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

QUARTERLY REPORT
FOR THE QUARTER ENDED 31 MARCH 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 May 2008 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 May 2008

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.

HIGHLIGHTS FOR THE FIRST QUARTER OF 2008:

- Turnover increased 111% to US$114.8 million
- Net profit increased 239% to US$43.3 million
- Basic earnings per share: US$0.5154

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 ended 31 March 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	**3 months ended 31/3/2008 (Unaudited)** *US$'000*	3 months ended 31/3/2007 (Unaudited) *US$'000*	Year ended 31/12/2007 (Audited) *US$'000*
Turnover	*2*	**114,778**	54,311	296,285
Gain on disposal of a motor vessel		**-**	-	20,257
Other operating income		**2,348**	2,299	8,597
Shipping related expenses		**(51,661)**	(30,555)	(136,576)
Depreciation and amortization		**(7,328)**	(4,139)	(21,866)
Staff costs		**(1,051)**	(886)	(6,573)
Other operating expenses		**(8,489)**	(5,431)	(55,959)
Profit from operations		**48,597**	15,599	104,165
Interest income		**369**	647	2,634
Interest expenses		**(5,647)**	(3,479)	(21,167)
Profit before taxation		**43,319**	12,767	85,632
Taxation	*3*	**-**	-	-
Net profit for the period/year attributable to shareholders of the Company		**43,319**	12,767	85,632
Dividends		**-**	-	13,447
Basic earnings per share *(US$)*	*4*	**0.5154**	0.1519	1.0189

CONDENSED CONSOLIDATED BALANCE SHEET

	31/3/2008	31/3/2007	31/12/2007
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	**870,791**	422,146	728,697
Available-for-sale financial assets	**192**	3,570	192
	870,983	425,716	728,889
Current assets			
Inventories	**30**	22	32
Trade and other receivables	**24,231**	19,879	17,717
Financial assets at fair value through profit or loss	**5,900**	13,727	1,557
Pledged deposits	**8,569**	5,245	2,301
Bank balances and cash	**41,740**	29,432	68,274
	80,470	68,305	89,881
Total assets	**951,453**	494,021	818,770
EQUITY AND LIABILITIES			
Capital and reserves	**356,259**	240,075	312,940
Non-current liabilities			
Secured bank loans	**454,120**	202,860	380,229
Current liabilities			
Trade and other payables	**31,147**	15,856	34,683
Financial liabilities at fair value through profit or loss	**6,438**	6,179	1,853
Secured bank loans	**103,489**	29,051	89,065
	141,074	51,086	125,601
Total equity and liabilities	**951,453**	494,021	818,770

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Employee share-based compensation reserve	Retained profits	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	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 period	-	-	-	-	-	12,767	12,767
At 31 March 2007	4,202	72,087	719	16,297	4,758	142,012	240,075
At 1 January 2008	4,202	72,087	719	16,297	4,758	214,877	312,940
Net profit for the period	-	-	-	-	-	43,319	43,319
At 31 March 2008	**4,202**	**72,087**	**719**	**16,297**	**4,758**	**258,196**	**356,259**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 31/3/2008	3 months ended 31/3/2007	Year ended 31/12/2007
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Net cash from operating activities	**40,602**	16,333	106,602
Net cash used in investing activities	**(149,183)**	(50,958)	(342,712)
Net cash from financing activities	**82,047**	27,127	267,454
Net (decrease) increase in cash and cash equivalents	**(26,534)**	(7,498)	31,344
Cash and cash equivalents at the beginning of period/year	**68,274**	36,930	36,930
Cash and cash equivalents at the end of period/year	**41,740**	29,432	68,274

NOTES:

1. Basis of preparation and accounting policies

The unaudited 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 are effective for accounting periods beginning on or after 1 January 2008. 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.

