JINHUI

JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2003 AND PRELIMINARY RESULTS FOR YEAR ENDED 31 DECEMBER 2003 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED

The following is a reproduction of an announcement released in Oslo on 26 February 2004 by Jinhui Shipping, an approximately 50.9% owned subsidiary of Jinhui Holdings Company Limited. This announcement is issued by Jinhui Holdings Company Limited pursuant to paragraph 2(2) of the Listing Agreement.

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"UNAUDITED RESULTS

The year 2003 was an extraordinary year for dry bulk shipping with a firm and rapidly growing market during the first eight months and then exploded to an unprecedented level during the last four months. The rapid economic growth in Asian countries especially China is the main driving force. The general improvements in the global economy also have a positive impact on the shipping market.

The consolidated turnover of the Company and its subsidiaries (the "Group") for year 2003 amounted to US$103,724,000, representing an increase of 48% over year 2002. The overall results of the Group for year 2003 recorded a net profit of US$11,647,000 whereas a net loss of US$11,577,000 was reported last year. In view of the immense rises in shipping market, the Board has reviewed the carrying values of its owned vessels as at 31 December 2003. Included in the net profit for the year, the Group has fully written back provision of US$14,522,000 for the impairment loss of the Group's owned vessels made in prior years. However, it was partly offset by the exchange loss as a result of the drastic and unexpected rebound of Japanese Yen and the weakening of United States Dollars during the year.

According to the Group's accounting policies, all the Group's owned vessels were stated at cost less accumulated depreciation and impairment losses at each balance sheet date. Given the immense rises in market value of dry bulk carriers, the book value of the Group's owned vessels vis-a-vis the Group's net asset value as at 31 December 2003, after fully write-back of provision for impairment loss in prior years, were still greatly stated below its current market values. According to the Group's estimation, the market value of the Group's ten owned vessels as at 31 December 2003 was roughly around US$200 million. Should the Group's owned vessels be stated at market value as at 31 December 2003, the Group's adjusted net asset value would be roughly increased by US$34 million to US$133 million as at 31 December 2003.

The Group has committed certain contracts of affreightment and time charter parties in year 2002 to charter out some of its vessels at later time but at prevailing market rates when the freight rates were at a very low level as compared to the current spot market. The Group has, to a majority extent, completed and fulfilled these contracts by end of 2003. Though the freight rates rose substantially over the past year, the overall shipping revenue of the Group for the year was greatly lagged behind the spot market. The Board believes that this situation would be unwound during the course of 2004 and 2005.

The consolidated net profit of the Group for the three months ended 31 December 2003 amounted to US$8,756,000 whereas a net loss of US$3,914,000 was reported for last corresponding period.

The last quarter of 2003 was another record breaking quarter mainly driven by the massive growth in import of iron ore into China. The Baltic Dry Index increased sharply by 1,772 points during the quarter to close at record high of 4,765 at the end of 2003. As at 31 December 2003, the Group has operated a fleet of twenty-two vessels including ten owned vessels. The Group's shipping turnover was US$33,410,000 for the quarter, representing an increase of 71% as compared to that of last corresponding period. The Group's shipping operation recorded a profit of US$11,480,000 for the quarter whereas a loss of US$1,883,000 was reported for last corresponding period. The profit for the quarter was partly attributed by the further write-back of provision of US$7,870,000 for impairment loss of its owned vessels made in prior years.

The Group's other operations recorded an operating loss of US$2,250,000 during the quarter mainly due to the exchange loss as a result of the drastic and unexpected rebound of Japanese Yen and the weakening of United States Dollars. The Group has from time to time closely monitored the foreign currency exposures in Japanese Yen borrowings so as to balance the exchange rate risk associated with the fluctuation in Japanese Yen and possible interest savings from Japanese Yen borrowings. In view of the continuous low interest rate level for United States Dollars and to reduce currency risk, the Group has entered into various foreign exchange contracts during the quarter to convert the outstanding Japanese Yen borrowings in relation to the ship mortgage loans to United States Dollars.

The gearing ratio, calculated on the basis of the total borrowings over shareholders' fund, was 94% as at year ended 31 December 2003.

