JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

OVERSEAS REGULATORY ANNOUNCEMENT

FOURTH QUARTER REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2008 AND
PRELIMINARY ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2008
OF
JINHUI SHIPPING AND TRANSPORTATION LIMITED

(This overseas regulatory announcement is made by Jinhui Holdings Company Limited in compliance with Rule 13.09(1) and 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement released on 26 February 2009 through the Oslo Stock Exchange by Jinhui Shipping and Transportation Limited ("Jinhui Shipping"), an approximately 54.77% owned subsidiary of Jinhui Holdings Company Limited, in accordance with the regulations of the Oslo Stock Exchange.

The principal accounting policies and methods of computation used in the preparation of the attached unaudited consolidated results of Jinhui Shipping and its subsidiaries are in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

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

Hong Kong, 26 February 2009

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

JINHUI SHIPPING AND TRANSPORTATION LIMITED

FOURTH QUARTER REPORT

FOR THE QUARTER ENDED 31 DECEMBER 2008

AND

PRELIMINARY ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Jinhui Shipping and Transportation Limited

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2008:

- Turnover increased 60% and reached US$475 million
- Net profit increased 179% to US$239 million
- Basic earnings per share: US$2.8417
- Gearing ratio as at 31 December 2008: 68%

HIGHLIGHTS FOR THE FOURTH QUARTER OF 2008:

- Turnover increased 7% to US$106 million
- Net profit dropped from US$68 million to US$11 million
- Basic earnings per share: US$0.1262
- Suspension of dividend payout starting from Q4 2008

The Board of Directors of **Jinhui Shipping and Transportation Limited (the "Company")** is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the quarter and year ended 31 December 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT (PRELIMINARY)

	Note	**3 months ended 31/12/2008 (Unaudited) *US$'000***	3 months ended 31/12/2007 (Unaudited) *US$'000*	**Year ended 31/12/2008 (Unaudited) *US$'000***	Year ended 31/12/2007 (Audited) *US$'000*	Year ended 31/12/2006 (Audited) *US$'000*
Turnover	*2*	**105,543**	98,862	**475,148**	296,285	156,154
Gain on disposal of motor vessel(s)	*3*	**-**	20,257	**62,786**	20,257	26,294
Other operating income		**4,231**	4,801	**13,887**	8,597	5,900
Shipping related expenses		**(57,486)**	(39,761)	**(222,353)**	(136,576)	(100,348)
Depreciation and amortization		**(7,590)**	(6,162)	**(29,206)**	(21,866)	(13,873)
Staff costs		**(17,164)**	(3,771)	**(20,478)**	(6,573)	(6,978)
Other operating expenses		**(13,131)**	(763)	**(24,964)**	(55,959)	(9,303)
Profit from operations		**14,403**	73,463	**254,820**	104,165	57,846
Interest income		**499**	548	**1,854**	2,634	1,018
Interest expenses		**(4,293)**	(6,135)	**(17,846)**	(21,167)	(9,287)
Profit before taxation		**10,609**	67,876	**238,828**	85,632	49,577
Taxation	*4*	**-**	-	**-**	-	-
Net profit for the period/year attributable to shareholders of the Company		**10,609**	67,876	**238,828**	85,632	49,577
Dividends recognized as distribution	*5(a)*	**-**	-	**36,139**	-	-
Dividend declared after the balance sheet date	*5(b)*	**-**	13,447	**-**	13,447	-
Basic earnings per share *(US$)*	*6*	**0.1262**	0.8076	**2.8417**	1.0189	0.5899

CONDENSED CONSOLIDATED BALANCE SHEET (PRELIMINARY)

