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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

ANNOUNCEMENT – ADDITIONAL INFORMATION ON JINHUI SHIPPING AND TRANSPORTATION LIMITED REGARDING THE DISPOSAL OF VESSELS

The information set out under the section headed “ADDITIONAL INFORMATION” is a reproduction of an announcement released on 27 July 2004 through the Oslo Stock Exchange by Jinhui Shipping, an approximately 50.9% owned subsidiary of Jinhui Holdings Company Limited, as required under the regulations of the Oslo Stock Exchange.

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

The information set out under the section headed “ADDITIONAL INFORMATION” is a reproduction of an announcement released on 27 July 2004 through the Oslo Stock Exchange by Jinhui Shipping and Transportation Limited (“Jinhui Shipping” or defined as the “Company” below), an approximately 50.9% owned subsidiary of Jinhui Holdings Company Limited, as required under the regulations of the Oslo Stock Exchange. The additional information regarding the Disposals including the proforma financial information, as set out in this announcement, is in relation to the group of companies for Jinhui Shipping (which includes Jinhui Shipping and its subsidiaries). 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.

ADDITIONAL INFORMATION

“The Board of Directors (the “Board”) of the Company had announced on 9 July 2004 that Jintai Marine Inc. (“Jintai”) and Jinkang Marine Inc. (“Jinkang”), both of which are wholly owned subsidiaries of the Company, entered into two memoranda on 8 July 2004 to dispose two motor vessels “Jin Tai” and “Jin Kang” for a total consideration of US\$56,500,000 (the “Disposals”). The Company is required under the regulations of the Oslo Stock Exchange to provide additional information on the Disposals as set out herein. In addition, the holding company of the Company, Jinhui Holdings Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”), is required under the applicable listing rules of the HK Stock Exchange to ensure that the additional information to be released by the Company to the Oslo Stock Exchange must be released to the market in Hong Kong at the same time.

Accordingly, Jinhui Holdings Company Limited had sought from the HK Stock Exchange a confirmation as to the manner of the release of additional information on the Disposals in the context of the applicable listing rules of the HK Stock Exchange, and a confirmation of which was provided by the HK Stock Exchange recently. The Board is now pleased to provide additional information regarding the Disposals including, inter alia, the proforma financial information for the quarter ended 31 March 2004 and the year ended 31 December 2003 as set out herein.

The Board would like to refer to the Company's announcements dated 20 July 2004 and 22 July 2004 in relation to the estimated interim results of the Company for the six months ended 30 June 2004. The Company had announced that due to the losses from certain forward freight agreements ("FFA") entered into by the Company, the interim results of the Company for the six months ended 30 June 2004 will be substantially worse than those for the six months ended 30 June 2003. The losses from the FFAs had been caused by the unexpected and sudden decline in the freight rates of the dry bulk shipping market which began in March 2004 and continued further in June 2004. The Company had estimated that the extraordinary losses attributable to FFAs to be in the region of US\$60 million to US\$70 million as at 30 June 2004. For further details, please refer to the announcements dated 20 July 2004 and 22 July 2004.

PROFORMA FINANCIAL INFORMATION

Proforma consolidated income statement – for quarter ended 31 March 2004

The following is a proforma consolidated income statement of the Company and its subsidiaries (the "Group") after completion of the Disposals based on the unaudited consolidated income statement of the Group for the quarter ended 31 March 2004 and unaudited income statements of Jintai and Jinkang for the quarter ended 31 March 2004.