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 gross 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. Taxation

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

4. Earnings per share

The calculation of basic earnings per share for the quarter ended 31 March 2008 is based on the net profit attributable to shareholders of the Company for the quarter of US$43,319,000 (31/3/2007: US$12,767,000) and the weighted average number of 84,045,341 (31/3/2007: 84,045,341) ordinary shares in issue during the quarter.

The calculation of basic earnings per share for the year ended 31 December 2007 is based on the net profit attributable to shareholders of the Company for the year of US$85,632,000 and the weighted average number of 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/year presented.

5. Comparative figures

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

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2008.

REVIEW OF OPERATIONS

During the early part of 2008, the dry bulk freight market has experienced a significant drop due to the coinciding of (i) short term disruptions of coal and iron ore supply from Brazil and Australia leading to abrupt over supply of prompt vessels; (ii) uncertainty over the negotiation results of the 2008 iron ore contract price; and (iii) global financial turmoil leading to a trough in confidence both in terms of lending and investing. In the first quarter of 2008, the Baltic Dry Index reached a trough of 5,615 on 29 January 2008. However, the demand for dry bulk vessels has sinced recovered sharply as cargo supply bottlenecks eased and robust demand from charterers, leading the Baltic Dry Index to rebound strongly to around 11,500 by late May 2008.

Despite a sharp correction in the dry bulk freight market in the first quarter, the Group's turnover for the quarter still achieved US$114,778,000, representing an increase of 111% as compared to last corresponding quarter. The Group's net profit for the quarter rose significantly to US$43,319,000, representing an increase of 239% as compared to the net profit of US$12,767,000 for last corresponding quarter. Basic earnings per share for the quarter was US$0.5154 as compared to basic earnings per share of US$0.1519 for last corresponding quarter.

The positive movement in both revenue and net profit for the quarter was a combination of increase in the number of revenue days from 1,844 days for the first quarter of 2007 to 2,653 days for the first quarter of 2008 due to an increase in the number of motor vessels and an increase in charter rates from renewal of time charter contracts.

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

	2008 Q1	2007 Q1	2007
	US$	*US$*	*US$*
Capesize	**89,000**	54,066	67,653
Panamax	**47,056**	27,514	39,095
Supramax/Handymax	**34,130**	23,526	25,200
In average	**43,092**	28,330	32,778

The Group's depreciation and amortization for the quarter rose by US$3,189,000 as compared to last corresponding quarter mainly due to the increase in number of owned vessels during the quarter.

The Group's other operating expenses for the quarter increased by US$3,058,000 as compared to last corresponding quarter was primarily due to the unrealized mark-to-market loss on financial instruments held for the Group's liquidity management purpose.

The Group's net interest expenses for the quarter increased by US$2,446,000 as compared to last corresponding quarter was mainly attributable to the increase in the bank borrowings for the partial financing of acquisition of vessels though partly offset by reduction in interest rates during the quarter.

FINANCIAL REVIEW

During the quarter, upon financing of various vessel mortgage loans, and offset by cash used to partially finance the delivery of three additional vessels and installments paid for the newbuildings, the total of the Group's equity securities, bank balances and cash decreased to US$47,078,000 (31/12/2007: US$68,998,000) and bank borrowings increased to US$557,609,000 (31/12/2007: US$469,294,000) as at 31 March 2008. 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 143% as at 31 March 2008 (31/12/2007: 128%). With cash, marketable equity securities in hand and majority of 2008 revenue already covered 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 quarter, capital expenditure on additions of the owned vessels and vessels under construction was US$148,967,000 (31/03/2007: US$51,277,000) and on other property, plant and equipment was US$503,000 (31/03/2007: US$5,000).

As at 31 March 2008, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was US$395,165,000 and JPY33,928,800,000 (31/12/2007: US$724,855,000 and JPY34,986,550,000), representing the Group's outstanding capital expenditure commitments to acquire twenty two (31/12/2007: twenty six) newbuildings and one (31/12/2007: one) second hand vessel at a total purchase price of US$522,190,000 and JPY39,526,000,000 (31/12/2007: US$847,430,000 and JPY40,836,000,000).