	Note	**31/12/2008** **(Unaudited)** ***US$'000***	31/12/2007 (Audited) *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**880,998**	728,697
Available-for-sale financial assets		**315**	192
		881,313	728,889
Current assets			
Inventories		**1,994**	32
Trade and other receivables		**27,899**	17,717
Financial assets at fair value through profit or loss		**4,519**	1,557
Pledged deposits		**10,288**	2,301
Bank balances and cash	*7*	**91,548**	68,274
		136,248	89,881
Total assets		**1,017,561**	818,770
EQUITY AND LIABILITIES			
Capital and reserves		**515,597**	312,940
Non-current liabilities			
Secured bank loans		**388,829**	380,229
Current liabilities			
Trade and other payables		**54,334**	34,683
Financial liabilities at fair value through profit or loss		**2,761**	1,853
Secured bank loans		**56,040**	89,065
		113,135	125,601
Total equity and liabilities		**1,017,561**	818,770

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRELIMINARY)

	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Reserve for available-for-sale financial assets	Employee share-based compensation reserve	Retained profits	Total equity
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2007	4,202	72,087	719	16,297	-	4,758	129,245	227,308
Net profit for the year	-	-	-	-	-	-	85,632	85,632
At 31 December 2007	4,202	72,087	719	16,297	-	4,758	214,877	312,940
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2008	4,202	72,087	719	16,297	-	4,758	214,877	312,940
Loss on revaluation of available-for-sale financial assets	-	-	-	-	(32)	-	-	(32)
Net expense recognized directly in equity	-	-	-	-	(32)	-	-	(32)
Net profit for the year	-	-	-	-	-	-	238,828	238,828
Total recognized income (expense)	-	-	-	-	(32)	-	238,828	238,796
2007 final dividend	-	-	-	-	-	-	(13,447)	(13,447)
2008 interim dividend	-	-	-	-	-	-	(22,692)	(22,692)
At 31 December 2008	**4,202**	**72,087**	**719**	**16,297**	**(32)**	**4,758**	**417,566**	**515,597**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (PRELIMINARY)

	Note	**Year ended 31/12/2008 (Unaudited)**	Year ended 31/12/2007 (Audited)
		US$'000	*US$'000*
Net cash from operating activities		**214,886**	106,602
Net cash used in investing activities		**(138,164)**	(342,712)
Net cash (used in) from financing activities		**(68,551)**	267,454
Net increase in cash and cash equivalents		**8,171**	31,344
Cash and cash equivalents at the beginning of year		**68,274**	36,930
Cash and cash equivalents at the end of year	*7*	**76,445**	68,274

NOTES (PRELIMINARY):

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2007 except for the adoption of new/revised Hong Kong Financial Reporting Standards and HKASs ("New Standards") that have become effective for accounting periods beginning on or after 1 January 2008. The Board has assessed the impact of these New Standards and concluded that the adoption of these New Standards has no material impact on the Group's financial statements.

The HKICPA has aligned Hong Kong Financial Reporting Standards with the requirements of International Financial Reporting Standards issued by the International Accounting Standards Board in all material aspects.

2. Turnover

The Group is principally engaged in the businesses of ship chartering and ship owning. Turnover represented the chartering freight and hire income arising from the Group's owned and chartered-in vessels.

More than ninety per cent. of the Group's turnover and operating results were attributable to its chartering operations which carried out internationally and cannot be attributable to any particular geographical location, and accordingly, no analysis by either business or geographical segment is included in the financial statements.

3. Gain on disposal of motor vessel(s)

The amount for year 2008 represented the gain on completion of the disposal of three (2007: one) motor vessel(s).

4. Taxation

Taxation has not been provided as the Group has no assessable profit for all relevant periods/years.

