JINHUI

JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

ANNOUNCEMENT
RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2005 AND PRELIMINARY ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED

The information set out under the section headed "JINHUI SHIPPING – RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2005 AND PRELIMINARY ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005" is a reproduction of an announcement released on 28 February 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. This announcement is issued by Jinhui Holdings Company Limited pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

JINHUI SHIPPING – RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2005 AND PRELIMINARY ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

"HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2005:
- Turnover slightly decreased 1% to US$214.5 million
- Net profit amounted to US$95.8 million
- Basic earnings per share: US$1.1399
- Return on average equity: 63%
- Average daily time charter equivalent rate: US$26,375
- Gearing ratio as at 31 December 2005: 62%

HIGHLIGHTS FOR THE FOURTH QUARTER OF 2005:
- Turnover decreased 17% to US$48.2 million
- Net profit amounted to US$9.5 million
- Basic earnings per share: US$0.1136
- Proposed final dividend: US$0.072 per share
- Average daily time charter equivalent rate: US$22,260

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 2005.

CONDENSED CONSOLIDATED INCOME STATEMENT (PRELIMINARY)

	3 months ended 31/12/2005 (Unaudited)	3 months ended 31/12/2004 (Unaudited)	**Year ended 31/12/2005 (Unaudited)**	Year ended 31/12/2004 (Audited)	Year ended 31/12/2003 (Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Turnover	**48,195**	58,074	**214,460**	216,410	103,724
Cancellation fee income	**–**	–	**20,000**	–	–
Gain on disposal of motor vessels	**–**	16,308	**–**	16,308	–
Reversal of impairment loss of motor vessels	**–**	–	**–**	–	14,522
Other operating income	**4,574**	3,618	**10,932**	11,447	7,140
Shipping related expenses	**(33,781)**	(26,888)	**(121,661)**	(112,513)	(93,247)
Depreciation and amortization	**(3,220)**	(2,183)	**(11,634)**	(9,145)	(7,986)
Gains (Losses) on forward freight agreements	**–**	1,527	**–**	(62,942)	–
Staff costs	**(1,828)**	(1,223)	**(5,562)**	(3,758)	(2,898)
Other operating expenses	**(2,791)**	(845)	**(7,141)**	(3,124)	(7,793)
Profit from operations	**11,149**	48,388	**99,394**	52,683	13,462
Interest income	**224**	152	**1,283**	384	527
Interest expenses	**(1,828)**	(931)	**(4,877)**	(2,647)	(2,345)
Profit before taxation	**9,545**	47,609	**95,800**	50,420	11,644
Taxation	**–**	–	**–**	–	–
Net profit for the period/year	**9,545**	47,609	**95,800**	50,420	11,644
Attributable to:					
Shareholders of the Company	**9,545**	47,609	**95,800**	50,420	11,647
Minority interests	**–**	–	**–**	–	(3)
	9,545	47,609	**95,800**	50,420	11,644
Dividends	**6,052**	15,128	**28,744**	15,128	–
Basic earnings per share *(US$)*	**0.1136**	0.5508	**1.1399**	0.5345	0.1183

CONDENSED CONSOLIDATED BALANCE SHEET (PRELIMINARY)

	31/12/2005	31/12/2004
	(Unaudited)	(Audited)
	US$'000	*US$'000*
Property, plant and equipment	**290,031**	150,301
Available-for-sale financial assets	**3,570**	3,570
Other non-current assets	**853**	562
Current assets	**49,901**	146,532
Total assets	**344,355**	300,965
Capital and reserves	**181,216**	121,045
Non-current liabilities	**128,552**	52,593
Current liabilities	**34,587**	127,327
Total equity and liabilities	**344,355**	300,965

PROPOSED FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of US$0.072 per share for the year ended 31 December 2005 and such dividend, if approved by the members at the forthcoming annual general meeting, will be paid to the beneficial owners of the shares of the Company whose names are registered in the Norwegian Verdipapirsentralen (the Norwegian Registry of Securities) at the close of business on 24 May 2006. The ex dividend date is 22 May 2006 and the dividend will be paid on or about 21 June 2006.

Together with interim dividends of US$0.27 per share, the total dividends for the year 2005 will amount to US$0.342 per share; representing a payout ratio of 30% of net profit for the year 2005.

REVIEW OF OPERATIONS

Year 2005. Year 2005 was another good year for the dry bulk market despite the high volatility in freight rates. The Baltic Dry Index opened at 4,598, and went on to hit its 2005 high in late February at 4,880, before falling steadily to its lowest point of 1,747 in early August. The Baltic Dry Index closed at 2,407 at end of the year, around 48% below its opening level. The compound effects of the influx of newbuildings which entered the fleet and the reduction of port congestion caused the downturn in freight rates during 2005.

The Group's consolidated turnover for the year slightly decreased by 1% over last year to US$214,460,000. The Group's consolidated net profit for the year increased by 90% over last year to US$95,800,000.

