

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

DISCLOSEABLE TRANSACTION

Jinsheng, an approximately 50.9 per cent. owned indirect subsidiary of the Company, as buyer, entered into the Contract with the Seller on 30 June 2003 to acquire the Vessel at a purchase price of US\$21,970,000 (equivalent to HK\$171,366,000). The purchase price was agreed after arm's length negotiations and by reference to current market value of similar type of vessels.

The Vessel is to be delivered to Jinsheng on or before 20 December 2005. The payment obligations of Jinsheng in respect of the Vessel are guaranteed by Jinhui Shipping, an approximately 50.9 per cent. owned subsidiary of the Company and the intermediate holding company of Jinsheng.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

THE CONTRACT

1. Purchaser

Jinsheng Marine Inc. ("Jinsheng"), a wholly-owned subsidiary of Jinhui Shipping and Transportation Limited ("Jinhui Shipping") which is in turn an approximately 50.9 per cent. owned subsidiary of Jinhui Holdings Company Limited (the "Company").

2. Vendor

Mitsubishi Corporation (the "Seller"), a trading firm listed on Tokyo Stock Exchange in Japan, is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

3. The Acquisition

Pursuant to a contract dated 30 June 2003 (the "Contract"), the Seller has agreed to purchase from a designated shipbuilder, Tsuneishi Corporation (the "Builder"), one deadweight 76,300 metric tons type single screw motor bulk carrier (the "Vessel"), to be built at the Builder's shipyard in Japan and to sell and deliver the Vessel to Jinsheng in Japan and Jinsheng has agreed to purchase and take delivery of the Vessel from the Seller (the "Acquisition"). The Vessel is proposed to be used for chartering out to gain hire or freight income by Jinsheng after delivery. It is a commercial practice for shipbuilders in Japan to deal businesses through international trading firms such as the Seller as they may not be familiar with the overseas buyers. The Builder and its beneficial owners are independent third parties not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules).

4. Consideration

Subject to certain provisions for adjustment to reduce the purchase price of the Vessel contained in the Contract relating to, amongst other things, delay in the delivery of the Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the Vessel is US\$21,970,000 (equivalent to HK\$171,366,000) payable by three instalments. The adjustment in this respect, if any, will not be material as compared to the agreed purchase price.

The first instalment in the sum of US\$2,197,000 (equivalent to HK\$17,136,600) will be payable on or before 7 July 2003. The second instalment payable under the Contract of US\$1,098,500 (equivalent to HK\$8,568,300) will be payable upon launching of the Vessel which is expected to be around September 2005. The last instalment is to be paid upon delivery of the Vessel on or before 20 December 2005.

The purchase price for the Vessel will be payable by cash in United States Dollars. The first and second instalments are expected to be funded by internal resources of the Company and its subsidiaries (the "Group"). The last instalment is expected to be funded by the Group's internal resources and bank loans for the amount of US\$1,098,500 (equivalent to HK\$8,568,300) and US\$17,576,000 (equivalent to HK\$137,092,800) respectively. The purchase price was determined by reference to current market value of similar type of vessels and on the basis of arm's length negotiations.

5. Condition Subsequent

According to the Contract, if the construction permit for the Vessel shall not have been issued by the relevant authority in Japan within 90 days prior to keel-laying of the Vessel, which is expected to be around the fourth quarter of 2004, then the Contract shall, unless otherwise mutually agreed in writing by the parties, automatically become null and void. The Seller shall immediately refund to Jinsheng in United States Dollars the full amount received from Jinsheng without any interest. If the Contract becomes null and void, a further announcement will be issued in this respect.

6. Delivery

The Contract provides for the delivery of the Vessel on or before 20 December 2005 to Jinsheng in Japan. If there is delay in delivery of the Vessel which continues for a period of 90 days from the thirty-first day after the agreed delivery date by all the parties involved, and after such period has expired, Jinsheng may at its option rescind the Contract. The Seller shall thereupon promptly refund to Jinsheng in United States Dollars the full amount of all sums received by the Seller together with interest accrued thereon at an agreed rate from the date of receipt by the Seller of such amount to the date of full payment to Jinsheng of such amount.

7. Undertaking by the Builder

Pursuant to the Contract, the Seller has also agreed to assign the Builder's warranty of quality to Jinsheng with the Builder's consent upon delivery of the Vessel including the undertaking by the Builder to remedy Jinsheng at first priority and free of charge for any defects in the Vessel which are due to defective material, defective construction and/or bad workmanship on the part of the Builder and/or its sub-contractors within a period of twelve months after the date of delivery of the Vessel.

8. Guarantee by Jinhui Shipping

Jinhui Shipping, an approximately 50.9 per cent. owned subsidiary of the Company and the intermediate holding company of Jinsheng, executed on 30 June 2003 a guarantee in favour of the Seller pursuant to which it agrees to guarantee the due and faithful performance and fulfillment by Jinsheng including prompt payment when due of the price of the Vessel in accordance with the terms of the Contract.

REASONS FOR THE ACQUISITION

The Group's principal activities include international ship chartering, ship owning, trading and transportation. The freight rates of the shipping market have been picked up steadily with the Baltic Dry Index opened at 1,738 at the beginning of 2003 and closed at 2,125 as at 30 June 2003, a rise by 387 points over the past six months. The Company considers that the purchase price of the Vessel is 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.

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 of the Company as soon as reasonably practicable.

Unless otherwise specified, amounts denominated in US Dollars have been translated, for the purpose of illustration only, into Hong Kong Dollars at the rate of US\$1.00=HK\$7.80 as at 30 June 2003. No representation is made that any amounts in US Dollars or Hong Kong Dollars could have been or could be converted at the above rate or at any other rate or at all.

By Order of the Board
Ng Siu Fai
Chairman and Managing Director

Hong Kong, 4 July 2003

Please also refer to the published version of this announcement in The Standard.