



JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

ANNOUNCEMENT

The Company has been informed by Jinhui Shipping that the results of Jinhui Shipping for the year ended 31 December 2004 is expected to increase by over 300% as compared with year 2003.

This announcement is made in compliance with the requirement under Rule 13.09 of the Listing Rules.

Jinhui Holdings Company Limited (the “**Company**”) is an investment holding company. Its subsidiaries are principally engaged in the businesses of ship chartering, ship owning and trading. The Company and its subsidiaries (the “**Group**”) operates its worldwide shipping activities through an approximately 59.61% owned subsidiary, Jinhui Shipping and Transportation Limited (“**Jinhui Shipping**”).

The Company was informed by Jinhui Shipping on 2 February 2005 that based on the preliminary review of the relevant operating results and financial statements of Jinhui Shipping and its subsidiaries (the “**Jinhui Shipping Group**”), the board of directors of Jinhui Shipping (the “**Board of Jinhui Shipping**”) expects the unaudited net profit of Jinhui Shipping Group for the year ended 31 December 2004, prepared in accordance with the Statements of Standard Accounting Practice issued by the Hong Kong Institute of Certified Public Accountants, to increase by over 300% as compared with year 2003. The Board of Jinhui Shipping has also informed that Jinhui Shipping will payout dividend to shareholders equivalent to no less than 25% of the 2004 audited net profit.

As the results of the Group are largely attributable to the results of Jinhui Shipping, the Company expects that the Group’s results for the year ended 31 December 2004 will also increase substantially as compared to the annual results of the Group in 2003.

The unaudited results for the quarter ended 31 December 2004 and preliminary annual results for year ended 31 December 2004 of Jinhui Shipping are currently expected to be released by Jinhui Shipping in late February 2005.

RISK MANAGEMENT

Jinhui Shipping has informed the Company on 2 February 2005 that with effect from 2 February 2005, Jinhui Shipping would not enter into new open position in the trading of forward freight agreements (“FFAs”) until further notice.

The international shipping markets, while enjoying favourable performance by historical standards, is also becoming extremely volatile. As a result, FFAs now have a low correlation with the actual physical market and the trading of FFAs for hedging purposes can no longer be achieved. The Board of Jinhui Shipping believed by terminating the use of FFAs in the prevailing market conditions, unnecessary business risks will be eliminated, thus allowing the management to focus on the core business and achieve a more secure and predictable revenue stream.

Going forward, should the correlation between FFAs and the physical shipping market normalise to a level where Jinhui Shipping consider the use of FFAs for hedging purpose to be beneficial to the core shipping business, the Board of Jinhui Shipping will inform the Company and the market immediately before entering into new open position in FFA trades. Jinhui Shipping will subsequently inform the public by way of announcement, details of any new FFA entered into by Jinhui Shipping in the future should they arise.

This announcement is made in compliance with the requirement under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at the 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; the non-executive director of the Company is Ho Kin Lung; and the independent non-executive directors of the Company are Cui Jian Hua, Tsui Che Yin Frank and William Yau.

By Order of the Board
Ng Siu Fai
Chairman

Hong Kong, 2 February 2005

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