JINHUI

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 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 ENDED 31 MARCH 2006

2006 FIRST QUARTER HIGHLIGHTS:

- Turnover decreased 36% to US$36.4 million
- Net profit amounted to US$6.1 million
- Basic earnings per share: US$0.0725
- Gearing ratio as at 31 March 2006: 64%

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 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 31/3/2006 (Unaudited) *US$'000*	3 months ended 31/3/2005 (Unaudited) *US$'000*	Year ended 31/12/2005 (Audited) *US$'000*
Turnover	**36,411**	57,154	214,460
Cancellation fee income	**–**	20,000	20,000
Other operating income	**1,421**	3,294	10,932
Shipping related expenses	**(23,218)**	(26,901)	(121,661)
Depreciation and amortization	**(3,467)**	(2,142)	(11,634)
Staff costs	**(1,256)**	(1,206)	(5,562)
Other operating expenses	**(1,932)**	(1,042)	(7,141)
Profit from operations	**7,959**	49,157	99,394
Interest income	**159**	392	1,283
Interest expenses	**(2,022)**	(529)	(4,877)
Profit before taxation	**6,096**	49,020	95,800
Taxation	**–**	–	–
Net profit for the period/year attributable to shareholders of the Company	**6,096**	49,020	95,800
Dividends	**–**	5,043	28,744
Basic earnings per share ***(US$)***	**0.0725**	0.5833	1.1399

CONDENSED CONSOLIDATED BALANCE SHEET

	31/3/2006 (Unaudited) *US$'000*	31/3/2005 (Unaudited) *US$'000*	31/12/2005 (Audited) *US$'000*
Property, plant and equipment	**296,163**	178,074	290,031
Available-for-sale financial assets	**3,570**	3,489	3,570
Other non-current assets	**1,759**	455	853
Current assets	**45,942**	138,782	49,901
Total assets	**347,434**	320,800	344,355
Capital and reserves	**187,861**	170,613	181,216
Non-current liabilities	**125,735**	51,189	128,552
Current liabilities	**33,838**	98,998	34,587
Total equity and liabilities	**347,434**	320,800	344,355

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2006.

REVIEW OF OPERATIONS

After a slow start, the brisk activity in iron ore shipments from India to China after the Chinese New Year was one important factor behind the firmer tonnage demand. The Baltic Dry Index dropped around 400 points to 2,033 in late January 2006 and then picked up since February 2006 to close at 2,496 by the end of March 2006, however, representing a drop of nearly 50% as compared to the same period last year.

The Group's consolidated turnover for the quarter decreased by 36% over last corresponding period to US$36,411,000. The Group managed to report a net profit of US$6,096,000 for the quarter as compared to the net profit of US$49,020,000 for last corresponding period; representing a decrease of 88% over last corresponding period. Basic earnings per share for the quarter was US$0.0725 as compared to basic earnings per share of US$0.5833 for last corresponding period.

During the quarter, the Group's revenue was affected by comparatively low freight rates and the Group's profit was partly offset by the operating loss of the Capesize vessels chartered-in by the Group since mid 2005 at comparatively high costs at the then prevailing market condition. The Group's net interest expenses for the quarter significantly increased by US$1,726,000 or 13 times as compared to last corresponding period as a result of increases in both the interest rates and the Group's bank borrowings for partial financing of the acquisition and delivery of five additional motor vessels during the period from February to November 2005. In addition, included in the profit for last corresponding period was a non-recurring cancellation fee income of US$20,000,000 received by the Group upon cancellation of a long term time charter party. All these factors combined and caused the decrease in overall net profit for the period as compared to last corresponding period.

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

	2006 Q1	2005 Q1	2005
	US$	*US$*	*US$*
Capesize	**36,372**	67,366	44,806
Panamax	**19,472**	34,728	28,400
Handymax	**19,259**	26,232	24,174
Handysize	**10,192**	20,500	14,811
In average	**20,116**	31,099	26,375

During the quarter, the Group entered into agreements in January 2006 to acquire two Handymax newbuildings at a total consideration of JPY6,860,000,000 which will be delivered to the Group in 2008 and one 2004-built Capesize vessel at a consideration of US$60,000,000 which will be delivered to the Group after the end of the existing time charter party arrangement with the Group in 2007.

FINANCIAL REVIEW

As at 31 March 2006, the total of the Group's equity securities, bank balances and cash decreased to US$21,447,000 (31 December 2005: US$28,800,000) and bank borrowings decreased to US$141,486,000 (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 64% as at 31 March 2006 (31 December 2005: 62%).

Out of the Group's capital expenditures totalling US$9,632,000 for the period ended 31 March 2006 (year ended 31 December 2005: US$150,408,000), approximately US$9,435,000 (year ended 31 December 2005: US$150,239,000) was spent on the construction of the Group's vessels.

As at 31 March 2006, the total amount of capital commitments contracted by the Group but not provided for, net of deposits paid, was US$110,700,000 and JPY9,189,000,000, representing the Group's outstanding commitments to acquire six newbuildings and one second hand vessel.

OUTLOOK

Subsequent to the period ended 31 March 2006, a newly built vessel "Jin He" was delivered to the Group on 21 April 2006 as scheduled. As an ongoing effort to maintain a young modern fleet and putting its focus on the ownership of a sizeable Super Handymax fleet, the Group entered into agreements in April and May 2006 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. After completion of these disposals in June and July 2006, the Group will have nine owned vessels with additional five newly built vessels and one 2004-built vessel for delivery going forward, where four of which will be delivered in 2007 and the other two in 2008.

As at date of this announcement, the total capacity of the Group's fleet is around deadweight 1.4 million metric tons comprising fourteen owned vessels and seven chartered-in vessels, and taking into account the completion of the disposal of five motor vessels, approximately 74% of the Group's revenue days in 2006 have been covered.

The combined effects of strong newbuilding influx and restricted demolition will continue to affect the shipping market, the Board expects that the freight rates will remain volatile in the short term. However, in the medium to long term, the Board remains confident with the business outlook and expects freight rates to remain at relatively strong level, given an expected reduction in newbuildings entering the market in 2007 and 2008, as well as an expected increase in demolition of old tonnages in the market which will result in a tighter balance between supply and demand.

Though a prolonged period of refining disruption and oil price fluctuation could significantly affect business confidence, we remain cautiously optimistic that the forthcoming year 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, 29 May 2006

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