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## **JINHUI HOLDINGS COMPANY LIMITED**

**金輝集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

Stock Code : 137

### **DISCLOSEABLE TRANSACTION DISPOSAL OF A VESSEL**

Jinhe, an approximately 54.77% indirectly owned subsidiary of the Company, entered into the Agreement with the Purchaser on 4 June 2009 to dispose of the Vessel for a consideration of US\$39,000,000 (approximately HK\$304,200,000). The Vessel will be delivered to the Purchaser during the period between 15 November 2009 to 31 December 2009.

Under the Listing Rules, the Disposal constitutes a discloseable transaction for the Company.

#### **THE DISPOSAL**

The Board announces that on 4 June 2009, Jinhe entered into the Agreement with the Purchaser for the disposal of the Vessel.

#### **Vendor**

Jinhe is a ship owning company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 54.77% owned subsidiary of the Company as at date of this announcement.

#### **Purchaser**

The Purchaser is a private ship owning company incorporated in India. The principal activities of the Purchaser are ship owning and ship management. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners and its respective associates do not hold shares of the Company, and are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. The Group has not entered into any agreement to acquire or dispose of any other vessel with the Purchaser during the last twelve months from date of the Agreement.

## **Consideration**

Under the Agreement, Jinhe agrees to dispose of the Vessel for a consideration of US\$39,000,000 (approximately HK\$304,200,000) payable by the Purchaser as follows:

- (1) an initial deposit of US\$7,800,000 (approximately HK\$60,840,000) will be payable by the Purchaser within three banking days from the date of signing of the Agreement to a bank account in the joint names of Jinhe and the Purchaser and will be released on the delivery of the Vessel; and
- (2) the balance of US\$31,200,000 (approximately HK\$243,360,000) will be payable on the delivery of the Vessel which will take place during the period between 15 November 2009 to 31 December 2009 at Jinhe's option.

The consideration of the Vessel was determined with reference to the prevailing market values, driven by supply and demand and based on arm's length negotiations with the Purchaser.

## **Vessel**

The Vessel is a Panamax of deadweight 77,250 metric tons, built in 2006 and registered in Hong Kong.

Jinhe is a special purpose company for holding the Vessel. The Vessel has been owned by the Group since April 2006 and its net book value as at 31 December 2008 was approximately HK\$236,129,000. The net profit both before and after taxation and extraordinary items attributable to Jinhe for the financial years ended 31 December 2008 and 31 December 2007 were approximately HK\$33,964,000 and HK\$33,939,000 respectively.

## **Use of Payment Received**

The Group intends to use the net sale proceeds received pursuant to the Agreement for the general working capital of the Group.

## **REASONS FOR THE DISPOSAL**

The Group's principal activities include international ship chartering, ship owning and trading. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet size as appropriate. The Directors believe that the Disposal will enable the Group to enhance its working capital position and to further improve its liquidity. The Group currently owns one modern Capesize, two modern Panamaxes (including the Vessel), twenty one modern grabs fitted Supramaxes (including three Supramaxes which will be disposed by the Group later in 2009 as announced by the Company on 30 March 2009 and 2 June 2009 respectively) and one Handymax. Taking into account all existing commitments to acquire and dispose of other vessels as announced by the Company previously, the Group will have additional seventeen newly built grabs fitted Supramaxes, two newly built Post-Panamaxes, one newly built Panamax and one newly built Handysize for delivery going forward, where four of which will be delivered in 2009, seven in 2010, six in 2011, three in 2012 and one in 2013. The Board believes that the Disposal will not have any material adverse effect on the operations of the Group.

The terms and conditions of the Agreement have been agreed on normal commercial terms following arm's length negotiations with reference to the prevailing market values. The Board considers such terms and conditions are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

Based on the net book value of the Vessel as at 31 December 2008 as described above, the Group would realize a total book gain, after estimated expenses and minority interests, of approximately HK\$32.3 million on disposal of the Vessel. However, the actual book gain which the Group would realize upon completion of the Disposal will depend on the actual net book value of the Vessel as at date of delivery in accordance with the Group's depreciation policy for its vessels as shown in the Company's annual report.

## **GENERAL**

Under the Listing Rules, the disposal of the Vessel constitutes a discloseable transaction for the Company.

## **DEFINITIONS**

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

“Agreement”	the memorandum of agreement dated 4 June 2009 entered into between Jinhe and the Purchaser in respect of the disposal of the Vessel;
“Board”	the board of Directors;
“Capesize”	a dry bulk vessel of deadweight approximately 150,000 metric tons or above;
“Company”	Jinhui Holdings Company Limited;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Vessel under the Agreement;
“Group”	the Company and its subsidiaries;
“Handymax”	a dry cargo vessel of deadweight approximately 45,000 metric tons;
“Handysize”	a dry cargo vessel of deadweight below 40,000 metric tons;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“Jinhe”	Jinhe Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a company incorporated in Bermuda and an approximately 54.77% owned subsidiary of the Company as at date of this announcement, whose shares are listed on the Oslo Stock Exchange, Norway;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Panamax(es)”	vessel(s) of deadweight approximately 70,000 metric tons, designed to be just small enough to transit the Panama Canal;
“Post-Panamaxes”	vessels of deadweight approximately between 90,000 metric tons to 100,000 metric tons;

“Purchaser”	Five Stars Bulkcarriers Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supramax(es)”	dry cargo vessel(s) of deadweight approximately 50,000 metric tons;
“Vessel”	a deadweight 77,250 metric tons bulk carrier “Jin He” registered in Hong Kong;
“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.

By Order of the Board  
**Jinhui Holdings Company Limited**  
**Ng Siu Fai**  
*Chairman*

Hong Kong, 4 June 2009

*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.*