JINHUI

JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
Stock Code: 137

2006 RESULTS ANNOUNCEMENT

HIGHLIGHTS FOR YEAR 2006:
- Turnover decreased 22% to HK$1,550.8 million
- Net profit attributable to shareholders amounted to HK$223.2 million
- Basic earnings per share: HK$0.421
- Gearing ratio as at 31 December 2006: 49%

The board of directors (the "Board" or the "Directors") of **Jinhui Holdings Company Limited (the "Company")** is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 together with comparative figures in 2005 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2006

	Note	**2006** *HK$'000*	2005 *HK$'000*
Turnover	2	**1,550,763**	1,985,235
Gain on disposal of motor vessels	3	**209,673**	–
Cancellation fee income	4	**–**	156,000
Gain on disposal of partial interests in a subsidiary	5	**–**	102,855
Other operating income		**61,529**	93,792
Shipping related expenses		**(789,137)**	(948,959)
Cost of trading goods sold		**(297,149)**	(276,860)
Depreciation and amortization		**(104,878)**	(94,072)
Staff costs		**(83,833)**	(66,128)
Other operating expenses		**(69,891)**	(82,203)
Profit from operations	2	**477,077**	869,660
Interest income		**20,067**	13,983
Interest expenses		**(76,052)**	(40,213)
Profit before taxation		**421,092**	843,430
Taxation	6	**(2,796)**	(2,474)
Net profit for the year		**418,296**	840,956
Attributable to:			
Shareholders of the Company		**223,192**	526,862
Minority interests		**195,104**	314,094
		418,296	840,956
Earnings per share for net profit attributable to shareholders of the Company			
– Basic	8	**HK$0.421**	HK$0.992
– Diluted	8	**HK$0.418**	HK$0.982

CONSOLIDATED BALANCE SHEET
At 31 December 2006

	Note	**2006** **HK$'000**	2005 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,974,957**	2,319,229
Investment properties		**32,314**	35,000
Goodwill		**39,040**	39,040
Available-for-sale financial assets		**37,763**	36,938
Intangible asset		**1,555**	–
Other non-current assets		**21,374**	28,827
		3,107,003	2,459,034
Current assets			
Inventories		**13,591**	16,649
Trade and other receivables	*9*	**250,160**	225,720
Financial assets at fair value through profit or loss		**182,694**	99,788
Pledged deposits		**70,273**	19,610
Bank balances and cash		**368,050**	395,614
		884,768	757,381
Current liabilities			
Trade and other payables	*10*	**189,307**	185,031
Financial liabilities at fair value through profit or loss		**33,379**	30,323
Taxation		**2,432**	3,278
Secured bank loans		**175,951**	154,598
		401,069	373,230
Net current assets		**483,699**	384,151
Total assets less current liabilities		**3,590,702**	2,843,185
Non-current liabilities			
Secured bank loans		**1,430,965**	1,005,205
Net assets		**2,159,737**	1,837,980
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**52,538**	53,394
Reserves		**1,248,579**	1,058,258
		1,301,117	1,111,652
Minority interest		**858,620**	726,328
Total equity		**2,159,737**	1,837,980

Notes:

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

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies adopted in the current year are consistent with those of the last year except that the Group has adopted HKAS 39 and HKFRS 4 Amendments "Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts". The adoption of this amendment did not have significant effects on the financial statements of the Group.

2. **Segment information**

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

	Turnover		**Profit (Loss) from operations**	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Chartering freight and hire	**1,218,001**	1,672,792	**468,369**	779,621
Trading	**332,762**	312,443	**16,241**	13,181
Other operations	**–**	–	**(7,533)**	76,858
	1,550,763	1,985,235	**477,077**	869,660

The Group's chartering freight and hire business is carried out internationally and cannot be attributable to any particular geographical location. During the year, about 83% (2005: 83%) and 11% (2005: 11%) of the Group's trading business was carried out in Hong Kong and China respectively. The Group's other operations comprised investment holding, property investments, equity and debt securities, equity linked investments and foreign currency transactions which were mainly carried out in Hong Kong in both years; and in 2005, there was a gain of HK$102,855,000 on disposal of partial interests in a subsidiary of the Company, Jinhui Shipping (as defined hereinafter) in Norway.

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

The amount for year 2006 represented the gain on the completion of the disposal of five motor vessels.

4. **Cancellation fee income**

The amount for year 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. **Gain on disposal of partial interests in a subsidiary**

The amount for year 2005 represented a gain on the disposal of 7,900,000 shares or 9.4% interests in the then share capital of Jinhui Shipping (as defined hereinafter), a subsidiary of the Company, whose shares are listed on the Oslo Stock Exchange.