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.

DIVIDEND POLICY

The Board is pleased to announce the adoption of semi-annual dividend policy and resolved to pay semi-annual dividends at each six-month period ended 30 June starting from 2008 until further notice. It is the Company's dividend policy to pay dividend to shareholders, equivalent to no less than 20% of the annual net profit after deducting the non-recurring and unrealized income, subject to the discretion of the Board.

FLEET

On 31 January 2008, the Group cancelled two agreements both dated 23 November 2007 in relation to the acquisition of two Very Large Ore Carriers at a total purchase price of US$245,240,000, at a total expense of US$4,000,000.

During the quarter, three newly built Supramaxes named as “Jin Feng”, “Jin Man” and “Jin Pu” were delivered to the Group.

On 10 March 2008, the Group entered into an agreement to acquire a Panamax newbuilding at a purchase price of JPY5,550,000,000, which will be delivered to the Group on or before 30 April 2011.

Subsequent to the quarter ended 31 March 2008, the Group entered into agreements to dispose of three Supramaxes “Jin Hai”, “Jin Ying” and “Jin Feng” at a total consideration of US$234,250,000 and a total book gain of around US$63 million is expected to be realized upon completion of the disposal later in 2008.

On 19 May 2008, the Group entered into an agreement to acquire a Supramax newbuilding at a purchase price of JPY5,100,000,000, which will be delivered to the Group on or before 30 June 2011.

Fleet Details

	Number of vessels						
	In operation			Newbuildings/New charters			
	Owned [1]	Chartered [2]	Subtotal	Owned [3]	Chartered [4]	Subtotal	Total
Capesize Fleet							
As at 1 April 2008	1	3	4	-	5	5	9
Charters expired	-	(2)	(2)	-	-	-	(2)
As at 25 May 2008	1	1	2	-	5	5	7
Panamax Fleet							
As at 1 April 2008	1	5	6	2	1	3	9
New charter commenced	-	1	1	-	(1)	(1)	-
As at 25 May 2008	1	6	7	2	-	2	9
Supramax/Handymax Fleet							
As at 1 April 2008	19	3	22	18	-	18	40
Newbuilding ordered	-	-	-	1	-	1	1
As at 25 May 2008	19	3	22	19	-	19	41
Total Fleet							
as at 25 May 2008	**21**	**10**	**31**	**21**	**5**	**26**	**57**

Notes:

1 Includes three Supramaxes committed to be disposed by the Group to third parties later in 2008 as announced by the Company previously.

2 Includes one Handymax with purchase commitment upon expiry of existing charter party later in 2008 and one Supramax with purchase option exercisable on or before April 2010.

3 Includes twenty one newbuildings ordered by the Group as at 25 May 2008, of which two Supramaxes are expected to be delivered to the Group later in 2008, six Supramaxes and one Panamax in 2009, five Supramaxes in 2010, three Supramaxes and one Panamax in 2011, two Supramaxes in 2012 and one Supramax in 2013. However, excludes two Supramax newbuildings committed to be disposed by the Group to a third party as announced by the Company previously.

4 Includes two Capesizes which are expected to join our chartered fleet later in 2008, and three Capesizes [5] in 2009.

5 One of the Capesizes to be chartered-in by the Group in 2009 may or may not be delivered due to problems at the shipyard.

