



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 30 August 2006 through Oslo Stock Exchange by Jinhui Shipping and Transportation Limited (“Jinhui Shipping” or defined as the “Company” below), an approximately 50.21% 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 AND SIX MONTHS ENDED 30 JUNE 2006

HIGHLIGHTS FOR THE SECOND QUARTER OF 2006:

- Turnover decreased 43% to US\$34.6 million
- Net profit amounted to US\$24.8 million
- Basic earnings per share: US\$0.2952
- Gearing ratio as at 30 June 2006: 23%

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 six months ended 30 June 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 30/6/2006 (Unaudited) US\$'000	3 months ended 30/6/2005 (Unaudited) US\$'000	6 months ended 30/6/2006 (Unaudited) US\$'000	6 months ended 30/6/2005 (Unaudited) US\$'000	Year ended 31/12/2005 (Audited) US\$'000
Turnover	34,643	60,720	71,054	117,874	214,460
Gain on disposal of motor vessels	24,268	–	24,268	–	–
Cancellation fee income	–	–	–	20,000	20,000
Other operating income	673	1,467	2,094	4,761	10,932
Shipping related expenses	(23,761)	(31,283)	(46,979)	(58,184)	(121,661)
Depreciation and amortization	(3,459)	(2,950)	(6,926)	(5,092)	(11,634)
Staff costs	(2,629)	(1,301)	(3,885)	(2,507)	(5,562)
Other operating expenses	(2,780)	(1,615)	(4,712)	(2,657)	(7,141)
Profit from operations	26,955	25,038	34,914	74,195	99,394
Interest income	183	423	342	815	1,283
Interest expenses	(2,327)	(1,059)	(4,349)	(1,588)	(4,877)
Profit before taxation	24,811	24,402	30,907	73,422	95,800
Taxation	–	–	–	–	–
Net profit for the period/year attributable to shareholders of the Company	24,811	24,402	30,907	73,422	95,800
Dividends	–	16,809	–	21,852	28,744
Basic earnings per share (US\$)	0.2952	0.2903	0.3677	0.8736	1.1399

CONDENSED CONSOLIDATED BALANCE SHEET

	30/6/2006 (Unaudited) <i>US\$'000</i>	30/6/2005 (Unaudited) <i>US\$'000</i>	31/12/2005 (Audited) <i>US\$'000</i>
Property, plant and equipment	251,523	269,607	290,031
Available-for-sale financial assets	3,570	3,408	3,570
Other non-current assets	1,614	761	853
Current assets	89,123	64,435	49,901
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Total assets	345,830	338,211	344,355
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Capital and reserves	208,489	175,392	181,216
Non-current liabilities	107,396	108,386	128,552
Current liabilities	29,945	54,433	34,587
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Total equity and liabilities	345,830	338,211	344,355
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INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2006.

REVIEW OF OPERATIONS

During the quarter, the chartering market rose steadily, simply due to the demand for tonnage has consistently outstripped supply. The Baltic Dry Index increased 468 points to close at 2,964 by the end of June 2006.

The Group's consolidated turnover for the quarter decreased by 43% over last corresponding quarter to US\$34,643,000. The Group managed to report a net profit of US\$24,811,000 for the quarter as compared to the net profit of US\$24,402,000 for last corresponding quarter; representing an increase of 2% over last corresponding quarter. The profit for the quarter was mainly attributed to the gain of US\$24,268,000 on the completion of the disposal of four motor vessels by the Group. Basic earnings per share for the quarter was US\$0.2952 as compared to basic earnings per share of US\$0.2903 for last corresponding quarter.

During the quarter, the Group's revenue was still affected by comparatively low freight rates and the Group's profit was partly offset by the operating loss of two Capesize vessels chartered-in by the Group since mid 2005 at comparatively high costs at the then prevailing market condition.

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

	2006 Q2	2005 Q2	2006 1st half	2005 1st half	2005
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Capesize	32,762	57,599	34,557	61,600	44,806
Panamax	19,297	33,510	19,381	34,108	28,400
Handymax	17,453	26,681	18,341	26,468	24,174
Handysize	10,501	16,508	10,347	18,406	14,811
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In average	18,809	30,313	19,445	30,688	26,375
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As an ongoing effort to maintain a young modern fleet and putting its focus on the ownership of a sizeable Handymax fleet, the Group entered into agreements during the quarter to dispose of five motor vessels comprising two Handysizes and one Handymax built in the 1980s and two modern Panamaxes, at a total consideration of US\$102,050,000, of which four have been delivered to the respective purchasers during the quarter and realized a gain of US\$24,268,000. On completion of the disposal of the fifth vessel, the Group expects to realize a further gain of around US\$2,000,000 in the third quarter of 2006.

On 21 April 2006, a newly built vessel "Jin He" was delivered to the Group as scheduled. On 9 June 2006, the Group entered into an agreement to acquire an additional Handymax newbuilding at a consideration of JPY3,430,000,000 which will be delivered to the Group in 2009.

FINANCIAL REVIEW

After the completion of the disposal of four motor vessels, as at 30 June 2006, the total of the Group's equity securities, bank balances and cash increased to US\$69,545,000 (31 December 2005: US\$28,800,000) and bank borrowings decreased to US\$117,286,000 (31 December 2005: US\$142,006,000). The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, cash and cash equivalents) over total equity, was 23% as at 30 June 2006 (31 December 2005: 62%).

Out of the Group's capital expenditures totalling US\$36,386,000 for the period ended 30 June 2006 (year ended 31 December 2005: US\$150,408,000), approximately US\$36,022,000 (year ended 31 December 2005: US\$150,239,000) was spent on the construction of the Group's vessels.

As at 30 June 2006, the total amount of capital commitments contracted by the Group but not provided for, net of deposits paid, was US\$88,650,000 and JPY12,276,000,000, representing the Group's outstanding commitments to acquire six newbuildings and one second hand vessel.

OUTLOOK

Subsequent to the period ended 30 June 2006, the Group further entered into agreements to acquire one Handymax newbuilding and three second hand Handymax vessels at a total consideration of US\$138,900,000. As at date of this announcement, the total capacity of the Group's fleet is around

deadweight 1.4 million metric tons comprising nine owned vessels and eleven chartered-in vessels, and approximately 86% of the Group's revenue days in 2006 have been covered. In addition, the Group will have additional seven newly built vessels and four second hand vessels for delivery going forward, where three of which will be delivered in 2006, four in 2007, three in 2008 and one in 2009.

Recently, the freight rates have increased significantly, especially the freight rates for Capesize tonnage and Handymax tonnage which are mainly driven by increasing iron ore imports to China and Western Europe, as well as the export of cement out of China respectively. In light of the recent market conditions, future cargo volumes and trade patterns, we believe that there would be a firmer market for the rest of 2006.

Though a prolonged period of refining disruption and oil price fluctuation could significantly affect business confidence, we remain cautiously optimistic that 2006 will be another reasonable year for the dry bulk market.”

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, 30 August 2006

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