JINHUI

JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

ANNOUNCEMENT
RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2005 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED

The information set out under the section headed "JINHUI SHIPPING – RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2005" is a reproduction of an announcement released on 24 August 2005 through Oslo Stock Exchange by Jinhui Shipping and Transportation Limited ("Jinhui Shipping" or defined as the "Company" below), an approximately 59.61% 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 AND SIX MONTHS ENDED 30 JUNE 2005

"HIGHLIGHTS FOR THE SECOND QUARTER OF 2005:

- Turnover increased 12% to US$61 million
- Net profit amounted to US$24 million
- Basic earnings per share: US$0.2903
- 2nd interim dividend: US$0.20 per share
- Return on average equity: 16%
- Average daily time charter equivalent rate: US$30,631

OTHER ACHIEVEMENT:

- Ranked the 8th place out of 74 international shipping companies in terms of outstanding financial performance in 2004 by Marine Money International

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 2005.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	3 months ended 30/6/2005 (Unaudited) *US$'000*	3 months ended 30/6/2004 (Unaudited) *US$'000*	**6 months ended 30/6/2005 (Unaudited) *US$'000***	6 months ended 30/6/2004 (Unaudited) *US$'000*	Year ended 31/12/2004 (Audited) *US$'000*
Turnover	**60,720**	54,311	**117,874**	109,086	216,410
Gain on disposal of motor vessels	**–**	–	**–**	–	16,308
Cancellation fee income	**–**	–	**20,000**	–	–
Other operating income	**1,520**	2,601	**4,547**	5,033	10,639
Shipping related expenses	**(31,283)**	(32,183)	**(58,184)**	(55,793)	(112,513)
Depreciation and amortization	**(2,950)**	(2,335)	**(5,092)**	(4,628)	(9,145)
Losses on forward freight agreements	**–**	(67,177)	**–**	(67,177)	(62,942)
Staff costs and related expenses	**(1,301)**	(628)	**(2,507)**	(1,382)	(3,758)
Other operating expenses	**(1,050)**	(828)	**(1,754)**	(1,617)	(3,000)
Other net (expenses) income	**(487)**	1,056	**(517)**	(92)	684
Profit (Loss) from operations	**25,169**	(45,183)	**74,367**	(16,570)	52,683
Interest income	**423**	62	**815**	116	384
Interest expenses	**(1,190)**	(455)	**(1,760)**	(1,004)	(2,647)
Profit (Loss) before taxation	**24,402**	(45,576)	**73,422**	(17,458)	50,420
Taxation	**–**	–	**–**	–	–
Net profit (loss) for the period/year	**24,402**	(45,576)	**73,422**	(17,458)	50,420
Dividends	**16,809**	–	**21,852**	–	15,128
Basic earnings (loss) per share *(US$)*	**0.2903**	(0.4630)	**0.8736**	(0.1774)	0.5345

CONDENSED CONSOLIDATED BALANCE SHEET

	30/6/2005 (Unaudited) *US$'000*	30/6/2004 (Unaudited) *US$'000*	31/12/2004 (Audited) *US$'000*
Property, plant and equipment	**269,607**	180,656	150,301
Available-for-sale financial assets	**3,408**	–	–
Other investments	**–**	3,733	3,570
Other non-current assets	**761**	739	562
Current assets	**64,334**	74,607	81,766
Total assets	**338,110**	259,735	236,199
Capital and reserves	**175,392**	81,163	121,045
Non-current liabilities	**108,386**	89,496	52,593
Current liabilities	**54,332**	89,076	62,561
Total equity and liabilities	**338,110**	259,735	236,199

SECOND INTERIM DIVIDEND

The Board has declared a second interim dividend of US$0.20 per share and such dividend 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 21 September 2005. The ex dividend date is 19 September 2005 and the dividend will be paid on or about 6 October 2005.