Taking advantage of the robust freight environment during late 2007, the Group has renewed a significant number of time charter contracts for the Group's fleet. According to the Group's best estimation, the activity of the Group's fleet is as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	**2008**	**2009**
Capesize Fleet	Coverage	*%*	87	49
	Operating days covered	*Days*	1,061	990
	Daily TCE	*US$*	91,336	77,946
Panamax Fleet	Coverage	*%*	70	16
	Operating days covered	*Days*	1,684	324
	Daily TCE	*US$*	44,252	24,450
Supramax/Handymax Fleet	Coverage	*%*	87	41
	Operating days covered	*Days*	6,389	3,418
	Daily TCE	*US$*	33,907	37,878

Chartered-in Fleet – TCE cost *:

		Unit	**2008**	**2009**
Capesize Fleet	Operating days	*Days*	861	1,699
	Daily TCE cost	*US$*	59,959	45,416
Panamax Fleet	Operating days	*Days*	2,039	1,458
	Daily TCE cost	*US$*	28,340	28,095
Supramax/Handymax Fleet	Operating days	*Days*	930	730
	Daily TCE cost	*US$*	29,245	36,083

* Assuming the Group will exercise the options to charter-in the vessels during the optional periods, if any, pursuant to terms of certain charter contracts.

Note: One Capesize to be chartered-in by the Group in 2009 as mentioned in note 5 on page 8 has been excluded in the above operating statistics.

OUTLOOK

The 2008 dry bulk freight market has been extremely volatile to date. During the early part of 2008, the global economy has been going through a period of uncertainty due to the subprime mortgage financial turmoil, with the dry bulk freight market going through a sharp correction due to a combination of (i) infrastructure bottlenecks at cargo supplying countries such as repairing works at Brazil iron ore ports and flooding of coal mines in Australia; (ii) reduction in both short term and long term chartering activities due to uncertainty over the 2008 iron ore contract price; (iii) typical slowdown in chartering activity due to Chinese New Year Holidays; and (iv) limited activity in the sales and purchase market of second hand vessels due to poor sentiment and credit tightening. However, the dry bulk freight market has also recovered just as sharply, as supply disruptions ease, with confidence further instilled into the markets as Vale of Brazil, the world's biggest iron ore producer, and Baosteel of China, China's largest steel company, agreed a 65% increase in 2008 iron ore contract price. So far in 2008, the Baltic Dry Index has hit a trough at 5,615 on 29 January 2008, but has sinced rebound strongly to around 11,500 by late May 2008.

While a mild recession of the US economy is generally expected, the dry bulk import by the US is significantly less than that of Asian economies, China in particular. We continue to believe the growth in global dry bulk seaborne trade to remain at healthy levels, driven by continuous infrastructure investments, industrialization and urbanization in China, India and other emerging economies which translates to a continuous growing demand in particular, the backbone dry cargoes such as iron ore and coal. We would like to reiterate that this Chinese led dry commodities demand has caused increasing ton miles and a fundamental shift in trade patterns, which means the outlook of the dry bulk market will be strong yet not without volatility.

On the supply side, we have previously mentioned that a potential by-product of the current credit crunch caused by the subprime mortgage financial turmoil will be a reduction in the number of newbuildings delivered going forward, in particular to those scheduled to be delivered beyond 2008 by some inexperienced shipyards. Within the first few months in 2008, there were already a number of inexperienced shipyards experiencing serious problems with their deliveries due to funding problems, technical challenges due to their underestimation of complexity in shipbuilding, and shortage of high quality component parts such as main engines and crankshafts. We believe there are a number of shipyards with questionable ability and resources to deliver their contracts, potentially leading to a significant reduction or delays in newbuilding deliveries, and poor quality end product even when a few of the many inexperienced shipyards finally deliver the vessels.

In the longer term, the Group continues to believe that with our existing fleet and newbuilding deliveries going forward which comprise mainly of grabs fitted Supramaxes acquired at relatively low pricing levels when compare to today's market, to be built by first class reputable shipyards with established shipbuilding experience, coupled with an aggressive debt repayment schedule within the first two years from the date of delivery, the Group will continue to enjoy healthy profit growth even in a volatile freight environment. Going forward, the Group will monitor the dry bulk freight market and global economic indicators carefully, and continue to focus on maintaining steady business growth.

By Order of the Board

Ng Siu Fai

Chairman

26 May 2008