5. Dividends

	3 months ended 31/12/2008 (Unaudited) *US$'000*	3 months ended 31/12/2007 (Unaudited) *US$'000*	**Year ended 31/12/2008 (Unaudited) *US$'000***	Year ended 31/12/2007 (Audited) *US$'000*
(a) *Dividends recognized as distribution*:				
- 2007 final dividend of US$0.16 per share	**-**	-	**13,447**	-
- 2008 interim dividend of US$0.27 per share	**-**	-	**22,692**	-
	-	-	**36,139**	-
(b) *Dividend declared after the balance sheet date:*				
- 2007 final dividend of US$0.16 per share	**-**	13,447	**-**	13,447

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 for the quarter ended 31 December 2008 is based on the net profit attributable to shareholders of the Company for the quarter of US$10,609,000 (2007: US$67,876,000) and the weighted average number of 84,045,341 (2007: 84,045,341) ordinary shares in issue during the quarter.

The calculation of basic earnings per share for the year ended 31 December 2008 is based on the net profit attributable to shareholders of the Company for the year of US$238,828,000 (2007: US$85,632,000) and the weighted average number of 84,045,341 (2007: 84,045,341) ordinary shares in issue during the year.

Diluted earnings per share is not shown as there is no potential ordinary share in issue in all relevant periods/years presented.

7. Bank balances and cash

	Year ended 31/12/2008 (Unaudited) ***US$'000***	Year ended 31/12/2007 (Audited) *US$'000*
Cash and cash equivalents for consolidated cash flow statement purpose	**76,445**	68,274
Bank deposits with more than three months to maturity when placed	**15,103**	-
	91,548	68,274

8. Comparative figures

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

DIVIDEND POLICY

Despite strong operating results for financial year 2008 that outperformed previous year's results, in the midst of the recent global financial crisis, the Board takes a conservative strategy towards the dividend policy of the Company and has resolved to suspend its annual dividend payout starting from the fourth quarter of 2008 in order to preserve cash and enhance liquidity in these extraordinary market conditions.

The dividend policy will be regularly assessed by the Board and will depend, among other things, on the Group's financial obligations, leverage, liquidity and capital resources, and the market conditions.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2008 (2007: US$0.16 per share).

The Board had declared an interim dividend of US$0.27 per share (2007: nil), totalling US$22,692,000 which was paid on 25 September 2008.

REVIEW OF OPERATIONS

Fourth Quarter 2008. In the fourth quarter of 2008, the credit crunch evolved to worldwide financial and economic crisis after the collapse of major financial institutions in the United States. Dry bulk market had been heavily hit when lending banks cut back on trade finances and industry players contracted their spending in all aspects. Bailouts announced in western economies failed to reverse the global economic slump and shipping activities of dry bulk commodities such as iron ore, coal, steel, grain became virtually stagnant mainly due to difficulties in obtaining banking finance. Baltic Dry Index ("BDI") plunged to 663 points on 5 December 2008, its lowest point since 1986.

The Group's turnover for the quarter was US$105,543,000, representing an increase of 7% over the last corresponding quarter. Nevertheless, the Group's net profit for the quarter dropped by 84% to US$10,609,000 when comparing with US$67,876,000 for last corresponding quarter. Excluding the exceptional gain on disposal of the motor vessel "Jin Kang" amounted to US$20,257,000 in last corresponding quarter, the net profit for the quarter still reduced by 78% due to, among other things, the continued deterioration in the macroeconomic environment, increased shipping related expenses and expiration of high profit time-charter contracts from chartered-in Panamax tonnage in particular. Basic earnings per share for the quarter was US$0.1262 whereas US$0.8076 was reported in last corresponding quarter.

While majority of the Group's vessels was 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 Q4	2007 Q4	**2008**	2007
	US$	*US$*	***US$***	*US$*
Capesize	**87,898**	83,591	**92,071**	67,653
Panamax	**31,859**	51,310	**46,269**	39,095
Supramax/Handymax	**31,046**	28,285	**34,312**	25,200
In average	**37,604**	39,905	**43,093**	32,778

The Group’s shipping related expenses for the quarter increased by 45% to US$57,486,000 as compared to the last corresponding quarter. The rise was attributable to the general increase in hire payment.

The Group achieved record operating profits for the year and exceeded the target goals and objectives as set out in the Group’s 2008 annual plan under the leadership of the senior executive management team. Our staff costs rose by US$13,393,000 as compared to the last corresponding quarter 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.