6. **Taxation**

	2006	2005
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current year	**(2,796)**	(2,456)
Under provision in prior years	**–**	(18)
	(2,796)	(2,474)

Hong Kong Profits Tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the year. 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.

7. **Dividends**

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2006 (2005: nil). As there is no interim dividend payble during the year (2005: HK$0.19 per share), there will be no dividend distribution for the whole year of 2006 (2005: HK$0.19 per share).

8. Earnings per share

The calculation of basic earnings per share for the year is based on the net profit attributable to shareholders of the Company for the year of HK$223,192,000 (2005: HK$526,862,000) and the weighted average number of 529,673,508 (2005: 531,337,466) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year is based on the net profit attributable to shareholders of the Company for the year of HK$223,192,000 (2005: HK$526,862,000). The weighted average number of ordinary shares used in the calculation is 529,673,508 (2005: 531,337,466) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average of 4,208,112 (2005: 5,357,026) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

9. Trade and other receivables

	2006	2005
	HK$'000	*HK$'000*
Trade receivables	**84,610**	118,919
Prepayments, deposits and other receivables	**165,550**	106,801
	250,160	225,720

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

	2006	2005
	HK$'000	*HK$'000*
0 – 90 days	**58,362**	98,447
91 – 180 days	**22,873**	17,452
181 – 365 days	**1,568**	1,964
Over 365 days	**1,807**	1,056
	84,610	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.

10. Trade and other payables

	2006	2005
	HK$'000	*HK$'000*
Trade payables	**33,118**	23,975
Accrued charges and other payables	**156,189**	161,056
	189,307	185,031

The aging analysis of trade payables is as follows:

	2006	2005
	HK$'000	*HK$'000*
0 – 90 days	**22,192**	14,308
91 – 180 days	**167**	1,256
181 – 365 days	**1,124**	84
Over 365 days	**9,635**	8,327
	33,118	23,975

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2006 (2005: nil).

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Monday, 28 May 2007 and the Notice of Annual General Meeting will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in due course.

RESULTS

The Group is principally engaged in the businesses of ship chartering, ship owning and trading. The consolidated turnover of the Group for the year was HK$1,550,763,000; representing a decrease of 22% as compared to that of last year. The Group's net profit attributable to shareholders of the Company for the year amounted to HK$223,192,000; representing a decrease of 58% over net profit of HK$526,862,000 for year 2005. Basic earnings per share for the year was HK$0.421 as compared to basic earnings per share of HK$0.992 of last year.

The Group achieved a satisfactory annual result for 2006. The profit for the year was partly attributable to the gain of HK$209,673,000 on the completion of the disposal of five motor vessels while the profit for 2005 was partly attributable to an exceptional 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, and a gain of HK$102,855,000 on disposal of 7,900,000 shares or 9.4% interests in the then share capital of a subsidiary, Jinhui Shipping and Transportation Limited ("Jinhui Shipping").

Year 2006 was another milestone for the Group. During the year, the Group has altogether committed to purchase nine newbuildings and five second hand vessels for delivery during the years from 2006 to 2010 at a total consideration of approximately HK$3,715,087,000. As scheduled, three Supramaxes and one Panamax were delivered to the Group in 2006. As an ongoing effort to maintain a young modern fleet and putting its focus on the ownership of a sizeable Supramax fleet, the Group disposed five motor vessels in 2006, comprising two Handysizes and one Handymax built in 1980s and two modern Panamaxes, for a total consideration of approximately HK$795,990,000 and realized a gain of approximately HK$209,673,000.

According to the Group's accounting policies, all the Group's owned vessels were stated at cost less accumulated depreciation and impairment losses at each balance sheet date. Given the immense rises in market values of dry bulk carriers, the net book values of the Group's owned vessels vis-a-vis the Group's net asset value as at 31 December 2006 were greatly stated below their current market values. Based on the best estimation made by the Group, the total market value of the Group's twelve owned vessels as at 31 December 2006 was approximately HK$4,000 million as compared to their total net book value of approximately HK$2,608 million; and the total market value of the Group's eleven newbuildings under construction and three second hand vessels to be delivered was approximately HK$4,680 million as compared to their total contract price of approximately HK$3,354 million.

BUSINESS REVIEW

Chartering freight and hire. The Group operates its worldwide shipping activities through Jinhui Shipping whose shares are listed on the Oslo Stock Exchange. During the year, the Company had further increased its shareholdings in Jinhui Shipping from 50.21% to 52.99% by acquiring additional 2,332,500 shares of Jinhui Shipping for approximately HK$78,751,000 at the open market in Oslo Stock Exchange. Accordingly, the minority interests of the Group in relation to Jinhui Shipping was decreased by HK$49,271,000 from 49.79% to 47.01% and the difference of HK$29,480,000 had been charged directly to retained profits with no impact on the consolidated income statement for the year.

