



# JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

## OVERSEAS REGULATORY ANNOUNCEMENT

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

The information set out below is an announcement released on 29 May 2007 through Oslo Stock Exchange by Jinhui Shipping and Transportation Limited (“Jinhui Shipping” or defined as the “Company” below), an approximately 54.34% owned subsidiary of Jinhui Holdings Company Limited, in accordance with the regulations of the Oslo Stock Exchange.

### “JINHUI SHIPPING AND TRANSPORTATION LIMITED – INTERIM RESULTS FOR THE QUARTER ENDED 31 MARCH 2007

#### HIGHLIGHTS FOR THE FIRST QUARTER OF 2007:

- Turnover increased 49% to US\$54.3 million
- Net profit increased 109% to US\$12.8 million
- Basic earnings per share: US\$0.1519
- Gearing ratio as at 31 March 2007: 79%

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 2007.

#### CONDENSED CONSOLIDATED INCOME STATEMENT

	<b>3 months ended 31/3/2007 (Unaudited) US\$'000</b>	3 months ended 31/3/2006 (Unaudited) US\$'000	Year ended 31/12/2006 (Audited) US\$'000
<b>Turnover</b>	<b>54,311</b>	36,411	156,154
Gain on disposal of motor vessels	–	–	26,294
Other operating income	<b>2,312</b>	1,421	5,868
Shipping related expenses	<b>(30,754)</b>	(23,218)	(101,171)
Depreciation and amortization	<b>(3,940)</b>	(3,467)	(13,050)
Staff costs	<b>(886)</b>	(1,256)	(6,978)
Other operating expenses	<b>(5,444)</b>	(1,932)	(9,271)

	<b>3 months ended 31/3/2007 (Unaudited) US\$'000</b>	3 months ended 31/3/2006 (Unaudited) US\$'000	Year ended 31/12/2006 (Audited) US\$'000
<b>Profit from operations</b>	<b>15,599</b>	7,959	57,846
Interest income	<b>647</b>	159	1,018
Interest expenses	<b>(3,479)</b>	(2,022)	(9,287)
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<b>Profit before taxation</b>	<b>12,767</b>	6,096	49,577
Taxation	<b>–</b>	–	–
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<b>Net profit for the period/year attributable to shareholders of the Company</b>	<b>12,767</b>	6,096	49,577
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<b>Basic earnings per share (US\$)</b>	<b>0.1519</b>	0.0725	0.5899
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#### CONDENSED CONSOLIDATED BALANCE SHEET

	<b>31/3/2007 (Unaudited) US\$'000</b>	31/3/2006 (Unaudited) US\$'000	31/12/2006 (Audited) US\$'000
Property, plant and equipment	<b>421,104</b>	296,163	373,762
Available-for-sale financial assets	<b>3,570</b>	3,570	3,570
Other non-current assets	<b>1,042</b>	1,759	1,241
Current assets	<b>68,305</b>	45,942	73,532
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<b>Total assets</b>	<b>494,021</b>	347,434	452,105
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Capital and reserves	<b>240,075</b>	187,861	227,308
Non-current liabilities	<b>202,860</b>	125,735	183,458
Current liabilities	<b>51,086</b>	33,838	41,339
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<b>Total equity and liabilities</b>	<b>494,021</b>	347,434	452,105
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#### INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2007.

#### REVIEW OF OPERATIONS

After a relatively stable end of 2006, the dry bulk market had a remarkable growth during the first quarter of 2007. The Baltic Dry Index increased 991 points to close at 5,388 by end of the quarter. A significant increase in freight rates has been seen during the first quarter of 2007 due to the strong cargo volumes, continued optimism, and a considerable rise in port congestion.

The Group's turnover for the quarter amounted to US\$54,311,000, representing an increase of 49% as compared to last corresponding quarter. The Group's net profit for the quarter amounted to US\$12,767,000, representing an increase of 109% as compared to the net profit of US\$6,096,000 for last corresponding quarter. Basic earnings per share for the quarter was US\$0.1519 as compared to basic earnings per share of US\$0.0725 for last corresponding quarter.