The Group's other operating expenses for the quarter was US$13,131,000 as compared to US$763,000 in last corresponding quarter. The rise in other operating expenses was mainly due to recognition of impairment losses in respect of trade receivables and certain leasehold properties amounted to US$5,212,000 and US$4,152,000 respectively.

Year 2008. Year 2008 was a challenging year in dry bulk market marked with unprecedented highs and lows in 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’s turnover for the year 2008 amounted to US$475,148,000, representing an increase of 60% as compared to year 2007. Net profit for the year 2008 reached US$238,828,000 as compared to the net profit of US$85,632,000 for year 2007. Basic earnings per share improved over 170% from US$1.0189 for year 2007 to US$2.8417 for year 2008.

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 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 of US$475,148,000 and cash flows to the Group for the year.

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 US$62,786,000 on completion of the disposal of three motor vessels was recognized in the consolidated income statement for year 2008.

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 US$46,750,000 for year 2007 to US$8,176,000 for year 2008. The loss 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. 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.

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 US$417 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.

FINANCIAL REVIEW

During the year ended 31 December 2008, 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 securities, bank balances and cash increased to US$95,890,000 (2007: US$68,998,000) and bank borrowings decreased to US$444,869,000 (2007: US$469,294,000) as at 31 December 2008.

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 securities, bank balances and cash) over total equity, reduced to 68% as at 31 December 2008 (2007: 128%). As at 31 December 2008, credit facilities of approximately US$408 million in relation to the financing of the acquisition of undelivered vessels had been arranged with various international banks. With cash, marketable equity securities in hand and majority of 2009 and 2010 revenue 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.

During the year ended 31 December 2008, capital expenditure on additions of the owned vessels and vessels under construction was US$341,152,000 (2007: US$397,042,000) and on other property, plant and equipment was US$11,319,000 (2007: US$92,000).

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 US$928,845,000 (2007: US$1,037,895,000), 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 US$1,208,205,000 (2007: US$1,212,807,000).

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.

FLEET

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers.

During October 2008, a newly built Supramax and a 2000-built Handymax were delivered to the Group and were named as "Jin Tong" and "Jin Bi" respectively.

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.

Fleet Details

The movement in fleet details after the year ended 31 December 2008 and up to 25 February 2009 was as follows:

	Number of vessels						
	In operation			Newbuildings/New charters			
	Owned	Chartered [1]	Subtotal	Owned [2]	Chartered [3]	Subtotal	Total
Capesize Fleet							
As at 1 January 2009 and 25 February 2009	1	2	3	-	3	3	6
Post-Panamax Fleet							
As at 1 January 2009 and 25 February 2009	-	-	-	2	-	2	2
Panamax Fleet							
As at 1 January 2009 and 25 February 2009	1	4	5	2	-	2	7
Supramax/Handymax Fleet							
As at 1 January 2009 and 25 February 2009	19	3	22	19	-	19	41
Handysize Fleet							
As at 1 January 2009 and 25 February 2009	-	-	-	1	-	1	1
Total Fleet as at 25 February 2009	21	9	30	24	3	27	57

Notes:

[1] Includes one Supramax with purchase option which had been exercised during year 2008 and will be delivered to the Group in late February 2009.

[2] Includes twenty four newbuildings ordered by the Group as at 25 February 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.

[3] 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 3 on page 11, have been excluded in the above operating statistics.

RISK FACTORS

This report may contain forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including the Company's management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or targets.

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by the Company.

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 154% from 773 points on 2 January 2009 to 1,960 points on 25 February 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.

PUBLICATION OF FINANCIAL INFORMATION

This report is available on the websites of Oslo Stock Exchange at www.newsweb.no and the Company at www.jinhuiship.com.

By Order of the Board

Ng Siu Fai
Chairman

26 February 2009

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