JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

HIGHLIGHTS FOR THE FIRST HALF OF 2006:

- Turnover decreased 32% to HK$717.4 million
- Net profit attributable to shareholders amounted to HK$122.4 million
- Basic earnings per share: HK$0.229
- Gearing ratio as at 30 June 2006: 9%

The board of directors (the "Board" or the "Directors") of **Jinhui Holdings Company Limited (the "Company")** is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006 together with comparative figures for the corresponding period of 2005 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2006

		Six months ended 30 June	
		2006	2005
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Turnover	2	**717,400**	1,048,799
Gain on disposal of motor vessels	3	**193,866**	–
Cancellation fee income	4	**–**	156,000
Other operating income		**21,177**	38,758
Shipping related expenses		**(366,436)**	(453,832)
Cost of trading goods sold		**(147,539)**	(113,173)
Depreciation and amortization		**(55,608)**	(41,015)
Staff costs		**(41,094)**	(27,907)
Other operating expenses		**(48,639)**	(29,411)
Profit from operations	2	**273,127**	578,219
Interest income		**7,514**	7,290
Interest expenses		**(36,174)**	(13,471)
Profit before taxation		**244,467**	572,038
Taxation	5	**(922)**	(1,088)
Net profit for the period		**243,545**	570,950
Attributable to:			
Shareholders of the Company		**122,405**	338,346
Minority interests		**121,140**	232,604
		243,545	570,950
Dividend	6	**–**	101,356
Earnings per share for net profit attributable to shareholders of the Company during the period	7		
– Basic		**HK$0.229**	HK$0.639
– Diluted		**HK$0.229**	HK$0.631

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2006

	Note	30 June 2006 (Unaudited) HK$'000	31 December 2005 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,018,059**	2,319,229
Investment properties		**45,500**	35,000
Goodwill		**39,040**	39,040
Available-for-sale financial assets		**37,334**	36,938
Other non-current assets		**29,689**	28,827
		2,169,622	2,459,034
Current assets			
Inventories		**18,563**	16,649
Trade and other receivables	*8*	**216,726**	225,720
Financial assets at fair value through profit or loss		**244,941**	99,788
Pledged deposits		**9,517**	19,610
Bank balances and cash		**595,170**	395,614
		1,084,917	757,381
Current liabilities			
Trade and other payables	*9*	**143,563**	185,031
Financial liabilities at fair value through profit or loss		**52,850**	30,323
Taxation		**609**	3,278
Secured bank loans and other borrowings		**142,432**	154,598
Secured bank overdraft		**4**	–
		339,458	373,230
Net current assets		**745,459**	384,151
Total assets less current liabilities		**2,915,081**	2,843,185
Non-current liabilities			
Secured bank loans		**839,060**	1,005,205
Net assets		**2,076,021**	1,837,980
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**53,394**	53,394
Reserves		**1,189,273**	1,058,258
		1,242,667	1,111,652
Minority interests		**833,354**	726,328
Total equity		**2,076,021**	1,837,980

Notes:

1. **Basis of preparation and accounting policies**

The consolidated interim results of the Group for the six months ended 30 June 2006 have been reviewed by our auditors, Messrs. Moores Rowland Mazars, in accordance with Statement of Auditing Standard 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). An unmodified review conclusion has been issued by the auditors.

The unaudited interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 2005 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 2006. 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.

2. **Segmental information**

An analysis of the Group's turnover and profit (loss) from operations by principal activities is as follows:

	Turnover		**Profit (Loss) from operations**	
	Six months ended 30 June		**Six months ended 30 June**	
	2006	2005	**2006**	2005
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Chartering freight and hire	**554,223**	919,419	**294,360**	576,605
Trading	**163,177**	129,380	**5,319**	6,214
Other operations	**–**	–	**(26,552)**	(4,600)
	717,400	1,048,799	**273,127**	578,219

The Group's chartering freight and hire business is carried out internationally and cannot be attributable to any particular geographical location. During the period, about 81% (2005: 90%) and 11% (2005: 5%) of the Group's trading business was carried out in Hong Kong and China respectively.

3. **Gain on disposal of motor vessels**

The amount represented the gain on the completion of the disposal of four motor vessels "Jin Da", "Jin Shun", "Jin Yang" and "Jin Sheng" during the six months ended 30 June 2006.

