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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

ANNOUNCEMENT

Jinhui Shipping has provided additional information in relation to the FFAs referred to in the 20 July Announcement. Accordingly, the Board announces that the majority of the FFAs entered into by Jinhui Shipping have been squared off and hence Jinhui Shipping's extraordinary losses under such squared off FFAs have been crystallised. Jinhui Shipping estimates that the extraordinary losses attributable to the FFAs, including the FFAs that have been, and have not been, squared off, to be in the region of US\$60 million to US\$70 million as at 30 June 2004.

Shareholders of the Company and investors should exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Reference is made to the announcement of the Company dated 20 July 2004 (the "20 July Announcement") and capitalised terms used in this announcement shall have the same meanings as those defined therein.

In the 20 July Announcement, the Company had announced that it is expected that the Group's results for the interim period 2004 will be adversely affected by the results of Jinhui Shipping for the six months ended 30 June 2004. The results of Jinhui Shipping for the six months ended 30 June 2004 are expected to be affected by the realized losses incurred from, and the provisions to be made for the unrealized losses from, the FFAs entered into by Jinhui Shipping since January 2004.

In response to the enquiries made concerning the 20 July Announcement, Jinhui Shipping has provided additional information in relation to the FFAs to the Board. Accordingly, the Board wishes to announce that the majority of the FFAs entered into by Jinhui Shipping have been squared off and hence Jinhui Shipping's extraordinary losses under such squared off FFAs have been crystallised. Jinhui Shipping estimates that the extraordinary losses attributable to the FFAs, including the FFAs that have been, and have not been, squared off, to be in the region of US\$60 million to US\$70 million as at 30 June 2004.

The Board also wishes to confirm that the anticipated negative impact on the financial position of Jinhui Shipping for the six months ended 30 June 2004 as described in the 20 July Announcement is wholly attributable to the extraordinary losses under the FFAs and the operations of Jinhui Shipping remain unaffected.

The Company is an investment holding company and its subsidiaries are principally engaged in the businesses of ship chartering, ship owning and trading. The Group operates its worldwide shipping activities through an approximately 50.9% owned subsidiary, Jinhui Shipping.

The Board has noted the recent decrease in the price, and the increase in the trading volume, of the shares of the Company and wishes to state that, save for the disclosures made in this announcement and the 20 July Announcement, the Board is not aware of any reasons for such movement.

The Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, other than this announcement and the 20 July Announcement, which is or may be of a price-sensitive nature.

Shareholders of the Company and investors should exercise caution when dealing in the shares of the Company.

As at the date of this announcement,

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

By order of the board
Ng Siu Fai
Chairman

Hong Kong, 22 July 2004

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