JINHUI

JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

ANNOUNCEMENT
RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED

The information set out under the section headed "JINHUI SHIPPING – RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004" is a reproduction of an announcement released on 17 November 2004 through Oslo Stock Exchange by Jinhui Shipping and Transportation Limited ("Jinhui Shipping" or defined as the "Company" below), an approximately 56.55% 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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2004.

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 30/9/2004 (Unaudited) *US$'000*	3 months ended 30/9/2003 (Unaudited) *US$'000*	**9 months ended 30/9/2004 (Unaudited) *US$'000***	9 months ended 30/9/2003 (Unaudited) *US$'000*	Year ended 31/12/2003 (Audited) *US$'000*
Turnover	**49,250**	23,812	**158,336**	70,314	103,724
Other operating income	**2,543**	900	**7,576**	4,496	6,198
Reversal of impairment loss of fixed assets	**–**	6,652	**–**	6,652	14,522
Voyage related expenses	**(29,832)**	(22,759)	**(85,625)**	(65,879)	(93,247)
Gains (Losses), including provisions written back (made) for unrealized losses, on forward freight agreements	**2,708**	–	**(64,469)**	–	–
Staff costs	**(1,153)**	(554)	**(2,535)**	(1,689)	(2,898)
Other operating expenses	**(568)**	(682)	**(2,185)**	(2,242)	(3,131)
Other net income (expenses)	**251**	(3,010)	**159**	(1,536)	(3,720)
Depreciation and amortization	**(2,334)**	(1,964)	**(6,962)**	(5,895)	(7,986)
Profit from operations	**20,865**	2,395	**4,295**	4,221	13,462
Interest income	**116**	102	**232**	426	527
Interest expenses	**(712)**	(553)	**(1,716)**	(1,759)	(2,345)
Profit before taxation	**20,269**	1,944	**2,811**	2,888	11,644
Taxation	**–**	–	**–**	–	–
Profit from ordinary activities after taxation	**20,269**	1,944	**2,811**	2,888	11,644
Minority interests	**–**	–	**–**	3	3
Net profit for the period/year	**20,269**	1,944	**2,811**	2,891	11,647
Basic earnings per share *(US$)*	**0.2153**	0.0198	**0.0290**	0.0294	0.1183

CONDENSED CONSOLIDATED BALANCE SHEET

	30/9/2004 (Unaudited)	30/9/2003 (Unaudited)	31/12/2003 (Audited)
	US$'000	*US$'000*	*US$'000*
Fixed assets	**190,163**	166,519	172,839
Other investments	**3,651**	4,001	3,895
Other non-current assets	**821**	411	583
Current assets	**47,021**	27,362	30,435
Total assets	**241,656**	198,293	207,752
Capital and reserves	**86,687**	89,865	98,621
Non-current liabilities	**80,913**	83,044	81,684
Current liabilities	**74,056**	25,384	27,447
Total equity and liabilities	**241,656**	198,293	207,752

SEGMENTAL INFORMATION

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

	3 months ended 30/9/2004 (Unaudited)	3 months ended 30/9/2003 (Unaudited)	**9 months ended 30/9/2004 (Unaudited)**	9 months ended 30/9/2003 (Unaudited)	Year ended 31/12/2003 (Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Segment turnover					
Chartering freight and hire	**49,250**	23,812	**158,336**	70,314	103,724
Segment profit (loss) from operations					
Chartering freight and hire	**20,275**	5,353	**3,047**	5,685	17,165
Direct investments in China	**418**	88	**1,292**	184	195
Other operations	**172**	(3,046)	**(44)**	(1,648)	(3,898)
	20,865	2,395	**4,295**	4,221	13,462

REVIEW OF OPERATIONS

The freight rates of the dry bulk sector recovered very quickly during the third quarter of 2004 mainly due to the upturn in Chinese ore imports and brisk activity in steam coal transport to Asian countries. The Baltic Dry Index rose by around 1,100 points and closed at 4,105 during the quarter.

The Group's consolidated turnover for the quarter amounted to US$49,250,000; representing an increase of 107% over last corresponding period. The Group's overall results for the quarter recorded a net profit of US$20,269,000 as compared with a net profit of US$1,944,000 for last corresponding period. Earnings per share was US$0.2153 for the quarter as compared with earnings per share of US$0.0198 for last corresponding period.