4. **Cancellation fee income**

The amount for period ended 30 June 2005 represented a fee of approximately HK$156,000,000 received by Goldbeam Shipping Inc. ("GSI"), a wholly-owned subsidiary of Jinhui Shipping (as defined hereinafter), on 14 February 2005 under a contract (the "Termination Contract") made between GSI and a counterparty (the "Counterparty") on 31 August 2004. Under the Termination Contract, upon receiving a fee of approximately HK$156,000,000 by GSI from the Counterparty, both parties agreed to early terminate a charter party dated 8 February 2000 made between the Counterparty, as owner, and GSI, as charterer, for the chartering of a Capesize vessel to GSI for a period of upto seven years from October 2001.

5. Taxation

	Six months ended 30 June	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current period	**(922)**	(1,068)
Under provision in prior periods	**–**	(20)
	(922)	(1,088)

Hong Kong Profits Tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the period ended 30 June 2006. In the opinion of the Directors, a substantial portion of the Group's income neither arose in nor derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax. The Group is also not subject to taxation in any other jurisdictions in which the Group operates.

6. Dividend

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2006 (2005: HK$0.19 per share).

7. Earnings per share

The calculation of basic earnings per share for the period is based on the net profit attributable to shareholders of the Company for the period of HK$122,405,000 (2005: HK$338,346,000) and the weighted average number of 533,940,480 (2005: 529,307,541) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the period is based on the net profit attributable to shareholders of the Company for the period of HK$122,405,000 (2005: HK$338,346,000). The weighted average number of ordinary shares used in the calculation is 533,940,480 (2005: 529,307,541) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of nil (2005: 6,714,549) ordinary share assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

8. Trade and other receivables

	30 June 2006	31 December 2005
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**110,666**	118,919
Prepayments, deposits and other receivables	**106,060**	106,801
	216,726	225,720

The aging analysis of trade receivables (net of provision for doubtful debts) is as follows:

	30 June 2006	31 December 2005
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0 – 90 days	**82,661**	98,447
91 – 180 days	**20,032**	17,452
181 – 365 days	**6,460**	1,964
Over 365 days	**1,513**	1,056
	110,666	118,919

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment. The credit terms given to trading customers vary based on the financial assessments and payment track records. Credit limits are set for all customers and are revised only with the approval of senior management. General credit terms are payments by the end of 60 to 120 days following the month in which sales took place.

9. Trade and other payables

	30 June 2006 (Unaudited)	31 December 2005 (Audited)
	HK$'000	*HK$'000*
Trade payables	**20,933**	23,975
Accrued charges and other payables	**122,630**	161,056
	143,563	185,031

The aging analysis of trade payables is as follows:

	30 June 2006 (Unaudited)	31 December 2005 (Audited)
	HK$'000	*HK$'000*
0 – 90 days	**9,729**	14,308
91 – 180 days	**1,486**	1,256
181 – 365 days	**1,317**	84
Over 365 days	**8,401**	8,327
	20,933	23,975

10. Comparative figures

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

INTERIM RESULTS

The consolidated turnover of the Group for the period was HK$717,400,000, representing a decrease of 32% as compared to that of last corresponding period. The Group's net profit attributable to shareholders of the Company for the period amounted to HK$122,405,000 whereas a net profit of HK$338,346,000 was recorded for last corresponding period. Basic earnings per share was HK$0.229 for the period as against basic earnings per share of HK$0.639 for last corresponding period.

The profit for the period was partly attributed to the gain of HK$193,866,000 on the completion of the disposal of four motor vessels by the Group whereas the profit for last corresponding period was partly attributed to the cancellation fee income of approximately HK$156,000,000 on compensation received from a counterparty on early termination of a long term time charter party.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2006 (2005: HK$0.19 per share)

BUSINESS REVIEW

Chartering freight and hire. The Group operates its worldwide shipping activities through Jinhui Shipping and Transportation Limited ("Jinhui Shipping"), an approximately 50.21% owned subsidiary of the Company whose shares are listed on the Oslo Stock Exchange.

After a slow start at the beginning of the year, the chartering market rose steadily, simply due to the demand for tonnage has consistently outstripped supply. The Baltic Dry Index dropped around 400 points to 2,033 in late January 2006 and then picked up steadily to close at 2,964 by the end of June 2006.