The shipping market started in a relatively pessimistic atmosphere but then picked up during second half of the year with newbuilding contracts and long term period rates increased to record levels by the end of the year. The Baltic Dry Index opened at 2,407 and dropped to 2,033 in late January 2006, but gradually increased and reached to a high level of 4,407 in early December 2006 and closed at 4,397.

The Group's shipping turnover for the year amounted to HK$1,218,001,000; representing a decrease of 27% as compared to year 2005. The Group's shipping business recorded an operating profit of HK$468,369,000 for the year; representing a decrease of 40% as compared to the operating profit of HK$779,621,000 for year 2005. The decrease in turnover and overall net profit of shipping business was mainly due to the overall decrease in freight rates during the year and was also 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 average daily time charter equivalent rate ("TCE") of our fleet decreased by 18% to US$21,555 for the year. The operating profit for the year was also partly attributable to the gain of HK$209,673,000 on the completion of the disposal of five motor vessels while the profit for last year was partly attributable to an exceptional 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.

The average daily TCE of the Group's fleet were as follows:

	2006	2005
	US$	*US$*
Capesize	**39,389**	44,806
Panamax	**20,299**	28,400
Supramax	**20,328**	24,615
Handymax	**17,357**	19,847
Handysize	**10,514**	14,811
In average	**21,555**	26,375

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$332,762,000; representing an increase of 7% as compared to that of last year. During the year, raw material prices fluctuated significantly and remained at a level above that of 2005, resulting in a rise in cost of goods sold. However, as a consequence to prudent cost control measures, the Group's trading business recorded an operating profit of HK$16,241,000; representing an increase of 23% as compared to that of last year.

The Group's other operations recorded an operating loss of HK$7,533,000 as compared to an operating profit of HK$76,858,000 for last year. The operating loss for the year was primarily due to the net loss on the investment in financial derivatives relating to forward foreign exchange contracts and options whereas the operating profit for 2005 was primarily due to the gain of HK$102,855,000 on disposal of 9.4% interests in the then share capital of Jinhui Shipping. In addition, the Group's investment in Shanxi Jinyao Coke & Chemicals Ltd. ("Shanxi Jinyao") which produces battery type of metallurgical coke in Shanxi Province of China continued to contribute a stable return to the Group and a dividend income of HK$10,902,000 (2005: HK$11,783,000) was attributable to the Group for the year.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. During the year, upon receiving the net sale proceeds on completion of the disposal of five motor vessels and offset by cash used to partially finance the delivery of four additional vessels, the total of the Group's equity and debt securities, equity linked investments, bank deposits with embedded derivatives, bank balances and cash increased to HK$539,196,000 as at 31 December 2006 (2005: HK$460,815,000). The Group's bank borrowings increased to HK$1,606,916,000 as at 31 December 2006 (2005: HK$1,159,803,000), of which 11%, 9%, 27% and 53% 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, bank deposits with embedded derivatives, cash and cash equivalents) over total equity, was 49% (2005: 38%). All the bank borrowings were committed on floating rate basis and were denominated mainly 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, marketable equity and debt securities, and equity linked investments in hand as well as available credit 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 31 December 2006, the Group's property, plant and equipment and investment property with an aggregate net book value of HK$2,671,828,000 (2005: HK$2,079,281,000), deposits of HK$70,273,000 (2005: HK$19,610,000) placed with banks and other institution, and financial assets at fair value through profit or loss with market value of HK$41,302,000 (2005: nil) were pledged together with the assignment of twelve (2005: ten) ship owning companies' chartering income to secure credit facilities utilized by the Group. In addition, shares of ten (2005: ten) ship owning companies were charged to banks for vessel mortgage loans.

Capital expenditures and commitments. Out of the Group's capital expenditures totalling HK$1,330,565,000 for the year ended 31 December 2006 (2005: HK$1,173,839,000), approximately HK$1,303,154,000 (2005: HK$1,171,864,000) was spent on the construction and acquisition of the Group's vessels.

As at 31 December 2006, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately HK$3,025,123,000 (2005: HK$665,494,000), representing the Group's outstanding capital expenditure commitments to acquire eleven (2005: four) newbuildings and three (2005: nil) second hand vessels at a total purchase price of approximately HK$3,353,623,000 (2005: HK$766,738,000).

Contingent liabilities. As at 31 December 2006, the Group had contingent liabilities in respect of a guarantee of approximately HK$78,000,000 (2005: HK$78,000,000) granted to a third party in its ordinary course of businesses; and a guarantee granted by Jinhui Shipping in favour of Best Shipping Ltd. for the performance of the obligations of Bocimar Hong Kong Limited, a subsidiary of Bocimar International N.V., under an agreement dated 15 September 2006 regarding the acquisition of a vessel by Bocimar Hong Kong Limited from Best Shipping Ltd. for a consideration of approximately HK$259,740,000, and in return, a counter guarantee was provided by Bocimar International N. V. to Jinhui Shipping.

