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**JINHUI HOLDINGS COMPANY LIMITED**  
*(Incorporated in Hong Kong with limited liability)*

Stock Code: 137

**MAJOR TRANSACTION  
ACQUISITION OF A VESSEL  
AND  
GUARANTEE IN CONNECTION WITH  
AN ACQUISITION OF A VESSEL  
AND  
RESUMPTION OF TRADING OF SHARES**

**ACQUISITION OF A VESSEL**

Jinheng, an approximately 50.21 per cent. indirectly owned subsidiary of the Company, entered into Agreement A with Vendor A on 15 September 2006 to acquire Vessel A at a purchase price of US\$33,300,000 (approximately HK\$259,740,000). Vessel A will be delivered to Jinheng on or before 30 June 2010.

**GUARANTEE IN CONNECTION WITH AN ACQUISITION OF A VESSEL**

Jinhui Shipping, as guarantor, and Bocimar HK, as purchaser, entered into Agreement B with Vendor B on 15 September 2006 to acquire Vessel B at a purchase price of US\$33,300,000 (approximately HK\$259,740,000). Vessel B will be delivered to Bocimar HK on or before 30 June 2010. Bocimar HK is an indirect wholly-owned subsidiary of CMB NV, a maritime company whose shares are quoted on Euronext Brussels. In consideration of Jinhui Shipping entering into Agreement B as guarantor in respect of the performance of the obligations of Bocimar HK under Agreement B, a counter guarantee dated 15 September 2006 has been provided by Bocimar International NV to Jinhui Shipping in respect of the performance of the obligations of Bocimar HK that are being guaranteed by Jinhui Shipping under Agreement B.

Jinhui Shipping and Bocimar International NV, the dry bulk shipping arm of CMB NV, intend to co-operate to jointly expand their presence in dry bulk shipping business with a focus in Handymax tonnage. Jinhui Shipping and Bocimar International NV are currently in talks on the manner of the co-operation but no concrete details have been concluded. Further details will be announced as soon as an agreement has been reached.

The Acquisition and the Vessel B Guarantee on an aggregated basis for the purposes of Rule 14.22 of the Listing Rules constitute a major transaction for the Company under the Listing Rules.

Trading in the shares of the Company was suspended at the request of the Company with effect from 9:30 a.m. on 18 September 2006. The Company has applied to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 19 September 2006.

## **ACQUISITION OF A VESSEL**

### **Purchaser**

Jinheng is a ship owning 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 A**

Vendor A is in the business of shipping and a wholly-owned subsidiary of Geden Holdings Ltd., a shipping company whose ultimate beneficial owner is a private company held by a Turkish family. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, Vendor A and its ultimate beneficial owner are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. The Group has not acquired or disposed of any other vessel with Vendor A and its ultimate beneficial owner during the last twelve months from date of Agreement A.

### **The Acquisition**

Pursuant to Agreement A dated 15 September 2006, Vendor A has agreed to sell and deliver Vessel A to Jinheng, and Jinheng has agreed to purchase and to take delivery of Vessel A from Vendor A. Vessel A is a Handymax vessel of deadweight 55,000 metric tons to be built by Nantong COSCO KHI Ship Engineering Co., Ltd. in China. Vessel A is proposed to be used for chartering out to gain operating income by Jinheng after delivery. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, Nantong COSCO KHI Ship Engineering Co., Ltd. and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

### **Consideration**

The purchase price for Vessel A is US\$33,300,000 (approximately HK\$259,740,000) and is payable by Jinheng in the following manner:

- (1) a deposit of US\$5,500,000 (approximately HK\$42,900,000) will be payable within three banking days from the date of signing of Agreement A to a bank account in the joint names of Jinheng and Vendor A, and will be released to Vendor A on delivery of Vessel A; and
- (2) the balance of US\$27,800,000 (approximately HK\$216,840,000) will be payable on delivery of Vessel A.

The purchase price for Vessel A will be payable by cash in United States Dollars. It is currently expected that the purchase price for Vessel A 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**

Agreement A provides that the delivery of Vessel A will take place on or before 30 June 2010. Pursuant to the terms of Agreement A, if there is any delay in delivery of Vessel A, Jinheng has the right to rescind Agreement A. Vendor A shall thereupon promptly refund the full amount of the deposit together with bank interest accrued thereon to Jinheng.

