

The Stock Exchange of Hong Kong Limited (“Stock Exchange”) 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)

MAJOR TRANSACTION

The Buyer, an approximately 50.9 per cent owned subsidiary of the Company, as buyer, entered into the Agreement on 9 March 2004 to acquire the Vessel at a purchase price of US\$35,300,000 (approximately HK\$275,340,000).

The Vessel is expected to be delivered to the Buyer or its nominee during the period from 1 February 2005 to 30 May 2005.

The Acquisition constitutes a major transaction for the Company under the Listing Rules. Trading in the shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 10 March 2004 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of such trading from 9:30 a.m. on 12 March 2004.

INTRODUCTION

The board of directors of Jinhui Holdings Company Limited (the “Company”) announce that a memorandum of agreement (the “Agreement”) has been entered into on 9 March 2004 between a wholly-owned subsidiary of Jinhui Shipping and Transportation Limited (the “Buyer”) and Super Venture International Limited (the “Seller”), an independent third party. Pursuant to the Agreement, the Buyer or its nominee will acquire from the Seller one deadweight 55,500 metric tons type single screw diesel propelled bulk carrier (the “Vessel”) which will be built and delivered in Japan, at a purchase price of US\$35,300,000 (approximately HK\$275,340,000) (the “Acquisition”).

THE AGREEMENT

1. The Buyer

The Buyer, a wholly-owned subsidiary of Jinhui Shipping and Transportation Limited (“Jinhui Shipping”), a company listed on the Oslo Stock Exchange, which is in turn an approximately 50.9 per cent. owned subsidiary of the Company.

2. The Seller

Super Venture International Limited and its beneficial shareholders are not connected persons with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

3. The Acquisition

Pursuant to the Agreement, the Seller agreed to sell and expected to deliver to the Buyer or its nominee the Vessel in Japan during the period from 1 February 2005 to 30 May 2005. The Vessel is proposed to be used for chartering out to gain operating income by Jinhui Shipping and/or its subsidiaries after delivery. The usage of this vessel is to load dry bulk cargoes including but not limited to grains, coke and iron ore.

4. Consideration

The purchase price of the Vessel contained in the Agreement is US\$35,300,000 (approximately HK\$275,340,000) payable by three instalments.

The first instalment in the sum of US\$3,530,000 (approximately HK\$27,534,000) will be payable within 3 banking days after the signing of the Agreement. The second instalment in the sum of US\$3,530,000 (approximately HK\$27,534,000) will be payable upon keel-laying of the Vessel which is expected to be around September 2004. The first two instalments will be payable to an interest-bearing bank account in the joint names of the Buyer and the Seller until released on delivery of the Vessel. The first two instalments with the interest-bearing bank account in the joint names of the Buyer and the Seller cannot be utilized unless with the joint written instructions of the Seller and Buyer. Any interest earned on that account will be for the benefit of the Buyer on completion of the Acquisition. The last instalment will be payable upon delivery of the Vessel which is expected to be on date during the period from 1 February 2005 to 30 May 2005. Any fee charged for holding the said deposit shall be borne by the Seller and the Buyer equally.

The purchase price for the Vessel will be payable by cash in United States Dollars. The first two instalments are expected to be funded by the internal resources of the Jinhui Shipping and/or its subsidiaries. The last instalment is expected to be funded by bank loans and internal resources. The purchase price was determined by reference to current market values from around early March 2004 to the date signing of the Agreement of similar type of vessels and on the basis of arm’s length negotiations. As such, the directors of the Company are of the view that the purchase price is fair and reasonable and the purchase price is in-line with the recent quotation in about March 2004.

5. Delivery

The Agreement provides that the expected time of delivery of the Vessel will take place in Japan during the period from 1 February 2005 to 30 May 2005. Subject to the terms of the Agreement, if there is any delay in the delivery of the Vessel, the Buyer may at its option cancel the Agreement and the full amount of all sums paid by the Buyer together with interest earned thereon shall be released to the Buyer immediately.

REASONS FOR THE ACQUISITION

The principal activities of the Company and its subsidiaries (the “Group”) include international ship chartering, ship owning and trading. The freight rates of the shipping market have picked up rapidly with the Baltic Dry Index (an index reflects the performance of charter hire for bulk carriers) rose by around 3,000 points over the past six months to close at 5,263 as at 29 February 2004. 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 major transaction for the Company and is subject to shareholders’ approval in general meeting. However, Fairline Consultants Limited, the controlling shareholder of the Company holding approximately 57.74 per cent. of the issued share capital of the Company and voting right in general meeting, is not interested in the Acquisition (other than through its shareholding interest in the Company and its approximately 0.50 per cent. direct shareholding interest in Jinhui Shipping) and has given to the Company its irrevocable approval in writing of the Acquisition, and the Company has applied for a waiver from the Stock Exchange from the requirement to convene a general meeting to obtain an approval of the Acquisition from the shareholders of 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 practicable.

Trading in the shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 10 March 2004 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of such trading from 9:30 a.m. on 12 March 2004.

By Order of the Board
Ng Siu Fai
Chairman

Hong Kong, 11 March 2004

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