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## **JINHUI HOLDINGS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 137

### **MAJOR TRANSACTION – ACQUISITION OF A VESSEL RESUMPTION OF TRADING OF SHARES**

Jinhui Shipping, an approximately 50.21 per cent. owned subsidiary of the Company, as purchaser, entered into the Agreement with the Vendor on 23 January 2006 to acquire the Vessel at a purchase price of US\$60,000,000 (approximately HK\$468,000,000). The Vessel is expected to be delivered to Jinhui Shipping sometime between mid March 2007 and mid July 2007. The Acquisition constitutes a major transaction for the Company under the Listing Rules.

On 23 January 2006, Jinhui Shipping entered into the Agreement, following which the Company had applied for the suspension of the trading in the shares of the Company. Trading in the shares of the Company was suspended with effect from 9:30 a.m. on 24 January 2006. The Company has applied to The Stock Exchange of Hong Kong Limited for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 26 January 2006.

#### **THE AGREEMENT**

##### **Purchaser**

The purchaser of the Vessel (as defined below) is Jinhui Shipping and Transportation Limited (“Jinhui Shipping”) or its nominee. Jinhui Shipping is an approximately 50.21 per cent. owned subsidiary of Jinhui Holdings Company Limited (the “Company”). The principal activities of Jinhui Shipping and its subsidiaries include international ship chartering and ship owning.

##### **Vendor**

The vendor of the Vessel (as defined below) is Bocimar International NV (the “Vendor”). The Vendor is in the business of the transportation of dry bulk goods and its 100% owned parent company CMB NV is a maritime company whose shares are quoted on Euronext Brussels. Each of CMB NV and the Vendor is a third party independent of the Company and connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) of the Company. The Vessel is currently under a time charter party arrangement entered into on 30 March 2005 with a wholly-owned subsidiary of Jinhui Shipping.

## **The Acquisition**

Pursuant to a memorandum of agreement dated 23 January 2006 (the “Agreement”), the Vendor has agreed to sell and deliver to Jinhui Shipping or its nominee the motor vessel “Mineral Shanghai”, one deadweight 173,880 metric tons bulk carrier built in 2004 and registered in Antwerp (the “Vessel”), and Jinhui Shipping has agreed to purchase and take delivery of the Vessel from the Vendor (the “Acquisition”).

The Vessel is proposed to be used by Jinhui Shipping or its nominee for chartering out to gain operating income after delivery.

## **Consideration**

The purchase price for the Vessel is US\$60,000,000 (approximately HK\$468,000,000) and is payable in the following manner:

- (1) a deposit of US\$6,000,000 (approximately HK\$46,800,000) will be payable within three business days upon signing of the Agreement; and
- (2) the balance of US\$54,000,000 (approximately HK\$421,200,000) will be payable upon delivery of the Vessel.

The purchase price for the Vessel will be payable by cash in United States Dollars which will be funded by the internal resources and bank loans of the Company and its subsidiaries (the “Group”). The purchase price of the Vessel was determined by reference to current market value of similar type of vessels and on the basis of arm’s length negotiations.

## **Delivery**

The Agreement provides for the delivery of the Vessel after the end of the time charter party arrangement which is expected to take place sometime between mid March 2007 and mid July 2007. If there is any delay in delivery of the Vessel, Jinhui Shipping has the right to rescind the Agreement and the Vendor shall thereupon promptly refund the full amount of the deposit together with interest thereon to Jinhui Shipping.

## **REASONS FOR THE ACQUISITION**

The Group’s principal activities include international ship chartering, ship owning and trading. The outlook of the dry bulk shipping market remains to be healthy and the Group believes the freight rates should continue at very firm levels, and the addition of a vessel will further complement our owned young and modern fleet of vessels to serve with the growing needs of our customers. The Group currently owns thirteen dry bulk vessels. After the Acquisition, the Group will have additional six newly built and one second hand dry bulk vessels for delivery going forward, where one of which will be delivered in 2006, another four in 2007 and two in 2008.

The terms and conditions of the Agreement have been agreed on normal commercial terms following arm’s length negotiations. The Company considers such terms and conditions of the Agreement 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

The net profits attributable to the Vessel for the two years immediately preceding the Acquisition have not been made available to Jinhui Shipping despite formal requests for such information have been made with the Vendor.

Under the Listing Rules, the Acquisition constitutes a major transaction for the Company and is subject to shareholders' approval in general meeting in accordance with the Listing Rules. Fairline Consultants Limited, the controlling shareholder of the Company, holds approximately 55.36 per cent. of the issued share capital of the Company and voting rights in general meeting and is not interested in the Acquisition other than through its shareholding interest in the Company, therefore no shareholder of the Company is required to abstain from voting on the Acquisition, and the Acquisition will be approved by a written shareholders' approval. A circular containing, amongst other things, further information relating to the Acquisition will be despatched to the shareholders of the Company as soon as reasonably practicable.

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*Unless otherwise specified, amounts denominated in United States Dollars have been translated, for the purpose of illustration only, into Hong Kong Dollars at the rate of US\$1.0 to HK\$7.8. No representation is made that any amounts in United States Dollars or Hong Kong Dollars could have been or could be converted at the above rate or at any other rate or at all.*

*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 Siu Fai**  
Chairman

Hong Kong, 25 January 2006

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