JINHUI

JINHUI HOLDINGS COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

2001 RESULTS ANNOUNCEMENT

The Directors of Jinhui Holdings Company Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2001 together with comparative figures for the corresponding period in 2000 as follows:

AUDITED CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2001

	Notes	**2001** *HK$'000*	2000 *HK$'000*
Turnover	*2*	**864,485**	699,458
Other operating income		**75,002**	60,162
Other net income		**53,841**	68,838
Voyage related expenses		**(543,463)**	(353,106)
Cost of trading goods sold		**(226,270)**	(248,986)
Staff costs		**(39,453)**	(42,334)
Other operating expenses		**(70,342)**	(67,276)
Depreciation and amortization		**(56,627)**	(49,925)
Profit from operations	*2*	**57,173**	66,831
Provision for impairment in value of fixed assets	*3*	**(56,597)**	(157,579)
Share of results of associates		**(133)**	141
Interest income		**18,147**	28,223
Interest expenses		**(24,454)**	(17,431)
Loss before taxation		**(5,864)**	(79,815)
Taxation	*4*	**(325)**	(503)
Loss from ordinary activities after taxation		**(6,189)**	(80,318)
Minority interests		**(12,267)**	51,595
Net loss for the year		**(18,456)**	(28,723)

Basic loss per share	*5*	**(3.51 cents)**	(5.46 cents)

Notes:

1. Accounting policies

The Group has changed certain of its accounting policies following its adoption of the new/revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants which are effective for accounting period commencing on or after 1 January 2001.

With the introduction of new SSAP 30 "Business Combinations", the Group has taken advantage of the transitional provision not to retrospectively restate the goodwill or negative goodwill previously written off against or credited to reserves. On the other hand, SSAP 30 states that assessments of impairment of goodwill still apply to goodwill previously written off against reserves which will not be restated at the time of adoption of SSAP 30. Any impairment loss identified in respect of goodwill previously written off against reserves is to be treated in accordance with SSAP 31 "impairment of assets". The implementation of SSAP 31 in this respect is treated as a change in accounting policy in accordance with SSAP 2 "Net profit or loss for the period, fundamental errors and changes in accounting policies" and the transitional provisions in SSAP 30.

The Group has performed an assessment of the fair value of its assets, including the related goodwill that had previously been charged to reserves. As a result, the capital reserve prior to 1 January 2000 was increased by HK$57,308,000 and the revenue reserve prior to 1 January 2000 was decreased by HK$50,886,000. The difference represents the share of minority shareholders in this respect. There is no effect on the income statement presented for the year ended 31 December 2000 and 2001.

Following the adoptions of the new/revised SSAPs, certain comparatives previously reported in the annual reports have been restated to conform to the new policies. Detailed changes to the Group's accounting policies and the effects of adopting these new policies will be set out in the 2001 annual report.

2. Segment information

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

	Turnover	
	2001	2000
	HK$'000	*HK$'000*
Chartering freight and hire	**613,256**	413,699
Trading	**248,087**	281,294
Investments in China	**3,142**	4,465
	864,485	699,458

	Profits (loss) from operations	
	2001	2000
	HK$'000	*HK$'000*
Chartering freight and hire	**9,804**	13,186
Trading	**10,333**	9,217
Investments in China	**(3,240)**	(5,966)
Other operations	**40,276**	50,394
	57,173	66,831

The Group's chartering freight and hire business cannot be attributable to any particular geographical location. About 75% (2000: 59%) of the Group's turnover from trading operation is carried out in mainland China and the remaining is mainly carried out in Hong Kong. The Group's investments in China are carried out in mainland China. The Group's other operations are mainly carried out in Hong Kong.

3. Provision for impairment in value of fixed assets

Provision for impairment in value of fixed assets during the year included provision for motor vessels and properties respectively of HK$46,562,000 (2000: HK$92,930,000) and HK$10,035,000 (2000: HK$64,649,000).

4. Taxation

	2001	2000
	HK$'000	*HK$'000*
Company & Subsidiaries		
Hong Kong Profits Tax		
- Current year	**230**	486
- Underprovision in prior years	**95**	17
	325	503

Hong Kong Profits Tax is provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the year. In the opinion of the Directors, substantial portions 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 juridictions in which the Group operates.

