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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

ANNOUNCEMENT RESULTS FOR THE QUARTER ENDED 31 MARCH 2004 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED

The following is a reproduction of an announcement released on 21 May 2004 in Oslo by Jinhui Shipping, an approximately 50.9% owned subsidiary of Jinhui Holdings Company Limited, in accordance with the requirements of the Oslo Stock Exchange.

This announcement is made by Jinhui Holdings Company Limited pursuant to Rule 13.09(2).

The following is a reproduction of an announcement released in Oslo by Jinhui Shipping and Transportation Limited (“Jinhui Shipping” or defined as the “Company” below) on 21 May 2004, an approximately 50.9% owned subsidiary of Jinhui Holdings Company Limited, in accordance with the requirements 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 by The Stock Exchange of Hong Kong Limited.

“FIRST QUARTER HIGHLIGHTS:

- The Company reported EPS of US\$0.2857
- Net profit soared to approximately US\$28 million
- Ratio of net debts to shareholders’ equity lowered to 38%

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 2004.

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 31/3/2004 (Unaudited) US\$'000	3 months ended 31/3/2003 (Unaudited) US\$'000	Year ended 31/12/2003 (Audited) US\$'000
Turnover	54,775	23,174	103,724
Other operating income	2,432	1,818	6,198
Reversal of impairment loss of fixed assets	–	–	14,522
Voyage related expenses	(23,610)	(21,412)	(93,247)
Staff costs	(754)	(561)	(2,898)
Other operating expenses	(789)	(845)	(3,131)
Other net (expenses) income	(1,148)	889	(3,720)
Depreciation and amortization	(2,293)	(1,961)	(7,986)
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Profit from operations	28,613	1,102	13,462
Interest income	54	182	527
Interest expenses	(549)	(611)	(2,345)
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Profit before taxation	28,118	673	11,644
Taxation	–	–	–
	<hr/>	<hr/>	<hr/>
Profit from ordinary activities after taxation	28,118	673	11,644
Minority interests	–	3	3
	<hr/>	<hr/>	<hr/>
Net profit for the period/year	28,118	676	11,647
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Basic earnings per share (US\$)	0.2857	0.0069	0.1183
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CONDENSED CONSOLIDATED BALANCE SHEET

	31/3/2004	31/3/2003	31/12/2003
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Fixed assets	175,126	160,456	172,839
Other investments	3,814	4,138	3,895
Other non-current assets	680	430	583
Current assets	64,059	29,778	30,435
	<u> </u>	<u> </u>	<u> </u>
Total assets	243,679	194,802	207,752
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves	126,739	87,650	98,621
Non-current liabilities	79,726	85,185	81,684
Current liabilities	37,214	21,967	27,447
	<u> </u>	<u> </u>	<u> </u>
Total equity and liabilities	243,679	194,802	207,752
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SEGMENTAL INFORMATION

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

	3 months ended	3 months ended	Year ended
	31/3/2004	31/3/2003	31/12/2003
	(Unaudited)	(Unaudited)	(Audited)
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Segment turnover			
Chartering freight and hire	54,775	23,174	103,724
	<u> </u>	<u> </u>	<u> </u>
Segment profit (loss) from operations			
Chartering freight and hire	29,404	209	17,165
Direct investments in China	396	51	195
Other operations	(1,187)	842	(3,898)
	<u> </u>	<u> </u>	<u> </u>
	28,613	1,102	13,462
	<u> </u>	<u> </u>	<u> </u>

REVIEW OF OPERATIONS

The first quarter of 2004 was a remarkable period for the Group. Enjoying the benefits of the favourable market conditions and the fortunate timing of chartering out majority of its fleet at spot rates, the Group managed to produce record quarterly profit of around US\$28 million.

China's demand for commodities is the key driver and risk to the shipping market. Driven by the unprecedented demand for iron ore and coal, the dry bulk sectors enjoyed record breaking rates during early 2004. However, the sentiment in the shipping market changed due to worries over China's economic growth as well as high bunker prices, the freight rates reacted unfavourably from late March 2004. The Baltic Dry Index surged from 4,765 at the end of 2003 to record high of 5,681 in early February 2004 and closed at 4,822 at the end of the quarter.

The Group's consolidated turnover for the quarter amounted to US\$54,775,000; representing an increase of 136% over last corresponding period. The Group's overall results for the period recorded a soaring net profit of US\$28,118,000; representing an increase of 4,059% as compared with a net profit of US\$676,000 for last corresponding period. Earnings per share was at record high of US\$0.2857 for the quarter as compared with US\$0.0069 per share for last corresponding period.

As at 31 March 2004, the gearing ratio, calculated on the basis of net debts (total interest bearing debts net of short-term investments, bank balances and cash) over shareholders' equity, was 38% (31 December 2003: 77%).

The Group maintains its strategy of owning and operating a fleet of well-equipped and modernized owned vessels. During 2004 and up to date of this announcement, the Group has further committed to acquire three bulk carriers at total purchase prices of US\$91.8 million. As at date of this announcement, the Group has altogether five new buildings under construction in Japan; of which three will be delivered in 2005 and the other two will be delivered in 2007.

OUTLOOK

Driven by the negative sentiment towards the Chinese economy and the historical high bunker prices, the freight rates of all dry bulk sectors have been weakened since late March 2004 and continue to adjust downwards causing the Baltic Dry Index to drop by around 1,470 points to around 3,350 recently. However, the Board believes that the fundamentals of demand in dry bulk shipping remains favourable and is confident that the continued strength in freight rates bode well for the Group in the coming years.

Apart from the Group's ten owned vessels, the Group currently operates around fifteen chartered-in dry bulk carriers including one Capesize, nine Panamax and five Handymaxes. Going forward, the Group will commence maintaining a balance in its employment mix by engaging part of its fleet in longer term charters to ensure certainty in future earnings for the Group."

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 Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants.

As at date of this announcement, the board of directors of Jinhui Holdings Company Limited comprises of:

- (a) executive directors: Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin;
- (b) non-executive directors: Ho Kin Lung and So Wing Hung Peter; and
- (c) independent non-executive directors: Cui Jian Hua and Tsui Che Yin Frank.

By Order of the Board
Ng Siu Fai
Chairman

Hong Kong, 21 May 2004

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