Exercise during the period	As at 30 June 2007
B. Other employees							
With vesting schedules	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009 <i>Note 3</i>	3,576,000	(1,682,000)	1,894,000
Without vesting schedule	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	1,804,000	(1,064,000)	740,000
Sub-total					5,380,000	(2,746,000)	2,634,000
TOTAL					78,052,000	(5,046,000)	73,006,000

Notes:

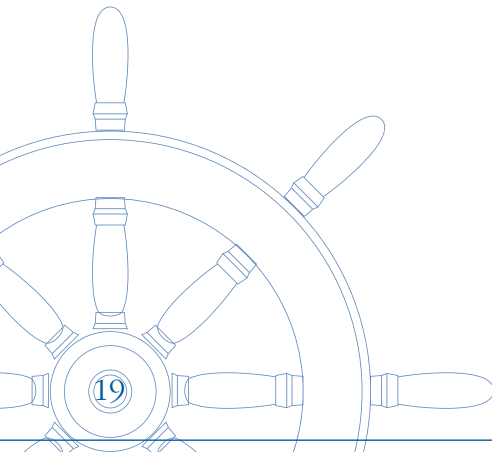
- During the period ended 30 June 2007, no share option was granted, cancelled and lapsed.
- The grant of share options to each of Messrs. Ng Siu Fai and Ng Kam Wah Thomas had been approved by the shareholders of the Company at the extraordinary general meeting of the Company on 27 January 2005 and are subject to certain conditions including a performance target, whereby the share options became exercisable upon the Group having recorded an audited consolidated net profit of not less than HK\$400 million for the financial year 2005 which had been achieved. These share options may be exercised during the period commencing on 31 March 2006 (the business day immediately after the day of the issue and publication of the audited consolidated results of the Group for the financial year of 2005) to 22 December 2014 or the date on which the share options shall lapse in accordance with the terms of the Share Option Scheme, whichever is the earlier.
- These share options were granted to employees of the Group, other than 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 2007 was HK\$5.88.
- 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.



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

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

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



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

As at 30 June 2007, the Directors had the following interests and long positions in shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

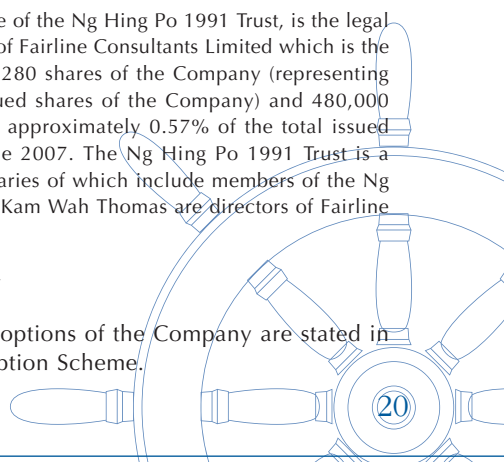
(i) Interests in shares of the Company and Jinhui Shipping

Name	Type of interests	Number of shares in the Company	Percentage of total issued shares of the Company	Number of shares in Jinhui Shipping	Percentage of total issued shares of Jinhui Shipping
Ng Siu Fai	Personal interests	16,935,000	3.26%	1,098,500	1.31%
	Family interests	16,717,000	3.22%	-	-
	Other interests	<i>Note</i>	<i>Note</i>	<i>Note</i>	<i>Note</i>
Ng Kam Wah Thomas	Personal interests	5,909,000	1.14%	-	-
	Other interests	<i>Note</i>	<i>Note</i>	<i>Note</i>	<i>Note</i>
Ng Ki Hung Frankie	Other interests	<i>Note</i>	<i>Note</i>	<i>Note</i>	<i>Note</i>
Ho Suk Lin	Personal interests	1,774,000	0.34%	-	-
William Yau	Personal interests	300,000	0.06%	-	-

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 which is the legal and beneficial owner of 337,063,280 shares of the Company (representing approximately 64.87% of the total issued shares of the Company) and 480,000 shares of Jinhui Shipping (representing approximately 0.57% of the total issued shares of Jinhui Shipping) as at 30 June 2007. 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 Consultants Limited.

(ii) Interests in share options of the Company

The interests of the Directors in the share options of the Company are stated in detail in the preceding section of Share Option Scheme.



Save as disclosed above, as at 30 June 2007, none of the Directors, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, in accordance with the register kept under Section 336 of the SFO, the following persons (other than the Directors or chief executive of the Company) had interests representing 5% or more of the issued share capital of the Company:

Name of shareholders	Number of shares in the Company	Number of share options in the Company	Percentage of total issued shares of the Company
Fairline Consultants Limited	337,063,280	–	64.87%
Wong Yee Man Gloria	370,715,280 (Note 1)	–	71.35%
	–	34,754,000 (Note 2)	6.68%

Notes:

- The interest in shares includes 16,717,000 shares of the Company in which Ms. Wong Yee Man Gloria is interested as a beneficial owner and 353,998,280 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).
- 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 2007, 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.

CORPORATE GOVERNANCE

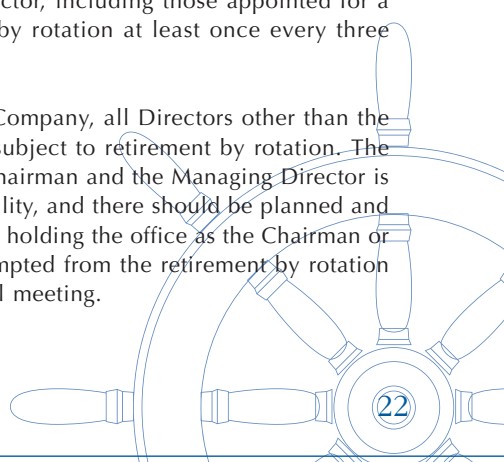
The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the period ended 30 June 2007, with deviations from code provisions A.2.1, A.4.2 and A.4.1 of the Code in respect of the roles of chairman and chief executive 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. 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 six months ended 30 June 2007.

AUDIT COMMITTEE

The audit committee comprises of three Independent Non-executive Directors. The audit committee has reviewed with 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 2007.

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

Hong Kong, 24 August 2007