The Group's shipping turnover for the period amounted to HK$554,223,000; representing a decrease of 40% over last corresponding period. During the period, the Group's revenue was 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 conditions.

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

	2006 first half	2005 first half	2005
	US$	*US$*	*US$*
Capesize	**34,557**	61,600	44,806
Panamax	**19,381**	34,108	28,400
Handymax	**18,341**	26,468	24,174
Handysize	**10,347**	18,406	14,811
In average	**19,445**	30,688	26,375

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 period 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 (approximately HK$795,990,000), of which four have been delivered to the respective purchasers during the period and realized a gain of HK$193,866,000. On completion of the disposal of the fifth vessel, the Group expects to realize a further gain of around HK$15,600,000 in the second half of 2006.

During the period, the Group has committed to purchase three additional Handymax newbuildings and one 2004-built Capesize vessel at total purchase prices of US$60,000,000 and JPY10,290,000,000 (approximately HK$1,162,009,000 in total). In addition, one newly built Panamax contracted by the Group in 2004 at purchase price of US$31,500,000 (approximately HK$245,700,000) had also been delivered to the Group during the period.

As at 30 June 2006, the Group had committed to acquire seven motor vessels comprising six Handymax newbuildings and one second hand Capesize vessel at total purchase prices of US$98,500,000 and JPY13,640,000,000 (approximately HK$1,688,250,000 in total); of which four will be delivered in 2007, two in 2008 and one in 2009; and the total amounts contracted but not provided for, net of deposits paid, were US$88,650,000 and JPY12,276,000,000 (approximately HK$1,519,425,000 in total).

Trading and other operations. The Group operates its trading of chemical and industrial raw materials through Yee Lee Technology Company Limited, a 75% owned subsidiary of the Company. The turnover for the Group's trading business was HK$163,177,000, representing an increase of 26% as compared to that of last corresponding period. Despite an increase in turnover, the profit margin dropped due to the increase in costs of purchase of raw materials. As a result, the Group's trading business recorded an operating profit of HK$5,319,000 as compared to an operating profit of HK$6,214,000 for last corresponding period.

The Group's other operations recorded an operating loss of HK$26,552,000 as compared to an operating loss of HK$4,600,000 for last corresponding period. The loss for the period was primarily due to the net loss on the investment in financial derivatives relating to forward foreign exchange contracts and options.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. During the period, upon receiving the net sale proceeds on completion of the disposal of four motor vessels and offset by cash used to partially finance the delivery of one additional vessel, the total of the Group's equity and debt securities, equity linked investments, bank balances and cash increased to HK$803,793,000 as at 30 June 2006 (31/12/2005: HK$460,815,000). The Group's bank and other borrowings decreased to HK$981,496,000 as at 30 June 2006 (31/12/2005: HK$1,159,803,000), of which 15%, 8%, 27% and 50% are repayable respectively within one year, one to two years, two to five years and over five years. The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, equity linked investments, cash and cash equivalents) over total equity, was 9% (31/12/2005: 38%). All the bank and other borrowings were committed on floating rate basis and were denominated mainly in United States Dollars and Japanese Yen. Certain interest rate swap arrangements have been in place in order to mitigate the risk associated with the increase in interest rates. With cash, marketable equity and debt securities, and equity linked investments in hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Pledge of assets. As at 30 June 2006, the Group's credit facilities were secured by certain of the Group's property, plant and equipment and investment properties with an aggregate net book value of HK$1,847,723,000 (31/12/2005: HK$2,079,281,000), financial assets at fair value through profit or loss with market value of HK$86,191,000 (31/12/2005: nil) and bank deposits of HK$9,517,000 (31/12/2005: HK$19,610,000). Shares of eight (31/12/2005: ten) ship owning companies of the Group, were also pledged together with the assignment of chartering income of nine (31/12/2005: ten) ship owning companies to secure credit facilities utilized by the Group.

Capital expenditures and commitments. Out of the Group's capital expenditures totalling HK$295,083,000 for the period ended 30 June 2006 (year ended 31/12/2005: HK$1,173,839,000), approximately HK$280,973,000 (year ended 31/12/2005: HK$1,171,864,000) was spent on the construction of the Group's vessels.