5. Basic loss per share

Basic loss per share for the year is calculated on the net loss for the year of HK$18,456,000 (2000: HK$28,723,000) and on the weighted average number of 526,242,488 (2000: 526,242,488) shares in issue during the year.

Diluted earnings per share is not shown as there was no potential ordinary shares in issue in both years.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year (2000: Nil). As interim dividend has also not been declared in the year (2000: Nil), there will be no dividend distribution for the whole year of 2001 (2000: Nil).

BUSINESS REVIEW

The Group's consolidated turnover for the year amounted to HK$864,485,000, representing an increase of 24% from the consolidated turnover of HK$699,458,000 for 2000. The Group's consolidated net loss for the year was HK$18,456,000 as compared with a net loss of HK$28,723,000 for 2000. Affected by the downturn of the global economy, there was further impairment loss in value of the Group's assets during the year. The overall results of the Group were offset by a provision for impairment in value of fixed assets of HK$56,597,000 made during the year in addition to a provision of HK$157,579,000 which had been made last year.

The shipping market was still firm and healthy with stable iron ore, coal, fertilizer and grain shipments at the beginning of the year. However, since mid of the year, the economic slowdown experienced by most major markets including the United States, Japan and European countries was more severe than expected, resulting in a much weaker market sentiment and lower rates. The pessimistic market sentiment was then further caused by, among other things, the terrorist attacks in the United States in September 2001 which had a devastating impact notably in the global economic and political environment. Other than an excess of new tonnage over scrapping, a plunge in industrial consumption and investment after the tragedy in the United States intensified the problem of surplus tonnage which accounted primarily for a drop in freight rates during the year. The decline in freight rates exerted a negative impact on the Group's ship chartering activities as its committed tonnage was yet to be unwound. The shipping turrnover was HK$613,256,000 for the year, representing an increase of 48% as compared to that of last year, partly attributable to the contributions from the delivery of two newbuildings namely "Jin Li" and "Jin Fu" during the year. The Group's shipping business ran at an operating profit of HK$9,804,000 for the year, representing a decrease of 26% as compared to last year.

The Group's trading activities include mainly trading of chemical products and commodity trading, while the investments in China are mainly represented by its investments in toll road operation and warehousing. However, trading revenue for both years under review was all derived from its trading of chemical products as the Group has rationalized its commodity trading and investments in mainland China since last year by either allocating less resources or discontinuing/disposing them altogether as appropriate. On the whole, the Group's business in trading and investments in China recorded an operating profit of HK$7,093,000 as compared to the operating profit of HK$3,251,000 for 2000, primarily due to a reduction of bad and doubtful debts provision made by the Group's persisting effort in collecting the doubtful debts previously provided.

On the other hand, the Group's other operations recorded an operating gain of HK$40,276,000 mainly derived from the realized and unrealized exchange gain for the Group's exposure in Japanese Yen as a result of the weakening of Japanese Yen. The foreign currency exposures of the Group mainly derived from the Group's borrowings in Japanese Yen to finance the payments for newbuildings. However, it was offset by a provision for impairment loss of an investment in Hong Kong amounted to HK$11,700,000 made by the Group during the year.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

The deliveries of the two dry bulk vessels, namely "Jin Li" and "Jin Fu" during the year were mainly funded by bank loans. As a result, the Group's bank borrowings increased by 56% to HK$540,148,000 as at 31 December 2001 (31 December 2000: HK$345,953,000). The gearing ratio, as calculated on the basis of the total liabilities over the shareholders' funds, increased to 138% as at 31 December 2001 (31 December 2000: 100%), a level which was nonetheless considered acceptable taking account of the Group's pledged deposits, bank balances and cash amounting to HK$214,995,000 (31 December 2000: HK$131,280,000).

Pledged of assets

As at 31 December 2001, the Group's fixed assets of HK$891,533,000 (31 December 2000: HK$628,272,000), deposits of HK$7,369,000 (31 December 2000: HK$47,842,000), short-term investments of HK$19,000,000 (31 December 2000: HK$53,700,000) and some of the shares and chartering income of the Group's ship owning companies were pledged to secure credit facilities utilized by the Group.