## **Guarantee**

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

## **GUARANTEE IN CONNECTION WITH AN ACQUISITION OF A VESSEL**

### **Purchaser**

Bocimar HK is a wholly-owned subsidiary of Bocimar International NV, which is in turn an indirect wholly-owned subsidiary of CMB NV. CMB NV is a maritime company whose shares are quoted on Euronext Brussels with a market capitalization exceeding EUR900 million (approximately HK\$8.9 billion) as at the date of this announcement and according to the CMB NV annual report 2005, CMB NV recorded a turnover of approximately EUR427 million (approximately HK\$4.2 billion) and an after tax profit of approximately EUR154.7 million (approximately HK\$1.5 billion) for the year ended 31 December 2005 (for further information regarding CMB NV, please visit the website: <http://www.holding.cmb.be>). To the best of the Board's knowledge, information and belief having made all reasonable enquiry, each of Bocimar HK, Bocimar International NV and CMB NV is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

### **Vendor B**

Vendor B is in the business of shipping and a wholly-owned subsidiary of Geden Holdings Ltd., a shipping company whose ultimate beneficial owner is a private company held by a Turkish family. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, Vendor B and its ultimate beneficial owner are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

### **Agreement B**

Pursuant to Agreement B dated 15 September 2006, Vendor B has agreed to sell and deliver Vessel B to Bocimar HK, and Bocimar HK has agreed to purchase and to take delivery of Vessel B from Vendor B, furthermore, Jinhui Shipping has agreed to guarantee the performance of the obligations of Bocimar HK under Agreement B. Vessel B is a Handymax vessel of deadweight 55,000 metric tons with identical specifications to Vessel A, to be built by Nantong COSCO KHI Ship Engineering Co., Ltd. in China and to be delivered to Bocimar HK on or before 30 June 2010.

The purchase price for Vessel B is US\$33,300,000 (approximately HK\$259,740,000) and is payable by Bocimar HK in the following manner:

- (1) a deposit of US\$5,500,000 (approximately HK\$42,900,000) will be payable within three banking days from the date of signing of Agreement B to a bank account in the joint names of Bocimar HK and Vendor B, and will be released to Vendor B on delivery of Vessel B; and
- (2) the balance of US\$27,800,000 (approximately HK\$216,840,000) will be payable on delivery of Vessel B.

### **Vessel B Guarantee and Counter Guarantee**

Jinhui Shipping will guarantee the performance of the obligations of Bocimar HK under Agreement B in favour of Vendor B and no fees are payable in respect of the granting of the Vessel B Guarantee.

In consideration of Jinhui Shipping entering into Agreement B as guarantor in respect of the performance of the obligations of Bocimar HK under Agreement B, a counter guarantee dated 15 September 2006 has been provided by Bocimar International NV to Jinhui Shipping in respect of the performance of the obligations of Bocimar HK that are being guaranteed by Jinhui Shipping under Agreement B.

### **Background of Bocimar International NV**

Bocimar International NV has been involved in dry bulk shipping business for over twenty five years, and is a wholly-owned subsidiary of CMB NV, a maritime company whose shares are quoted on Euronext Brussels. Bocimar International NV has particular focus and expertise in Capesize tonnage, with its fleet currently consists of sixteen wholly or partially owned Capesize vessels. In addition, Bocimar International NV's fleet also includes about twenty chartered-in vessels.

### **REASONS FOR THE ACQUISITION AND THE VESSEL B GUARANTEE**

The Group's principal activities include international ship chartering, ship owning and trading. Vessel A is a Handymax vessel. The Acquisition will enable the Group 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 ten dry bulk vessels. After the Acquisition, the Group will have additional seven newly built vessels and four second hand vessels for delivery going forward, where two of which will be delivered in 2006, four in 2007, three in 2008, one in 2009 and one in 2010.

The terms and conditions of Agreement A have been agreed on normal commercial terms following arm's length negotiations. The Board considers such terms and conditions to be fair and reasonable and in the best interests of the Company and its shareholders as a whole. The Company believes it is an opportune moment during recent market situations to further expand its fleet of vessels in order to increase operating income for the Group.

