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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

PROFIT WARNING ANNOUNCEMENT

The Company has been informed by Jinhui Shipping that the results of Jinhui Shipping for the six months ended 30 June 2004 will be substantially worse than that of the same period for the financial year 2003. Accordingly, the Board announces that it is expected that the Group's results for the interim period 2004 will be adversely affected.

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.

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

The Company was informed by Jinhui Shipping on 16 July 2004 that due to the realized losses incurred from, and the provisions to be made for the unrealized losses from, certain forward freight agreements ("FFA") entered into by Jinhui Shipping since January 2004, the interim results of Jinhui Shipping 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 falling freight rates for the dry bulk shipping market had been caused by the negative sentiment towards the economy of the People's Republic of China as a result of the macro economic measures introduced by the relevant authorities.

As the results of the Group are largely attributable to the results of Jinhui Shipping, the Company expects that the Group's results for the interim period 2004 will be adversely affected and worse than those for the interim period 2003. However, the Group's financial results for the six months ended 30 June 2004 has not yet been finalised and the Company is presently unable to quantify precisely the financial implications for the Group in respect of such period.

FFA is a forward agreement to purchase or sell the transportation of cargoes at a predetermined price, and typically, an FFA runs twelve months forward and is used as a method of risk management where physical alternatives are expected to be more expensive going forward. In respect of the FFAs entered into by Jinhui Shipping, Jinhui Shipping had contracted to buy or sell the shipping capacities from or to the counterparties.

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

As at 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, 20 July 2004

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