US\$'000	The Group	Adjustments	Proforma
Turnover	54,775	(2,757)	52,018
Gain on disposal of fixed assets	–	15,875	15,875
Other operating income	2,432	(22)	2,410
Other operating expenses (exclude depreciation and amortization)	(26,301)	966	(25,335)
Depreciation and amortization	(2,293)	408	(1,885)
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Profit from operations	28,613	14,470	43,083
Net interest expenses	(495)	152	(343)
	<hr/>	<hr/>	<hr/>
Profit before taxation	28,118	14,622	42,740
Taxation	–	–	–
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Net profit after taxation	<u>28,118</u>	<u>14,622</u>	<u>42,740</u>

The following adjustments have been made when preparing the proforma consolidated income statement for the quarter ended 31 March 2004:

- The proforma consolidated income statement has been prepared to illustrate how the consolidated income statement would have been affected if the Disposals had been taken place on 1 January 2004. Transactions for Jintai and Jinkang during quarter ended 31 March 2004 ("Q1 2004") have been excluded.

- As a consequence of the Disposals, there would be a proforma gain of US\$15,875,000 on the Disposals before expenses, being the cash consideration of US\$56.5 million over the net book values of the two vessels as at 1 January 2004.

Proforma income statement – for year ended 31 December 2003

The following is a proforma consolidated income statement of the Group after completion of the Disposals based on the audited consolidated income statement of the Group for the year ended 31 December 2003 and audited income statements of Jintai and Jinkang for the year ended 31 December 2003.

US\$'000	The Group	Adjustments	Proforma
Turnover	103,724	(8,567)	95,157
Gain on disposal of fixed assets	–	14,256	14,256
Reversal of impairment loss of fixed assets	14,522	–	14,522
Other operating income	6,198	(80)	6,118
Other operating expenses (exclude depreciation and amortization)	(102,996)	3,081	(99,915)
Depreciation and amortization	(7,986)	1,619	(6,367)
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Profit from operations	13,462	10,309	23,771
Net interest expenses	(1,818)	657	(1,161)
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Profit before taxation	11,644	10,966	22,610
Taxation	–	–	–
Minority interests	3	–	3
	<hr/>	<hr/>	<hr/>
Net profit after taxation	<u>11,647</u>	<u>10,966</u>	<u>22,613</u>

The following adjustments have been made when preparing the proforma consolidated income statement for the year ended 31 December 2003:

- The proforma consolidated income statement has been prepared to illustrate how the consolidated income statement would have been affected if the Disposals had been taken place on 1 January 2003. Transactions for Jintai and Jinkang during the year 2003 have been excluded.
- As a consequence of the Disposals, there would be a proforma gain of US\$14,256,000 on the Disposals before expenses, being the cash consideration of US\$56.5 million over the net book values of the two vessels as at 1 January 2003.

Proforma consolidated balance sheet as of 31 March 2004

The following is a proforma consolidated balance sheet of the Group after completion of the Disposals based on the unaudited consolidated balance sheet of the Group as at 31 March 2004 and unaudited balance sheets of Jintai and Jinkang as at 31 March 2004.

US\$'000	The Group	Adjustments	Proforma
Fixed assets	175,126	(40,217)	134,909
Other investments	3,814	–	3,814
Other non-current assets	680	–	680
Current assets			
Current assets other than bank balances and cash	27,074	–	27,074
Bank balances and cash	36,985	31,361	68,346
Total current assets	64,059	31,361	95,420
Total assets	243,679	(8,856)	234,823
Capital and reserves	126,739	16,283	143,022
Non-current liabilities	79,726	(22,921)	56,805
Current liabilities	37,214	(2,218)	34,996
Total equity and liabilities	243,679	(8,856)	234,823

The following adjustments have been made when preparing the proforma consolidated balance sheet as of 31 March 2004:

- The proforma consolidated balance sheet has been prepared to illustrate how the consolidated balance sheet would have been affected if the Disposals had taken place on 31 March 2004. As a consequence of the Disposals, the fixed assets would be reduced by the net book values of the two vessels as at 31 March 2004 with the reserves increased by the proforma gain of US\$16,283,000 before expenses.
- It is assumed that the cash consideration of US\$56.5 million would be used to repay the bank loans of Jintai and Jinkang in full with the balance as additional working capital.

Proforma consolidated balance sheet as of 31 December 2003

The following is a proforma consolidated balance sheet of the Group after completion of the Disposals based on the audited consolidated balance sheet of the Group as at 31 December 2003 and audited balance sheets of Jintai and Jinkang as at 31 December 2003.

