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## **JINHUI HOLDINGS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 137

### **DISCLOSEABLE TRANSACTION ACQUISITION OF A VESSEL**

The Purchaser, an approximately 50.21 per cent. owned indirect subsidiary of the Company, entered into the Agreement with the Vendor on 2 August 2006 to acquire the Vessel at a purchase price of US\$26,000,000 (approximately HK\$202,800,000). The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

#### **THE AGREEMENT**

##### **Purchaser**

The Purchaser is a ship chartering company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 50.21 per cent. owned subsidiary of the Company.

##### **Vendor**

The Vendor is a private company owning about twenty bulk carriers, whose headquarter is based in Japan. The principal business activities of the Vendor and its ultimate beneficial owners are the owning and operating of shipping vessels. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. The Vessel is currently under a time charter party arrangement entered into on 27 July 2006 with the Purchaser at market rate. The Group has not acquired or disposed of any other vessel with the Vendor or its ultimate beneficial owners during the last twelve months from date of the Agreement.

##### **The Acquisition**

Pursuant to the Agreement dated 2 August 2006, the Vendor has agreed to sell and deliver the Vessel to the Purchaser or its nominee, and the Purchaser has agreed to purchase and take delivery of the Vessel from the Vendor. The Vessel is a deadweight 48,220 metric tons bulk

carrier built in 2000 by Oshima Shipbuilding Co., Ltd. incorporated in Japan. The Vessel is proposed to be used for chartering out to gain operating income by the Purchaser or its nominee after delivery.

### **Consideration**

The purchase price for the Vessel is US\$26,000,000 (approximately HK\$202,800,000) and is payable on delivery of the Vessel.

The purchase price for the Vessel will be payable by cash in United States Dollars. It is currently expected that the purchase price will be funded by bank financing and internal resources of the Group. The purchase price was determined by reference to current market values of similar type of vessels based on information from our shipbrokers and on the basis of arm's length negotiations.

### **Delivery**

The Agreement provides that the delivery of the Vessel after the end of the time charter party arrangement which is expected to take place sometime between 15 July to 15 October 2008. Pursuant to the terms of the Agreement, if there is any delay in delivery of the Vessel, the Purchaser has the right to rescind the Agreement.

### **GUARANTEE**

Jinhui Shipping, the intermediate holding company of the Purchaser, will guarantee the performance of the obligations of the Purchaser under the Agreement in favour of the Vendor.

### **REASONS FOR THE ACQUISITION**

The Group's principal activities include international ship chartering, ship owning and trading. The Vessel is a Handymax vessel. The Acquisition will enable the Group, as previously announced by the Company, to concentrate on maintaining a fleet of Handymax vessels that are of better equipped loading facilities, and will further complement our owned young and modern fleet of vessels to serve the growing needs of our customers. The Group currently owns nine dry bulk vessels. After the Acquisition, the Group will have additional seven newly built vessels and two second hand vessels for delivery going forward, where one of which will be delivered in 2006, four in 2007, three in 2008 and one in 2009.

The terms and conditions of the Agreement have been agreed on normal commercial terms following arm's length negotiations. The Company considers that such terms and conditions are fair and reasonable and it is an opportune moment during recent market situations to further expand its fleet of vessels in order to generate more operating income for the Group and hence further increase Shareholders' value.

## GENERAL

Under the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company. A circular containing, amongst other things, further information relating to the Acquisition will be despatched to the Shareholders as soon as reasonably practicable.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions of the following meanings were used:

“Acquisition”	the acquisition of the Vessel under the Agreement;
“Agreement”	the memorandum of agreement dated 2 August 2006 between the Purchaser and the Vendor in respect of the acquisition of the Vessel;
“Board”	the board of Directors;
“Company”	Jinhui Holdings Company Limited;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a company incorporated in Bermuda and an approximately 50.21 per cent. owned subsidiary of the Company whose shares are listed on the Oslo Stock Exchange, Norway;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	Goldbeam Shipping Inc., a wholly-owned subsidiary of Jinhui Shipping, or its nominee;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Ratu Shipping Co., S.A.;
“Vessel”	a deadweight 48,220 metric tons bulk carrier named “Arran Trader” built in 2000 by Oshima Shipbuilding Co., Ltd. incorporated in Japan and is presently registered in Manila;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong; and

“US\$” United States Dollars, the lawful currency of the United States of America, and for the purpose of illustration only, translated into HK\$ at the rate of US\$1.00 = HK\$7.80.

*As at date of this announcement, the Executive Directors of the Company are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of the Company are Cui Jianhua, Tsui Che Yin Frank and William Yau.*

By Order of the Board  
**Jinhui Holdings Company Limited**  
**Ng Kam Wah Thomas**  
*Managing Director*

Hong Kong, 2 August 2006

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