JINHUI

JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is made by Jinhui Holdings Company Limited in compliance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

The information set out below is an announcement released on 26 February 2007 through Oslo Stock Exchange by Jinhui Shipping and Transportation Limited ("Jinhui Shipping" or defined as the "Company" below), an approximately 54.34% owned subsidiary of Jinhui Holdings Company Limited, in accordance with the regulations of the Oslo Stock Exchange.

"JINHUI SHIPPING AND TRANSPORTATION LIMITED – INTERIM RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2006 AND PRELIMINARY ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

HIGHLIGHTS FOR THE FOURTH QUARTER OF 2006:
- Turnover amounted to US$48.2 million
- Net profit increased 62% to US$15.5 million
- Basic earnings per share: US$0.1839

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2006:
- Turnover decreased 27% to US$156.2 million
- Net profit amounted to US$49.6 million
- Basic earnings per share: US$0.5899
- Gearing ratio as at 31 December 2006: 68%

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 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT (PRELIMINARY)

	3 months ended 31/12/2006 (Unaudited) *US$'000*	3 months ended 31/12/2005 (Unaudited) *US$'000*	**Year ended 31/12/2006 (Unaudited) *US$'000***	Year ended 31/12/2005 (Audited) *US$'000*	Year ended 31/12/2004 (Audited) *US$'000*
Turnover	**48,234**	48,195	**156,154**	214,460	216,410
Gain on disposal of motor vessels	**–**	–	**26,294**	–	16,308
Cancellation fee income	**–**	–	**–**	20,000	–
Other operating income	**3,188**	4,574	**5,868**	10,932	11,447
Shipping related expenses	**(27,784)**	(33,781)	**(101,171)**	(121,661)	(112,513)
Depreciation and amortization	**(3,382)**	(3,220)	**(13,050)**	(11,634)	(9,145)
Losses on forward freight agreements	**–**	–	**–**	–	(62,942)
Staff costs	**(2,340)**	(1,828)	**(6,978)**	(5,562)	(3,758)
Other operating expenses	**161**	(2,791)	**(9,271)**	(7,141)	(3,124)
Profit from operations	**18,077**	11,149	**57,846**	99,394	52,683
Interest income	**359**	224	**1,018**	1,283	384
Interest expenses	**(2,980)**	(1,828)	**(9,287)**	(4,877)	(2,647)
Profit before taxation	**15,456**	9,545	**49,577**	95,800	50,420
Taxation	**–**	–	**–**	–	–
Net profit for the period/year attributable to shareholders of the Company	**15,456**	9,545	**49,577**	95,800	50,420
Dividends	**–**	6,052	**–**	28,744	15,128
Basic earnings per share *(US$)*	**0.1839**	0.1136	**0.5899**	1.1399	0.5345

CONDENSED CONSOLIDATED BALANCE SHEET (PRELIMINARY)

	31/12/2006 (Unaudited) *US$'000*	31/12/2005 (Audited) *US$'000*
Property, plant and equipment	**373,762**	290,031
Available-for-sale financial assets	**3,570**	3,570
Other non-current assets	**1,241**	853
Current assets	**73,532**	49,901
Total assets	**452,105**	344,355
Capital and reserves	**227,308**	181,216
Non-current liabilities	**183,458**	128,552
Current liabilities	**41,339**	34,587
Total equity and liabilities	**452,105**	344,355

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2006. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2006.

REVIEW OF OPERATIONS

Year 2006. 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 US$476.3 million. 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 US$102,050,000 and realized a gain of US$26,294,000.

The shipping market started in a relatively pessimistic atmosphere but then moved 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 turnover for the year amounted to US$156,154,000; representing a decrease of 27% as compared to year 2005. The Group's net profit for the year amounted to US$49,577,000; representing a decrease of 48% as compared to the net profit of US$95,800,000 for year 2005. Basic earnings per share for the year was US$0.5899 as compared to basic earnings per share of US$1.1399 for last year. The decrease in net profit 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.

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 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 US$512.8 million as compared to their net book values of US$334.3 million; and the total market value of the Group's eleven newbuildings under construction and three second hand vessels to be delivered was US$600 million as compared to their total contract prices of approximately US$430 million.

Fourth Quarter 2006. The freight rates continued to rise during the quarter. The main reason for the strong market is the continued increase in Chinese steel production and iron ore trades in China and Europe. The Baltic Dry Index increased 453 points to close at 4,397 by the end of the quarter.

The Group's turnover for the quarter amounted to US$48,234,000, nearly the same as the last corresponding quarter. The Group's net profit for the quarter amounted to US$15,456,000; representing an increase of 62% as compared to the net profit of US$9,545,000 for last corresponding quarter. Basic earnings per share for the quarter was US$0.1839 as compared to basic earnings per share of US$0.1136 for last corresponding quarter.