As at 30 June 2006, there were outstanding capital commitments relating to the newbuildings and acquisition of seven (31/12/2005: four) dry bulk carriers at a total purchase price of approximately HK$1,688,250,000 (31/12/2005: HK$766,738,000) and the total amount contracted but not provided for, net of deposits paid, was approximately HK$1,519,425,000 (31/12/2005: HK$665,494,000).

Contingent liabilities. As at 30 June 2006, except for guarantee amounting to approximately HK$78,000,000 (31/12/2005: HK$78,000,000) granted by the Group to a third party in its ordinary course of businesses, the Group had no other contingent liabilities.

EMPLOYEES

As at 30 June 2006, the Group had 106 full-time employees and 250 crew (31/12/2005: 107 full-time employees and 330 crew). The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

POST BALANCE SHEET EVENTS

On 24 July 2006, the Group completed the disposal of motor vessel "Jin Bi" at a consideration of US$6,500,000 (approximately HK$50,700,000) and realized a gain of around HK$15,600,000.

During July 2006, the Company repurchased 6,680,000 shares of the Company at an aggregate price of HK$10,981,580 before expenses, which were subsequently cancelled.

During July and August 2006, the Group entered into four agreements to acquire one Handymax newbuilding and three second hand Handymax vessels at a total purchase price of US$138,900,000 (approximately HK$1,083,420,000).

OUTLOOK

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 ten 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. Subsequent to the period ended 30 June 2006, the Baltic Dry Index further increased to around 3,880 by early September 2006. 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.

In addition, the Board expects that the Group's trading business will continue to contribute steady returns to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, the Company has repurchased 2,471,000 shares of the Company at an aggregate price of HK$3,984,734.60 before expenses, which were subsequently cancelled in July 2006. The nominal value of the cancelled shares of HK$247,100 was credited to capital redemption reserve and the aggregate price was paid out from the retained profits. Details of the repurchase are as follows:

Month of the repurchase	Total number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid (before expenses)
		HK$	*HK$*	*HK$*
June 2006	2,471,000	1.64	1.59	3,984,734.60

The Directors considered that the repurchase would increase the net asset value per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2006.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the period ended 30 June 2006, with deviations from code provisions A.2.1, A.4.1 and A.4.2 in respect of the roles of chairman and chief executive officer, the service term and rotation of directors.

Code provision A.2.1 Under code provision A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes a deviation from code provision A.2.1 of the Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive officer. As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Company. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company.

Code provision A.4.2 Under code provision A.4.2 of the Code, all directors appointed to fill casual vacancies should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Articles of Association of the Company before 26 June 2006, a Managing Director and a Director holding any other executive office shall not be subject to retirement by rotation. This constitutes a deviation from code provision A.4.2 of the Code. The Board reviewed the Articles of Association and proposed amendments to the Articles of Association at the annual general meeting of the Company so as to provide that all Directors other than the Chairman and the Managing Director shall be subject to retirement by rotation, and such amendments were duly passed by the shareholders of the Company at the annual general meeting of the Company held on 26 June 2006. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group's business continuity and stability and there should be planned and orderly succession for these offices. Any Director holding the office as Chairman or the Managing Director should therefore be exempted from the retirement by rotation and re-election at the Company's annual general meeting.

Code provision A.4.1 Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

The Non-executive Directors of the Company are not appointed for specific terms. This constitutes a deviation from code provision A.4.1 of the Code. After the approval of the amendments to the Articles of Association of the Company by shareholders of the Company at the annual general meeting of the Company held on 26 June 2006, all Directors, other than the Chairman and the Managing Director (who are ordinarily executive directors), of the Company will be subject to retirement provisions. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than those in the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry by the Company, all the Directors confirmed that they had complied with the required standard as set out therein throughout the six months ended 30 June 2006.

AUDIT COMMITTEE

The audit committee comprises of three Independent Non-executive Directors. The audit committee has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2006.

BOARD OF DIRECTORS

As at date of this announcement, the Executive Directors of the Company are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of the Company are Cui Jianhua, Tsui Che Yin Frank and William Yau.

PUBLICATION OF FINANCIAL INFORMATION

The interim report of the Group for the six months ended 30 June 2006 containing all the detailed information will be despatched to shareholders of the Company and available on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk in due course.

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

Hong Kong, 6 September 2006

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