JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

ANNOUNCEMENT
RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2004 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED

The information set out under the section headed "JINHUI SHIPPING – RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2004" is a reproduction of an announcement released on 11 August 2004 through Oslo Stock Exchange by Jinhui Shipping, an approximately 50.9% owned subsidiary of Jinhui Holdings Company Limited, in accordance with 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 "JINHUI SHIPPING – RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2004" is a reproduction of an announcement released on 11 August 2004 through 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, in accordance with the regulations 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.

JINHUI SHIPPING – RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2004

"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 and six months ended 30 June 2004.

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 30/6/2004 (Unaudited) *US$'000*	3 months ended 30/6/2003 (Unaudited) *US$'000*	**6 months ended 30/6/2004 (Unaudited)** *US$'000*	6 months ended 30/6/2003 (Unaudited) *US$'000*	Year ended 31/12/2003 (Audited) *US$'000*
Turnover	**54,311**	23,328	**109,086**	46,502	103,724
Other operating income	**2,601**	1,778	**5,033**	3,596	6,198
Reversal of impairment loss of fixed assets	**–**	–	**–**	–	14,522
Voyage related expenses	**(32,183)**	(21,708)	**(55,793)**	(43,120)	(93,247)
Losses, including provisions made for unrealized losses, on forward freight agreements	**(67,177)**	–	**(67,177)**	–	–
Staff costs	**(628)**	(574)	**(1,382)**	(1,135)	(2,898)
Other operating expenses	**(828)**	(715)	**(1,617)**	(1,560)	(3,131)
Other net income (expenses)	**1,056**	585	**(92)**	1,474	(3,720)
Depreciation and amortization	**(2,335)**	(1,970)	**(4,628)**	(3,931)	(7,986)
(Loss) Profit from operations	**(45,183)**	724	**(16,570)**	1,826	13,462
Interest income	**62**	142	**116**	324	527
Interest expenses	**(455)**	(595)	**(1,004)**	(1,206)	(2,345)
(Loss) Profit before taxation	**(45,576)**	271	**(17,458)**	944	11,644
Taxation	**–**	–	**–**	–	–
(Loss) Profit from ordinary activities after taxation	**(45,576)**	271	**(17,458)**	944	11,644
Minority interests	**–**	–	**–**	3	3
Net (loss) profit for the period/year	**(45,576)**	271	**(17,458)**	947	11,647
Basic (loss) earnings per share *(US$)*	**(0.4630)**	0.0028	**(0.1774)**	0.0096	0.1183

CONDENSED CONSOLIDATED BALANCE SHEET

	30/6/2004 (Unaudited) *US$'000*	30/6/2003 (Unaudited) *US$'000*	31/12/2003 (Audited) *US$'000*
Fixed assets	**180,656**	158,570	172,839
Other investments	**3,733**	4,057	3,895
Other non-current assets	**739**	332	583
Current assets	**74,607**	30,847	30,435
Total assets	**259,735**	193,806	207,752
Capital and reserves	**81,163**	87,921	98,621
Non-current liabilities	**89,496**	83,292	81,684
Current liabilities	**89,076**	22,593	27,447
Total equity and liabilities	**259,735**	193,806	207,752

SEGMENTAL INFORMATION

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

	3 months ended 30/6/2004 (Unaudited)	3 months ended 30/6/2003 (Unaudited)	**6 months ended 30/6/2004 (Unaudited)**	6 months ended 30/6/2003 (Unaudited)	Year ended 31/12/2003 (Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Segment turnover					
Chartering freight and hire	**54,311**	23,328	**109,086**	46,502	103,724
Segment (loss) profit from operations					
Chartering freight and hire	**(46,632)**	123	**(17,228)**	332	17,165
Direct investments in China	**478**	45	**874**	96	195
Other operations	**971**	556	**(216)**	1,398	(3,898)
	(45,183)	724	**(16,570)**	1,826	13,462

REVIEW OF OPERATIONS

The very strong freight rates experienced in the first quarter came down sharply in the second quarter of 2004. Driven by the negative sentiment towards the China economy as a result of the macro economic measures introduced by the relevant authorities, the moderate grain activity in South America and historical high bunker prices, the freight rates of all dry bulk sectors have been adjusted downwards causing the Baltic Dry Index to drop drastically from 4,822 to 2,622 in late June 2004 and closed at 3,005 during the quarter.