The increase in net profit for the quarter was mainly due to the increase in freight rates as compared to last corresponding quarter. The average daily time charter equivalent rates ("TCE") of the Group's fleet were as follows:

	2006 4th quarter	2005 4th quarter	**2006**	2005
	US$	*US$*	***US$***	*US$*
Capesize	**48,604**	38,437	**39,389**	44,806
Panamax	**22,981**	21,693	**20,299**	28,400
Supramax	**23,379**	22,113	**20,328**	24,615
Handymax	**20,823**	15,211	**17,357**	19,847
Handysize	**–**	12,147	**10,514**	14,811
In average	**25,983**	22,281	**21,555**	26,375

In addition, the Group's other operating expenses decreased by US$2,952,000 as compared to last corresponding quarter mainly due to the write-back of unrealized loss on fair value adjustments of forward foreign exchange contracts and options during the quarter. As previously reported, the Group incurred certain unrealized loss on fair value adjustments of the outstanding forward foreign exchange contracts and options as at 30 September 2006; which had been entered into by the Group mainly in relation to Japanese Yen so as to mitigate the Group's exposure in Japanese Yen in connection with the acquisition of newbuilding vessels. During the quarter, certain forward foreign exchange contracts and options got knocked out or were unwound by the Group with a write-back of unrealized loss on fair value adjustments of US$3,710,000.

As an ongoing effort to maintain a young modern fleet and putting its focus on the ownership of a sizeable Supramax fleet, the Group entered into agreements during the quarter to acquire four Supramax newbuildings and one second hand Supramax vessel for total consideration of US$71,890,000 and JPY10,270,000,000.

During the quarter, two second hand Supramaxes were delivered to the Group as scheduled and were named as "Jin Yao" and "Jin Rong".

FINANCIAL REVIEW

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 securities, equity linked investments, bank deposits with embedded derivatives, bank balances and cash increased to US$48,143,000 (2005: US$28,800,000) and bank borrowings increased to US$203,566,000 (2005: US$142,006,000) as at 31 December 2006. 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 68% as at 31 December 2006 (2005: 62%).

Out of the Group's capital expenditures totalling US$167,589,000 for the year ended 31 December 2006 (2005: US$150,408,000), approximately US$167,071,000 (2005: US$150,239,000) was spent on the construction and acquisition of the Group's vessels.

As at 31 December 2006, the total amount of capital commitments contracted by the Group but not provided for, net of deposits paid, was US$210,415,000 and JPY21,183,000,000 (2005: US$59,850,000 and JPY3,015,000,000), representing the Group's outstanding commitments to acquire eleven (2005: four) newbuildings and three (2005: nil) second hand vessels at total purchase prices of US$229,690,000 and JPY23,910,000,000 (2005: US$70,000,000 and JPY3,350,000,000).

OUTLOOK

Subsequent to the year ended 31 December 2006, the Group further entered into agreements to acquire two Supramax newbuildings for a total consideration of JPY6,880,000,000. The total capacity of the Group's fleet is now around deadweight 1.4 million metric tons comprising twelve owned vessels and eight chartered-in vessels.

During the last quarter of 2006, the Group took advantage of the robust freight environment and renewed majority of the time charter parties for both the Group's owned vessels as well as chartered-in vessels. As a result, 91% of the current owned fleet 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 current chartered-in fleet 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.

In addition, the Group will have additional thirteen newly built grabs fitted Supramaxes, one second hand Capesize, one second hand Supramax and one second hand Handymax for delivery going forward.

	Name of vessels to be delivered	Type	Year built	Builder	Size (dwt)	Expected delivery
1.	Lowlands Patrasche (to be named Jin Quan)	Supramax	2002	Oshima	51,104	Feb – Mar 2007
2.	Mineral Shanghai (to be named Jin Tai)	Capesize	2004	Shanghai Waigaoqiao	173,880	Mar – Jul 2007
3.	Jin Yuan	Supramax	2007	Oshima	55,300	Jun 2007
4.	Jin Yi	Supramax	2007	Oshima	55,300	Jul 2007
5.	Jin Xing	Supramax	2007	Oshima	55,300	Oct 2007
6.	Jin Man	Supramax	2008	Oshima	55,300	Mar 2008
7.	Arran Trader (to be named Jin Bi)	Handymax	2000	Oshima	48,220	Jul – Oct 2008
8.	Jin Pu	Supramax	2008	Oshima	55,300	Dec 2008
9.	Jin Shun	Supramax	2009	Oshima	54,200	Mar 2009
10.	Jin Mao	Supramax	2009	Oshima	54,200	Nov 2009
11.	Jin Heng	Supramax	2010	Nantong Kawasaki	55,000	Jun 2010
12.	Jin Yang	Supramax	2010	Tsuneishi	58,000	Jul 2010
13.	Jin Xiao	Supramax	2010	Tsuneishi	58,000	Oct 2010
14.	Jin Ming	Supramax	2010	Oshima	54,100	Dec 2010
15.	Jin Han	Supramax	2011	Oshima	54,100	Mar 2011
16.	Jin Hong	Supramax	2011	Oshima	54,100	Sep 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 for years to come. With a sequence of timely acquisition of this type of tonnage, the Group should be in an excellent position to take advantage of the expected firm freight environment, thereby further enhancing profitability for our shareholders.

The freight rates should continue at firm level in the near future. The Group will continue to focus on improving efficiency, reducing operating costs and remain conscious to the changing market conditions in mapping out its business and investment strategies."

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, 26 February 2007

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