The Group maintains its strategy of expanding fleet of well-equipped and modernized owned vessels. Subsequent to the year ended 31 December 2003, the Group has committed on 9 January 2004 to acquire one dry bulk carrier at a purchase price of US$19,250,000. This newbuilding is expected to be delivered to the Group on or before 31 October 2007.

Subsequent to year ended 31 December 2003, the astounding rise in freight rates continues. The Baltic Dry Index has currently increased to around 5,500. The outlook of the dry bulk market is extremely strong and able to hold itself at such level. As a matter of fact, the market prospect will to a very large extent be determined by economic growth in Asian countries especially China. Given the broadly based recovery, the Board expects that the freight rates should continue at very firm level in year 2004.

Apart from the Group's ten owned vessels, the Group currently operates twelve chartered-in dry bulk carriers including one Cape, six Panamaxes and five Handymaxes. The Board strongly believes that the Group would be able to benefit from the strong market condition in the forthcoming year. To optimize the Group's earnings, about 60% to 70% of our fleet is now operated at spot or short-term period employment with expiry within three months time and this ratio will be gradually picked up after the existing committed contracts expire. Barring any unforeseeable circumstances and based on the current shipping market condition, the Board expects that the Group's prospect for year 2004 would be very promising. While focusing on the core shipping business, the Group will continue taking efforts to improve efficiency, reduce the operating costs and remain conscious to the changing market conditions in mapping out its business and investment strategies.

CONSOLIDATED INCOME STATEMENT DATA (PRELIMINARY)

	3 months ended 31/12/2003 ***US$'000***	3 months ended 31/12/2002 *US$'000*	**Year ended 31/12/2003** ***US$'000***	Year ended 31/12/2002 *US$'000*	Year ended 31/12/2001 *US$'000*
Turnover	**33,410**	19,654	**103,724**	70,139	79,025
Profit (Loss) from operations	**9,241**	(3,413)	**13,462**	(9,849)	3,901
Interest income	**101**	189	**527**	767	2,043
Interest expenses	**(586)**	(689)	**(2,345)**	(2,511)	(2,614)
Net profit (loss) for the period/year	**8,756**	(3,914)	**11,647**	(11,577)	3,325
Basic earnings (loss) per share *(US$)*	**0.0890**	(0.0398)	**0.1183**	(0.1176)	0.0338

CONSOLIDATED BALANCE SHEET DATA (PRELIMINARY)

	31/12/2003 ***US$'000***	31/12/2002 *US$'000*
Fixed assets	**172,839**	167,822
Other investments	**3,895**	4,219
Other non-current assets	**583**	537
Current assets	**30,435**	21,629
Total assets	**207,752**	194,207
Capital and reserves	**98,621**	86,974
Minority interests	**–**	(90)
Non-current liabilities	**81,684**	87,419
Current liabilities	**27,447**	19,904
Total equity and liabilities	**207,752**	194,207

SEGMENTAL INFORMATION (PRELIMINARY)

	3 months ended 31/12/2003 ***US$'000***	3 months ended 31/12/2002 *US$'000*	**Year ended 31/12/2003** ***US$'000***	Year ended 31/12/2002 *US$'000*	Year ended 31/12/2001 *US$'000*
Segment turnover					
Chartering freight and hire	**33,410**	19,582	**103,724**	69,698	78,622
Investments in China	**–**	72	**–**	441	403
	33,410	19,654	**103,724**	70,139	79,025
Segment profit (loss) from operations					
Chartering freight and hire	**11,480**	(1,883)	**17,165**	373	(3,996)
Investments in China	**11**	746	**195**	756	(291)
Other operations	**(2,250)**	(2,276)	**(3,898)**	(10,978)	8,188
	9,241	(3,413)	**13,462**	(9,849)	3,901

	31/12/2003	31/12/2002
	US$'000	*US$'000*
Segment assets		
Chartering freight and hire	**179,720**	168,343
Investments in China	**3,901**	4,378
Other operations	**5,206**	7,450
	188,827	180,171
Segment liabilities		
Chartering freight and hire	**104,090**	102,212
Investments in China	**27**	294
Other operations	**1,953**	2,348
	106,070	104,854"

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.

By Order of the Board
Ng Siu Fai
Chairman and Managing Director

Hong Kong, 26 February 2004

Please also refer to the published version of this announcement in The Standard.