US\$'000	The Group	Adjustments	Proforma
Fixed assets	172,839	(40,625)	132,214
Other investments	3,895	–	3,895
Other non-current assets	583	–	583
Current assets			
Current assets other than bank balances and cash	15,427	–	15,427
Bank balances and cash	15,008	30,807	45,815
Total current assets	30,435	30,807	61,242
Total assets	207,752	(9,818)	197,934
Capital and reserves	98,621	15,875	114,496
Non-current liabilities	81,684	(23,475)	58,209
Current liabilities	27,447	(2,218)	25,229
Total equity and liabilities	207,752	(9,818)	197,934

The following adjustments have been made when preparing the proforma consolidated balance sheet as of 31 December 2003:

- The proforma consolidated balance sheet has been prepared to illustrate how the consolidated balance sheet would have been affected if the Disposals had taken place on 31 December 2003. As a consequence of the Disposals, the fixed assets would be reduced by the net book values of the two vessels as at 31 December 2003 with the reserves increased by the proforma gain of US\$15,875,000 before expenses.
- It is assumed that the cash consideration of US\$56.5 million would be used to repay the bank loans of Jintai and Jinkang in full with the balance as additional working capital.

FINANCIAL STATEMENTS FOR JINTAI

Income statement for Jintai

US\$'000	Q1 2004 (Unaudited)	2003 (Audited)	2002 (Audited)
Turnover	1,858	4,963	2,738
Other operating income	18	33	41
Other operating expenses (exclude depreciation)	(607)	(1,829)	(1,063)
Depreciation and amortization	(208)	(821)	(844)
Profit from operations	1,061	2,346	872
Net interest expenses	(75)	(332)	(414)
Profit before taxation	986	2,014	458
Taxation	–	–	–
Net profit after taxation	986	2,014	458

Balance sheet for Jintai

US\$'000	31/3/2004 (Unaudited)	31/12/2003 (Audited)	31/12/2002 (Audited)
Fixed assets	20,436	20,644	21,465
Current assets	1,694	1,876	926
Total assets	22,130	22,520	22,391
Capital and reserves	3,309	2,323	309
Non-current liabilities – bank loan	11,664	11,946	13,075
Current liabilities			
Trade and other payables	6,028	7,122	7,878
Bank loan	1,129	1,129	1,129
	7,157	8,251	9,007
Total equity and liabilities	22,130	22,520	22,391

Figures extracted from unaudited financial statements for quarter ended 31 March 2004 and audited financial statements for year ended 31 December 2003 of Jintai.

FINANCIAL STATEMENTS FOR JINKANG

Income statement for Jinkang

US\$'000	Q1 2004 (Unaudited)	2003 (Audited)	2002 (Audited)
Turnover	899	3,604	2,016
Other operating income	4	47	183
Other operating expenses (exclude depreciation)	(359)	(1,252)	(733)
Depreciation and amortization	(200)	(798)	(665)
Profit from operations	344	1,601	801
Net interest expenses	(77)	(325)	(339)
Profit before taxation	267	1,276	462
Taxation	–	–	–
Net profit after taxation	267	1,276	462

Balance sheet for Jinkang

US\$'000	31/3/2004 (Unaudited)	31/12/2003 (Audited)	31/12/2002 (Audited)
Fixed assets	19,781	19,981	20,779
Current assets	269	867	625
Total assets	20,050	20,848	21,404
Capital and reserves	1,997	1,730	454
Non-current liabilities – bank loan	11,257	11,529	12,619
Current liabilities			
Trade and other payables	5,707	6,500	7,242
Bank loan	1,089	1,089	1,089
	6,796	7,589	8,331
Total equity and liabilities	20,050	20,848	21,404

Figures extracted from unaudited financial statements for quarter ended 31 March 2004 and audited financial statements for year ended 31 December 2003 of Jinkang.”

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, 27 July 2004

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