The Group intends to co-operate with Bocimar International NV to jointly expand their presence in dry bulk shipping business with a focus in Handymax tonnage and with a view to generate additional operating income for the Group. Jinhui Shipping and Bocimar International NV are currently in talks on the manner of the co-operation but no concrete details have been concluded. Further details will be announced as soon as an agreement has been reached. Furthermore, it is common market practice for a guarantee to be provided over the performance of the obligations of an acquirer of a vessel, given that the negotiations for the acquisition of Vessel B were initially undertaken by Jinhui Shipping on behalf of Bocimar HK and to avoid undue delays in finalising the transaction if Jinhui Shipping were not to be included as a party to the agreement, Jinhui Shipping has agreed to act as guarantor under Agreement B with the support of the counter guarantee provided by Bocimar International NV. As the Vessel B Guarantee is supported by a counter guarantee provided by Bocimar International NV in favour of Jinhui Shipping and in view of the possible co-operation with Bocimar International NV and the potential business opportunities that may be available to the Group from such co-operation, the Directors believe that it is in the interests of the Company and the Shareholders as a whole to enter into the Vessel B Guarantee.

## GENERAL

Under the Listing Rules, the Acquisition and the Vessel B Guarantee on an aggregated basis for the purposes of Rule 14.22 of the Listing Rules constitute a major transaction for the Company and are subject to shareholders' approval in general meeting. Fairline Consultants Limited, the controlling shareholder of the Company holding 312,829,280 shares of the Company which representing approximately 59.59 per cent. of the issued share capital of the Company and voting rights in general meetings of the Company, is not interested in the Acquisition or the Vessel B Guarantee other than through its shareholding interest in the Company, and therefore no Shareholder is required to abstain from voting on the Acquisition and the Vessel B Guarantee if the Company were to convene a general meeting for the approval of the Acquisition and the Vessel B Guarantee, and the Acquisition and the Vessel B Guarantee will be approved by a written shareholders' approval. A circular containing, amongst other things, further information relating to the Acquisition and the Vessel B Guarantee will be despatched to the Shareholders as soon as reasonably practicable.

On 15 September 2006, the Group entered into the Acquisition and the Vessel B Guarantee, following which the Company had applied for the suspension of the trading in the shares of the Company on 16 September 2006. Trading in the shares of the Company was suspended with effect from 9:30 a.m. on 18 September 2006. The Company has applied to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 19 September 2006.

## DEFINITIONS

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

“Acquisition”	the acquisition of Vessel A under Agreement A;
“Agreement A”	the memorandum of agreement dated 15 September 2006 between Jinheng, Vendor A and Jinhui Shipping in respect of the acquisition of Vessel A;
“Agreement B”	the memorandum of agreement dated 15 September 2006 between Bocimar HK, Vendor B and Jinhui Shipping in respect of the acquisition of Vessel B;
“Board”	the board of Directors;
“Bocimar HK”	Bocimar Hong Kong Limited, a wholly-owned subsidiary of Bocimar International NV;
“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;
“Jinheng”	Jinheng Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;

“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;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor A”	Super Shipping Ltd., a company registered in Malta;
“Vendor B”	Best Shipping Ltd., a company registered in Malta;
“Vessel A”	a deadweight 55,000 metric tons bulk carrier to be built by Nantong COSCO KHI Ship Engineering Co., Ltd. in China, and to be delivered on or before 30 June 2010;
“Vessel B”	a deadweight 55,000 metric tons bulk carrier to be built by Nantong COSCO KHI Ship Engineering Co., Ltd. in China, and to be delivered on or before 30 June 2010;
“Vessel B Guarantee”	the guarantee in respect of the performance of the obligations of Bocimar HK under Agreement B given by Jinhui Shipping in favour of Vendor B;
“EUR”	EURO, the lawful currency of the twelve European Union countries, and for the purpose of illustration only, translated into HK\$ at the rate of EUR1.00 = HK\$9.862;
“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 Siu Fai**  
*Chairman*

Hong Kong, 18 September 2006

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