Save as disclosed above, the Group had no other contingent liabilities as at 31 December 2006.

EMPLOYEES

As at 31 December 2006, the Group had 105 full-time employees and 293 crew (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 9 January 2007, the Group entered into two construction and sale contracts to acquire two motor vessels of deadweight 54,100 metric tons each for a total consideration of JPY6,880,000,000 which will be delivered to the Group on or before 31 March 2011 and 30 September 2011 respectively.

During January 2007, the Company further increased its shareholdings in Jinhui Shipping from 52.99% to 54.34% by acquiring additional 1,140,500 shares of Jinhui Shipping at the open market in Oslo Stock Exchange for approximately HK$43,232,000.

On 2 March 2007, the Group entered into a memorandum of agreement to acquire a 2003-built vessel of deadweight 52,961 metric tons for a consideration of US$40,500,000, which was delivered to the Group on 26 March 2007 and renamed as “Jin Cheng”.

OUTLOOK

During the year 2006 and early 2007, the Group took advantage of the robust freight environment and renewed majority of the time charter parties for the Group’s fleet. By end of February 2007, 91% of the Group’s twelve owned vessels is covered in 2007 by time charter parties with an average daily TCE of approximately US$24,266 and 62% in 2008 with an average daily TCE of approximately US$24,454; 41% of the Group’s eight chartered-in vessels is covered in 2007 by time charter parties with an average daily TCE of approximately US$32,683 and 15% in 2008 with an average daily TCE of approximately US$24,500.

Subsequent to the year ended 31 December 2006, the Group had entered into agreements to acquire two Supramax newbuildings and a 2003-built Supramax for total consideration of JPY6,880,000,000 and US$40,500,000. This 2003-built Supramax and another 2002-built Supramax committed to acquire in 2006 were delivered to the Group in March and April 2007 respectively as scheduled.

As at date of this announcement, the total capacity of the Group’s fleet is now around deadweight 1.5 million metric tons comprising fourteen owned vessels and eight chartered-in vessels. In addition, the Group will have additional thirteen newly built grabs fitted Supramaxes, one second hand Capesize and one second hand Handymax for delivery during the years from 2007 to 2011.

With the backdrop of world output growth expected to remain at healthy levels, continuous strong growth and raw material demand from China, India and other emerging markets, an infrastructure boom in the middle east, and increase in ton mile demand due to shifting in trade patterns, the Group expects the dry bulk market to remain robust going forward. The management of the Group firmly believes that the grabs fitted Supramax, in particular, will benefit most from the in and out bound cargoes both from China and India going forward. Having performed a series of timely acquisitions of this type of tonnage, the Group should be in an excellent position to leverage the expected firm freight environment going forward, thereby further enhancing profitability for our shareholders.

With the expectation of a healthy market outlook, the Group will continue to maintain a flexible chartering policy to achieve balance of revenue stability against spot exposure and to seek opportunistic growth in both newbuildings and second hand market.

The Group’s trading business and investment in Shanxi Jinyao are expected to contribute steady returns to the Group in future.

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

During the year, the Company had repurchased 9,151,000 shares of the Company at an aggregate price of HK$14,966,000 before expenses, which were subsequently cancelled in 2006. The nominal value of the cancelled shares of approximately HK$915,000 was credited to capital redemption reserve and the aggregate price was paid out from retained profits. Details of the repurchase are as follows:

Month of repurchase	Number of ordinary shares of HK$0.10 each	Highest price paid per share	Lowest price paid per share	Aggregate price paid (before expenses)
		HK$	*HK$*	*HK$'000*
June 2006	2,471,000	1.64	1.59	3,985
July 2006	6,680,000	1.72	1.58	10,981
	9,151,000			14,966

The Directors considered that the repurchase would increase the net asset value and earnings 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 year.

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 year, with deviations from code provisions A.2.1, A.4.2, E.1.2 and A.4.1 of the Code in respect of the roles of chairman and chief executive officer, the rotation of directors, the chairman's absence from the annual general meeting and the service term for non-executive 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 E.1.2 Under code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting.

Due to personal reason, the Chairman did not attend the 2006 annual general meeting of the Company, and the said meeting was chaired by the Managing Director.

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 year.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2006 have been agreed by the Group's auditors, Moores Rowland Mazars ("the Auditors"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditors on the preliminary announcement.

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 consolidated financial statements for the year.

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 annual report of the Group for the year ended 31 December 2006 containing all the detailed information will be despatched to shareholders of the Company and available on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at www.jinhuiship.com in due course.

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

Hong Kong, 19 April 2007

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