The directors of the Company (the "Directors") continuously review the prevailing market conditions of the shipping industry and monitor and adjust 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$39,400,000 as at 30 September 2004 at total consideration of US$56,500,000; which will be delivered to an independent buyer by end of November 2004. On 16 August 2004, the Group has contracted to acquire one motor vessel at a price of US$31,500,000 which is expected to be delivered to the Group in April 2006. On 31 August 2004, the Group entered into an agreement whereby one of the Group's wholly-owned subsidiary, as charterer, agreed to early terminate a charter party in respect of a chartered-in Capesize vessel since October 2001 upon receiving a fee of US$20 million during the period from 1 January to 28 February 2005.

As announced previously, the Group suffered from the realized losses incurred from, and the provisions made for the unrealized losses from, the forward freight agreements ("FFA") entered into by the Group since January 2004. The majority of the FFA entered into by the Group have been squared off during mid of 2004 and hence the Group's losses under such squared off FFA have been crystallized. Though there was a rise in the freight rate during the quarter, the provisions written back for FFA outstanding as at 30 September 2004 amounted to US$2,708,000 only.

FINANCIAL REVIEW

As at 30 September 2004, the Group's bank balances and cash amounted to US$26,064,000 (31 December 2003: US$15,008,000) and the Group's bank borrowings decreased to US$83,643,000 (31 December 2003: US$92,555,000). 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 64% (31 December 2003: 77%). All the bank borrowings were committed on a floating rate basis and were denominated mainly in United States Dollars.

The Group intends to use approximately US$24 million of the payment received from the disposal of motor vessels "Jin Tai" and "Jin Kang", which is expected to be completed by end of November 2004, to repay bank loans with the balance of approximately US$32.5 million as additional working capital. After taking into account of the disposal of these two motor vessels, the Board believes that the current ratio will be improved to a much healthier position.

Out of the Group's capital expenditures totalling US$24,042,000 (31 December 2003: US$3,643,000) for the period ended 30 September 2004, approximately US$23,595,000 (31 December 2003: US$3,611,000) was spent on the construction of the Group's newbuildings.

As at 30 September 2004, the Group has committed to acquire six newbuildings at total purchase prices of US$164,520,000; of which three will be delivered in 2005, one in 2006 and two in 2007; and the total amount contracted but not yet provided, net of deposits paid, was US$138,051,000.

OUTLOOK

Apart from the Group's ten owned vessels including two scheduled for delivery to buyer by end of November 2004, the Group currently operates around thirteen chartered-in dry bulk carriers including one Capesize, eight Panamaxes and four Handymaxes. Subsequent to the quarter ended 30 September 2004, the freight rates continue to rise with the Baltic Dry Index reaching around 5,100 during mid of November 2004.

At this point of time, the Board believes that the fundamentals in dry bulk shipping remain favourable with the strong demand of vessels in the next few years. The major downside risk of the shipping market still remains as there might be sudden downturn of the Chinese economy. The Board remains cautious on this particular point because there could be a various mix of factors that could trigger such downturn which includes further tightening economic measures from the Chinese government; a combination of Renminbi appreciation plus interest rate hike; a slow down on the US economy and high oil prices.

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.

REPURCHASE OF SHARES AND RENEWAL OF REPURCHASE MANDATE

During the quarter, the Company has repurchased 9,842,000 shares at a total price of US$14,745,000. The repurchased shares were cancelled upon repurchase. Accordingly, the nominal value of the cancelled shares of US$492,100 was credited to capital redemption reserve and the aggregate price paid out from the contributed surplus account of the Company. The Directors considered that as the Company's shares were trading at a discount to their true intrinsic value per share, the repurchases would enhance the earnings per share of the Company. As a result, the issued share capital of the Company has become US$4,429,317 divided into 88,586,341 shares of US$0.05 each.

In order to seek the approval of the shareholders of the Company for the renewal of the general mandate to repurchase shares of the Company, a special general meeting ("SGM") of the Company was convened by the Directors on 17 November 2004. At the SGM, a general mandate was granted to the Directors by the shareholders of the Company empowering the Directors to purchase shares of the Company provided that the aggregate nominal amount of shares which may be purchased by the Company shall not be more than 10% of the issued capital of the Company on 17 November 2004. Repurchases will only be made when the Directors believe that such a purchase will benefit the Company and its shareholders as a whole."

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 Institute of Certified Public Accountants.

As at the date of this announcement, the executive directors of Jinhui Holdings Company Limited are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; the non-executive director is Ho Kin Lung; and the independent non-executive directors are Cui Jian Hua and Tsui Che Yin Frank.

By Order of the Board
Ng Siu Fai
Chairman

Hong Kong, 17 November 2004

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