The increase in net profit for the quarter was mainly due to the increase in freight rates as compared to last corresponding quarter. The average daily time charter equivalent rates ("TCE") of the Group's fleet were as follows:

	<b>2007 Q1</b>	2006 Q1	2006
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Capesize	<b>54,066</b>	36,372	39,389
Panamax	<b>27,514</b>	19,472	20,299
Supramax	<b>23,861</b>	19,703	20,328
Handymax	<b>19,493</b>	13,887	17,357
Handysize	–	10,192	10,514
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In average	<b>28,330</b>	20,116	21,555
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In addition, the Group's other operating expenses increased by US\$3,512,000 as compared to last corresponding quarter mainly due to the realized and unrealized loss on forward foreign exchange contracts and options for the quarter ended 31 March 2007. The Group has entered into forward foreign exchange contracts and options in relation to Japanese Yen so as to mitigate the Group's exposure in Japanese Yen in connection with the acquisition of newbuilding vessels.

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 quarter to acquire two Supramax newbuildings and a 2003-built Supramax for a total consideration of JPY6,880,000,000 and US\$40,500,000. This 2003-built Supramax was delivered to the Group on 26 March 2007 and was renamed as "Jin Cheng".

## FINANCIAL REVIEW

During the quarter, upon payment in cash used to partially finance the delivery of one additional vessel, the total of the Group's equity securities, equity linked investments, bank deposits with embedded derivatives, bank balances and cash decreased to US\$41,349,000 (31/12/2006: US\$48,143,000) and bank borrowings increased to US\$231,911,000 (31/12/2006: US\$203,566,000) as at 31 March 2007. 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 79% as at 31 March 2007 (31/12/2006: 68%).

Out of the Group's capital expenditures totalling US\$51,282,000 for the quarter ended 31 March 2007 (31/12/2006: US\$167,589,000), approximately US\$51,277,000 (31/12/2006: US\$167,071,000) was spent on the construction and acquisition of the Group's vessels.

As at 31 March 2007, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was US\$208,490,000 and JPY27,040,000,000 (31/12/2006: US\$210,415,000 and JPY21,183,000,000), representing the Group's outstanding capital expenditure commitments to acquire thirteen (31/12/2006: eleven) newbuildings and three (31/12/2006: three) second hand vessels at total purchase prices of US\$229,690,000 and JPY30,790,000,000 (31/12/2006: US\$229,690,000 and JPY23,910,000,000).

## **OUTLOOK**

Subsequent to the quarter ended 31 March 2007, the freight rates reach all-time highs with the Baltic Dry Index further increases to around 6,200 by late May 2007.

On 7 May 2007, the Group entered into agreements to acquire two Supramax newbuildings for a total consideration of JPY3,821,000,000 and US\$35,000,000. In addition, a 2002-built Supramax and a 2004-built Capesize were delivered to the Group on 17 April 2007 and 14 May 2007 respectively and were renamed as "Jin Quan" and "Jin Tai" respectively.

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, which will be delivered to the purchaser during the period from 1 August 2007 to 2 October 2007. On 22 May 2007, the Group entered into agreements to dispose of two Supramax newbuildings which will be built in years 2010 and 2012 for a total consideration of JPY3,703,031,000 and US\$34,255,100. The Directors believe that these disposals 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.

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, 93% of the Group's owned fleet, including three Supramaxes to be delivered to the Group later in 2007, is covered in 2007 by time charter parties with an average daily TCE of approximately US\$25,398 and 72% in 2008 with an average daily TCE of approximately US\$27,265; 79% of the Group's chartered-in fleet is covered in 2007 by time charter parties with an average daily TCE of approximately US\$39,091 and 23% in 2008 with an average daily TCE of approximately US\$39,902.

The total capacity of the Group's fleet is now around deadweight 1.6 million metric tons comprising fifteen owned vessels and eight chartered-in vessels. Taking into account the commitment to dispose of two newbuildings as announced by the Company on 22 May 2007, the Group will have additional thirteen newly built grabs fitted Supramaxes and one second hand Handymax for delivery going forward, where three of which will be delivered in 2007, three in 2008, two in 2009, three in 2010, two in 2011 and one in 2012.

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.

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.”

*The principal accounting policies and methods of computation used in the preparation of the above 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.*

*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.*

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

Hong Kong, 29 May 2007

Please also refer to the published version of this announcement in China Daily.