The Group achieved a record high annual results supported by rather strong market conditions during the first half of the year notwithstanding a drop in freight rates during the second half, and partly attributed to an exceptional cancellation fee income of US$20,000,000 on compensation received from a counter party on early termination of a long term time charterparty; whereas the profit for last year was partly offset by the losses on forward freight agreements ("FFAs").

Basic earnings per share for the year increased by 113% over last year to US$1.1399. Besides the improvements in business operations, the repurchase of shares by the Company during the second half of 2004 has enhanced the earnings per share of the Company for the year.

The Board announced on 2 February 2005 that the Group would not enter into new open position in the trading of FFAs until further notice. The Board believed that FFAs now have a low correlation with the actual physical market and the trading of FFAs for hedging purpose can no longer be achieved, and by terminating the use of FFAs in the prevailing market conditions, unnecessary business risks will be eliminated, thus allowing the management to focus on the core business and achieve a more secure and predictable revenue stream. Should the correlation between FFAs and the physical shipping market normalize to a level where the Company consider the use of FFAs for hedging purpose to be beneficial to the core shipping business, the Board will inform the market immediately before entering into new open position in FFAs. The Company will subsequently inform the public, details of any new FFAs entered into by the Group in the future should they arise.

Fourth Quarter 2005. The freight rates in the fourth quarter of 2005 were rather lackluster. Apart from a sign of promise at the beginning of the quarter, the rest of the overall market conditions witnessed a weakening of rates and a minimum of activities.

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

	2005 Q4 *US$*	2005 *US$*
Capesize	38,229	44,806
Panamax	21,663	28,400
Handymax	21,531	24,174
Handysize	12,147	14,811
In average	22,260	26,375

The Group's consolidated turnover for the quarter decreased by 17% over last corresponding period to US$48,195,000. The Group managed to report a net profit of US$9,545,000 for the quarter; representing a decrease of 80% over last corresponding period. Included in the profit for last corresponding period was the gain of US$16,308,000 on disposal of two Panamax vessels. Basic earnings per share for the quarter was US$0.1136 as compared to basic earnings per share of US$0.5508 for last corresponding period.

During the period, an additional Panamax newbuilding, namely motor vessel "Jin Sheng" had been delivered to the Group as scheduled. The Group also exercised the option to rescind a memorandum of agreement dated 31 March 2005 and terminated the acquisition of a 2002-built motor vessel "Destino Dos" due to the protracted delay in delivery of the vessel.

On 2 November 2005, the Group committed to acquire a Handymax newbuilding at a consideration of JPY3,350,000,000, which will be delivered to the Group on or before 29 June 2007.

FINANCIAL REVIEW

After the delivery of five additional vessels during the year, as at 31 December 2005, the total of the Group's equity securities, bank balances and cash decreased to US$28,800,000 (2004: US$60,978,000) and bank borrowings increased to US$142,006,000 (2004: US$58,209,000). 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 62% as at 31 December 2005 as compared to the net cash position of US$2,769,000, that is, zero gearing as at 31 December 2004. All the bank borrowings on vessel loans were committed on floating rate basis and were denominated in United States Dollars. Certain interest rate swap arrangements have been in place in order to mitigate the risk associated with the increase in interest rates.

Out of the Group's capital expenditures totalling US$150,408,000 for the year ended 31 December 2005 (2004: US$24,123,000), approximately US$150,239,000 (2004: US$23,601,000) was spent on the acquisition of second hand motor vessels and construction of the Group's newbuildings.

As at 31 December 2005, the total amount of capital commitment contracted by the Group but not provided for, net of deposits paid, was US$59,850,000 and JPY3,015,000,000, representing the Group's outstanding commitment to acquire four newbuildings.

OUTLOOK

Subsequent to the year ended 31 December 2005, the Group further entered into agreements in January 2006 to acquire two Handymax newbuildings at a total consideration of JPY6,860,000,000 and one 2004-built Capesize vessel at a consideration of US$60,000,000. Altogether, the Group will have additional six newly built and one second hand vessels for delivery going forward, where one of which will be delivered in 2006, another four in 2007 and two in 2008.

As at date of this announcement, the total capacity of the Group's fleet is around deadweight 1.35 million metric tons comprising thirteen owned vessels and seven chartered-in vessels, and approximately 52% of the Group's revenue days in 2006 for the existing fleet have been covered.

Freight rates for all sizes of the dry bulk carriers further declined in January 2006 but then improved after the Chinese New Year. Since mid February 2006, there is an increase in freight rates attributable to improvement in business activities. The Baltic Dry Index dropped around 400 points to 2,033 in January 2006 and then picked up to around 2,640 by late February 2006. In the short term, the Board expects freight rates to improve further due to increase in Chinese demand and expected increase in port congestion. 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 the limited newbuildings to enter the market in 2007 and 2008, as well as expected increase in demolition of old tonnages in the market which will result in a tight 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 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, 28 February 2006

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