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## **JINHUI HOLDINGS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 137

### **DISCLOSEABLE TRANSACTION**

Jinyang, an approximately 50.9 per cent. owned subsidiary of the Company, as buyer, entered into the Agreement on 13 April 2004 to acquire the Vessel at a purchase price of US\$37,250,000 (approximately HK\$290,550,000).

The Vessel is expected to be delivered to Jinyang during the period from 1 March 2005 to 30 April 2005.

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

### **INTRODUCTION**

The board of directors ("Directors") of Jinhui Holdings Company Limited (the "Company") announce that a memorandum of agreement (the "Agreement") has been entered into on 13 April 2004 between Jinyang Marine Inc. ("Jinyang"), a wholly-owned subsidiary of Jinhui Shipping and Transportation Limited and Xing Long Maritime S.A. (the "Seller"), being not a connected person as defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Pursuant to the Agreement, Jinyang will acquire from the Seller one deadweight 76,500 metric tons type bulk carrier (the "Vessel"), which will be built and delivered in Japan, at a purchase price of US\$37,250,000 (approximately HK\$290,550,000) (the "Acquisition").

### **THE AGREEMENT**

#### **1. The Buyer**

Jinyang, 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**

The Seller is a wholly-owned subsidiary of ORIX Corporation, a listed company on the stock exchanges of Tokyo, Nagoya and Osaka. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, ORIX Corporation and its subsidiaries are not connected persons with the Company as defined by the Listing Rules.

### **3. The Acquisition**

Pursuant to the Agreement, the Seller agreed to sell and expected to deliver to Jinyang the Vessel in Japan during the period from 1 March 2005 to 30 April 2005. The Vessel is proposed to be used for chartering out to gain operating income by Jinyang after delivery. The usage of this Vessel is to load dry bulk cargoes including but not limited to coal, minerals and agricultural products.

### **4. Consideration**

The purchase price of the Vessel contained in the Agreement is US\$37,250,000 (approximately HK\$290,550,000) payable by three instalments.

The first instalment in the sum of US\$7,450,000 (approximately HK\$58,110,000) will be payable by Jinyang to the Seller's designated bank account within 3 banking days after the signing of the Agreement. The second instalment in the sum of US\$3,725,000 (approximately HK\$29,055,000) will be payable on 28 September 2004. The last instalment will be payable upon delivery of the Vessel which is expected to be on a date during the period from 1 March 2005 to 30 April 2005.

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 Jinhui Shipping and 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 provided by shipping brokers from around early March 2004 to the date of signing of the Agreement of similar type of vessels and on the basis of arm's length negotiations. The Directors are of the view that the purchase price is fair and reasonable.

### **5. Delivery**

The Agreement provides that the expected time of delivery of the Vessel will take place in Japan during the period from 1 March 2005 to 30 April 2005. Subject to the terms of the Agreement, if there is any delay in the delivery of the Vessel, Jinyang may at its option cancel the Agreement and the full amount of all sums paid by Jinyang together with interest accrued thereon at an agreed rate of 3 per cent. per annum shall be returned to Jinyang immediately.

### **6. Guarantees**

Jinhui Shipping, the intermediate holding company of Jinyang, executed on 13 April 2004 a guarantee in favour of the Seller pursuant to which it agrees to guarantee the due and faithful performance by Jinyang of all its liabilities and responsibilities under the Agreement. ORIX Maritime Corporation, the intermediate holding company of the Seller, also executed on 13 April 2004 a guarantee in favour of Jinyang pursuant to which it agrees to guarantee the due and faithful performance by the Seller of all its liabilities and responsibilities under the Agreement.

## **REASONS FOR THE ACQUISITION**

The principal activities of the Company and its subsidiaries (the “Group”) include international ship chartering, ship owning and trading. The Group currently owns ten dry bulk vessels. After the Acquisition, the Group has altogether five dry bulk vessels under construction; of which three will be delivered in 2005 and the other two will be delivered in 2007. The freight rates of the shipping market have increased rapidly with the Baltic Dry Index (an index reflects the performance of charter hire for bulk carriers) rose by 1,829 points over the past six months to close at 4,822 as at 31 March 2004. The Directors consider that the purchase price of the Vessel is fair and reasonable. In view of the rapid economic growth in Asian countries especially China, the Directors expect that the outlook of the dry bulk market remains strong and it is an opportune moment to further expand its fleet of owned vessels instead of charter-in vessels in order to generate more operating income and to maximize the returns for the Group in future.

## **GENERAL**

As at date of this announcement,

- (a) the executive directors of the Company are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin;
- (b) the non-executive directors of the Company are Ho Kin Lung and So Wing Hung Peter; and
- (c) the independent non-executive directors of the Company are Cui Jian Hua and Tsui Che Yin Frank.

The Acquisition constitutes a discloseable transaction under Rule 14.06 of the Listing Rules. 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.

By Order of the Board  
**Ng Siu Fai**  
*Chairman*

Hong Kong, 13 April 2004

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