Capital expenditures and commitments

Out of the Group's capital expenditures totalling HK$319,992,000 for the year (2000: HK$393,200,000), approximately HK$314,179,000 (2000: HK$392,180,000) was spent on the constructions of the Group's owned vessels.

As at 31 December 2001, the Group had capital expenditure commitments relating to the newbuilding of three (2000: five) dry bulk vessels. The total purchase price of these vessels was approximately HK$494,910,000 (2000: HK$852,152,000) and the total amount contracted but not provided for, net of deposits paid, was approximately HK$395,226,000 (31 December 2000: HK$713,324,000). Taking into account of its cash resources and undrawn committed banking facilities, the Group is confident that it would have adequate funding to meet its commitments as well as its debts on time.

Employees

As at 31 December 2001, the Group employed approximately 130 staff (2000: 150 staff). The Group remunerates its employees based on the performance, experience and prevailing market practices while year-end bonus are granted on a discretionary basis. Other employee benefits include retirement benefits schemes, insurance and medical cover. After the expiry of a share option scheme on 14 November 2001, the Group has not adopted any share option scheme.

OUTLOOK

Looking ahead, the bulk carrier market would continue to face an imbalance between tonnage availability and cargo requirements. However, the growth rate of tonnage from newbuilding deliveries is expected to slow down in 2002 and to certain extent, scrapping would also help to ease the problem. In addition, the global bulk trade market is expected to recover gradually later this year as a result of the expected recovery of economic condition in the United States. In the long run, a regain of full market confidence and an improvement in the health of the global economy would be the main driving forces behind a stable growth in the freight market.

With such an economic prospect, the Group is confident that there would be sufficient demand to meet its tonnage commitments and to fill its additional capacity upon deliveries of two newbuildings namely "Jin Tai" and "Jin Kang" in the first quarter of 2002. While focusing the businesses on shipping and chemical trading operations, the Group will remain prudent but responsive to the changing market conditions in mapping out its business and investment strategies.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the year.

CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except that the non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Company's Articles of Association.

DISCLOSURE OF INFORMATION ON THE EXCHANGE'S WEBSITE

The Company's annual report for the year ended 31 December 2001 containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited on or before 29 April 2002.

By Order of the Board
Ng Siu Fai
Chairman

Hong Kong, 8 April 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 May 2002 at 9:30 a.m. for the following purposes:

1. To receive and consider the Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2001.

2. To re-elect Directors and fix their remuneration.

3. To re-appoint Messrs. Moores Rowland as Auditors for the ensuing year and authorize the Directors to fix their remuneration.

4. To consider and, if thought fit, to pass, with or without amendments, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

"THAT:

(a) subject to paragraph (c) and pursuant to section 57B of the Companies Ordinance, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and it is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiary companies of shares or rights to acquire shares of the Company; or (iii) the exercise of the subscription or conversion rights attaching to any warrants issued by the Company or any securities which are convertible into ordinary shares of the Company, shall not exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval to the Directors in paragraph (a) above shall be limited accordingly; and

(d) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance to be held; or

(iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

"Rights Issue" means an offer of shares open for a period fixed by the Directors to the shareholders on the register on a fixed record date in proportion to their shareholdings as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong)."

5. To consider and, if thought fit, to pass, with or without amendments, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

"THAT:

(a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and it is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of share capital repurchased by the Company pursuant to paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval to the Directors in paragraph (a) above shall be limited accordingly; and

(c) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance to be held; or

(iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting."

6. To consider and, if thought fit, to pass, with or without amendments, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

"THAT:

conditional upon Resolution No. 5 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution No. 5 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to Resolution No. 4 above, provided that the amount of share capital repurchased by the Company shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution."

7. To transact such other business as may properly be transacted at an Annual General Meeting.

By Order of the Board
Ho Suk Lin
Company Secretary

Hong Kong, 8 April 2002

Notes:-

1. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the registered office of the Company at 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong not less than 48 hours before the time appointed for holding the meeting and any adjourned meeting.

3. The register of members of the Company will be closed from 23 May 2002 to 27 May 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for voting at the meeting, shareholders should ensure that they are registered as members of the Company on 22 May 2002.

4. An explanatory statement containing further details on resolutions 4 to 6 above will be sent to members together with the annual report.

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