DIVIDEND POLICY FOR FINANCIAL YEAR 2005

As announced by the Board in May 2005, the Company's dividend policy for the financial year 2005 has been determined, which will be at a payout ratio of no less than 30% of net profit for the financial year 2005 and paid to shareholders on a quarterly basis.

REVIEW OF OPERATIONS

The high freight rates experienced in the first quarter of 2005 came down sharply during the second quarter of 2005 as it did last year. The combined effect of commodity destocking in China and seasonality slowdown amplified by temporary easing of supply chain logistics, and the freight market sentiment caused the freight market to haul back. The Baltic Dry Index dropped from 4,637 to around 3,000 in early June and closed at 2,521 during the quarter.

The Group's consolidated turnover for the quarter increased by 12% over last corresponding period to US$60,720,000. Despite a drop in freight rates during the quarter, the Group managed to report a net profit of US$24,402,000 for the quarter; whereas a net loss of US$45,576,000 was recorded for last corresponding period which was wholly attributed to the losses of US$67,177,000 under the forward freight agreements. If the losses for forward freight agreements for last corresponding period were not taken into account, the Group's financial results for the quarter would be an increase of 13% over last corresponding period.

Basic earnings per share for the quarter was US$0.2903 as compared to basic loss per share of US$0.4630 for last corresponding period.

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

	2005 Q2	**2005 1st half**	2004
	US$	***US$***	*US$*
Capesize	**57,374**	**61,765**	24,668
Panamax	**33,641**	**34,204**	30,669
Handymax	**26,680**	**26,533**	23,145
Handysize	**18,370**	**19,495**	21,087
In average	**30,631**	**30,918**	26,104

During the quarter, one newly built Panamax and two 2001-built Handymaxes were delivered to the Group as scheduled.

FINANCIAL REVIEW

After the delivery of four additional vessels during the first half of 2005, as at 30 June 2005, the total of the Group's equity securities, bank balances and cash decreased to US$31,795,000 (31 December 2004: US$60,978,000) and bank borrowings increased to US$121,202,000 (31 December 2004: US$58,209,000). The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity securities, cash and cash equivalents) over shareholders' equity, was 51% as at 30 June 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. With cash and marketable equity securities 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.

Out of the Group's capital expenditures totalling US$124,236,000 for the six months ended 30 June 2005 (year ended 31 December 2004: US$24,123,000), approximately US$124,173,000 (year ended 31 December 2004: US$23,601,000) was spent on the acquisition of second hand motor vessels and construction of the Group's newbuildings.

As at 30 June 2005, the Group has committed to acquire five motor vessels including four newbuildings and one 2002-built vessel at total purchase prices of US$119,770,000; of which two will be delivered in 2005, one in 2006 and two in 2007; and the total amount contracted but not provided for, net of deposits paid, was US$107,793,000.

OUTLOOK

As at date of this announcement, the total capacity of the Group's fleet is around deadweight 1.6 million metric tons comprising twelve owned vessels and twelve chartered-in vessels, and approximately 82% of the Group's revenue days in 2005 have been covered.

The current demand-supply condition remains tightly balanced in the dry bulk market, where congestion will exaggerate the upward freight trend, and a slack market will amplify the fall. This, coupled with seasonality of seaborne dry bulk trade causes huge volatility in the dry bulk freight rates. However, the Board continues to believe the long term structural drivers, including the Chinese secular demand for commodities, the continued supply chain issues with long lead times, and shipyards worldwide already operating at full capacity with little incentive to build low margin dry bulk vessels, will lead to a healthy operating environment for our business going forward.

COMMITMENT TO EXCELLENCE

Recently, the Group received an award from Marine Money International where the Company was ranked the 8th place out of 74 international shipping companies on 18 different stock exchanges in terms of outstanding financial performance in 2004.

The Group will continue with our commitment to excellence, and will continue to raise the Group's profile as a leading publicly listed shipping company."

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; the Non-executive Director is Ho Kin Lung; 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, 24 August 2005

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