JINHUI

JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

ANNOUNCEMENT
RESULTS FOR THE QUARTER ENDED 31 MARCH 2005 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED

The information set out under the section headed "JINHUI SHIPPING – RESULTS FOR THE QUARTER ENDED 31 MARCH 2005" is a reproduction of an announcement released on 10 May 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 ENDED 31 MARCH 2005

"**2005 FIRST QUARTER HIGHLIGHTS:**

- turnover increased 4% to US$57 million
- net profit increased 74% to US$49 million
- basic earnings per share rose 104% to US$0.5833
- 1st interim dividend for 2005: US$0.06 per share
- return on average equity for the quarter: 34%
- gearing ratio as at 31 March 2005: zero

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 2005.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	3 months ended 31/3/2005 (Unaudited) ***US$'000***	3 months ended 31/3/2004 (Unaudited) *US$'000*	Year ended 31/12/2004 (Audited) *US$'000*
Turnover	**57,154**	54,775	216,410
Gain on disposal of motor vessels	**–**	–	16,308
Cancellation fee income	**20,000**	–	–
Other operating income	**3,027**	2,432	10,639
Shipping related expenses	**(26,901)**	(23,610)	(112,513)
Depreciation and amortization	**(2,142)**	(2,293)	(9,145)
Losses on forward freight agreements	**–**	–	(62,942)
Staff costs and related expenses	**(1,206)**	(754)	(3,758)
Other operating expenses	**(704)**	(789)	(3,000)
Other net (expenses) income	**(30)**	(1,148)	684
Profit from operations	**49,198**	28,613	52,683
Interest income	**392**	54	384
Interest expenses	**(570)**	(549)	(2,647)
Profit before taxation	**49,020**	28,118	50,420
Taxation	**–**	–	–
Net profit for the period/year	**49,020**	28,118	50,420
Dividends	**5,043**	–	15,128
Basic earnings per share *(US$)*	**0.5833**	0.2857	0.5345

CONDENSED CONSOLIDATED BALANCE SHEET

	31/3/2005 (Unaudited) *US$'000*	31/3/2004 (Unaudited) *US$'000*	31/12/2004 (Audited) *US$'000*
Fixed assets	**178,074**	175,126	150,301
Available-for-sale financial assets	**3,489**	–	–
Other investments	**–**	3,814	3,570
Other non-current assets	**455**	680	562
Current assets	**138,733**	64,059	81,766
Total assets	**320,751**	243,679	236,199
Capital and reserves	**170,613**	126,739	121,045
Non-current liabilities	**51,189**	79,726	52,593
Current liabilities	**98,949**	37,214	62,561
Total equity and liabilities	**320,751**	243,679	236,199

INTERIM DIVIDEND

The Board has declared an interim dividend of US$0.06 per share for the quarter ended 31 March 2005 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 30 May 2005. The ex dividend date is 26 May 2005 and the dividend will be paid on or about 29 June 2005.

DIVIDEND POLICY FOR FINANCIAL YEAR 2005

The Board is pleased to announce that 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

After reaching record high in early December last year, the freight rates softened and remained at firm and relatively stable situation during the quarter. The iron ore trades continued to drive the market, supported by strong levels of coal shipment which grew throughout the quarter. The Baltic Dry Index opened at 4,598 and closed at 4,637 by end of March 2005.

The Group's consolidated turnover for the quarter increased by 4% over last corresponding period to US$57,154,000. The Group's consolidated net profit for the quarter increased by 74% over last corresponding period to US$49,020,000.

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

	2005 Q1 *US$*	2004 *US$*
Capesize	**68,197**	24,668
Panamax	**34,788**	30,669
Handymax	**26,328**	23,145
Handysize	**20,616**	21,087

The Group achieved a record high quarterly results supported by strong market conditions and partly attributed to an exceptional income of US$20,000,000 on completion of a contract for early termination of a long term charterparty. Under a contract made between the Group and a counter party, upon receiving a fee of US$20,000,000 by the Group, both parties agreed to early terminate a charterparty for chartering of a Capesize vessel from the counter party, as owner, to the Group, as charterer, for a period of up to seven years from October 2001. The said amount was received on 14 February 2005 by the Group.

Basic earnings per share for the quarter increased by 104% over last corresponding period to US$0.5833. Besides the improvements in business operations, the repurchase of shares by the Company during second half of 2004 has enhanced the earnings per share of the Company for the period.

On 18 February 2005, one newly built Handymax was delivered to the Group as scheduled. During the quarter, the Group has also committed to purchase three more second hand vessels at a total purchase price of US$95,800,000.

FINANCIAL REVIEW

As at 31 March 2005, the Group's equity securities, bank balances and cash amounted to US$59,740,000 (31 December 2004: US$60,978,000) and bank borrowings amounted to US$56,805,000 (31 December 2004: US$58,209,000). As at 31 March 2005, the Group had net cash and cash equivalents of US$2,935,000, that is, zero gearing (31 December 2004: zero gearing). The gearing ratio, if any, would be calculated on the basis of net debts (total interest bearing debts net of equity securities, cash and cash equivalents) over shareholders' equity. 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$29,834,000 (year ended 31 December 2004: US$24,123,000) for the quarter ended 31 March 2005, approximately US$29,825,000 (year ended 31 December 2004: US$23,601,000) was spent on the construction of the Group's newbuildings.

As at 31 March 2005, the Group has committed to acquire five newbuildings and three second hand vessels at total purchase prices of US$225,020,000; of which five 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$197,848,000.

OUTLOOK

The dry bulk markets will continue to be driven by robust Chinese demand for raw materials, in particular iron ore and steaming coal. The Chinese government has recently taken steps to regulate iron ore imports by establishing an import licensing system. The Board believes that this is an attempt to avoid any trade bubbles by smoothing cargo flows in the long run, ensuring the continuous and healthy economic growth for China. The dry bulk markets likely remain volatile in the second quarter and the Baltic Dry Index is trending down to around 3,900 during early May 2005 due to the temporary and seasonal slowdown in activities before the golden week holiday in China and Japan.

Subsequent to the period ended 31 March 2005, one newly built Panamax and one 2001-built Handymax were delivered to the Group as scheduled. As at date of this announcement, the Group has eleven owned vessels, with four additional newly built vessels and two additional second hand vessels going forward for delivery, of which three will be delivered to the Group in 2005, one in 2006 and two in 2007.

As at date of this announcement, the total capacity of the Group's fleet is around deadweight 1.47 million metric tons comprising eleven owned vessels and twelve chartered-in vessels. The Group has a modern fleet and is in a strong financial position. Given the economic fundamentals still remain positive for the shipping industry, the Company expects to report strong earnings for the coming quarters in 2005."

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 the 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
Ng Siu Fai
Chairman

Hong Kong, 10 May 2005

Please also refer to the published version of this announcement in China Daily and South China Morning Post.