The Group's consolidated turnover for the quarter amounted to US$54,311,000; representing an increase of 133% over last corresponding period. The Group's overall results for the quarter recorded a net loss of US$45,576,000 as compared with a net profit of US$271,000 for last corresponding period. The loss for the quarter was wholly attributed to the losses of US$67,177,000 under the forward freight agreements ("FFAs") for the period ended 30 June 2004. Loss per share was US$0.4630 for the quarter as compared with earnings per share of US$0.0028 for last corresponding period.

In view of the upturn of the shipping markets especially during early 2004, the Group has entered into certain FFAs in order to mitigate its risks associated primarily with upward trend of freight rates. However, 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 Group suffered from the realized losses incurred from, and the provisions made for the unrealized losses from, the FFAs entered into by the Group since January 2004. The majority of the FFAs entered into by the Group have now been squared off and hence the Group's losses under such squared off FFAs have been crystalised. As a consequence, the losses attributable to the FFAs, including the FFAs that have been, and have not been, squared off, amounting to US$67,177,000 had been accounted for in the period ended 30 June 2004.

The Board continuously reviews the prevailing market conditions of the shipping industry and monitors and adjusts the Group's fleet size as appropriate. On 8 July 2004, the Group has contracted to sell two motor vessels "Jin Tai" and "Jin Kang" with aggregate net book values of US$39,808,000 as at 30 June 2004 at total consideration of US$56,500,000; which will be delivered to an independent buyer during second half of 2004. As at date of this announcement, the Group has also committed to acquire five newbuildings at total purchase prices of US$133,020,000; of which three will be delivered in 2005 and the other two will be delivered in 2007.

The Group intends to use approximately US$24 million of the payment received from the disposal of motor vessels "Jin Tai" and "Jin Kang" to repay bank loans and the balance of approximately US$32.5 million as additional working capital. After taking into account of the disposals of two motor vessels, the Board believes that the current ratio will be improved to a much healthier position.

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. Based on the valuation made by an independent professional valuer, the market values of the Group's ten owned vessels as at 30 June 2004 was approximately US$206 million as compared to their net book values of approximately US$162 million.

Due to the increase in demand and price for commodities, the performance of the Group's investment in a co-operative joint venture producing metallurgical coke in Shanxi Province of China was rather promising. The Group's direct investment in China recorded a profit of US$478,000 for the quarter against a profit of US$45,000 for last corresponding period.

As at 30 June 2004, the gearing ratio, calculated on the basis of net debts (total interest bearing debts net of securities, cash and cash equivalents) over shareholders' equity, was 40% (31 December 2003: 77%).

OUTLOOK

The shipping industry and, the freight market in particular, are becoming more and more volatile, evidenced by wide variations in freight rates and vessel prices. To manage this risk and avoid significant losses, the Board has recognised the need for a more conservative and effective strategies for its business in FFA so as to limit and monitor the market-related and financial risks.

Apart from the Group's ten owned vessels, the Group currently operates around thirteen chartered-in dry bulk carriers including one Capesize, seven Panamaxes and five Handymaxes. By the end of June 2004, the freight rates for all dry bulk sectors started to recover with the Baltic Dry Index picked up to around 4,100 during early August 2004. The Board is also aware of the recent rises in bunker prices, which may affect the shipping industry. However, the Board believes that the fundamentals of demand in dry bulk shipping remain unchanged with the supply of vessels remaining tight in the next few years. The Board is confident that the continued strength in freight rates bode well for the Group in the coming years and therefore, will consider to expand the Group's own fleet at appropriate timing.

Going forward, the Board would continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet size as appropriate; maintain 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; and adopt more stringent risk management procedures."

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, 11 August 2004

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