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## **JINHUI HOLDINGS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 137

### **DISCLOSEABLE TRANSACTION ACQUISITION OF A VESSEL**

Jincheng, an approximately 54.34 per cent. indirectly owned subsidiary of the Company, entered into the Agreement with the Vendor on 2 March 2007 to acquire the Vessel at a purchase price of US\$40,500,000 (approximately HK\$315,900,000). The Vessel will be delivered to Jincheng sometime between 10 March 2007 and 10 April 2007. The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

#### **THE AGREEMENT**

##### **Purchaser**

Jincheng is a ship owning company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 54.34 per cent. owned subsidiary of the Company.

##### **Vendor**

The Vendor is a wholly-owned subsidiary of a Japanese-owned private shipping company. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Vendor 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 the Vendor and its ultimate beneficial owners during the last twelve months from date of the Agreement.

##### **The Acquisition**

Pursuant to the Agreement dated 2 March 2007, the Vendor has agreed to sell and deliver the Vessel to Jincheng, and Jincheng has agreed to purchase and take delivery of the Vessel from the Vendor. The Vessel is a Supramax vessel of deadweight 52,961 metric tons built in 2003 by Oshima Shipbuilding Co., Ltd., Japan and is currently registered in Panama. The Vessel is proposed to be used for chartering out to gain operating income by Jincheng after delivery.

##### **Consideration**

The purchase price for the Vessel is US\$40,500,000 (approximately HK\$315,900,000) and is payable by Jincheng in the following manner:

- (1) a deposit of US\$4,050,000 (approximately HK\$31,590,000) will be payable within three banking days after the date of signing of the Agreement to a bank account in the joint names of Jincheng and the Vendor, and will be released to the Vendor on delivery of the Vessel; and
- (2) the balance of US\$36,450,000 (approximately HK\$284,310,000) will be payable on delivery of the Vessel.

The purchase price for the Vessel will be payable by cash in United States Dollars. It is currently expected that approximately 70 per cent. of the purchase price will be funded by bank financing and approximately 30 per cent. will be funded by internal resources of the Group. The purchase price was determined with 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**

The Vessel is currently performing a charter party for the Vendor, which will complete by March 2008 at the latest. The Agreement provides that the delivery of the Vessel will take place sometime between 10 March 2007 and 10 April 2007. Jincheng will receive the pro rata charter income of this charter party which will commence from the time of the delivery of the Vessel until the completion of the charter party. Pursuant to the terms of the Agreement, if there is any delay in delivery of the Vessel, Jincheng has the right to rescind the Agreement and the Vendor shall thereupon promptly refund the full amount of the deposit together with bank interest accrued thereon to Jincheng.

### **Guarantee by Jinhui Shipping**

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

## **REASONS FOR THE ACQUISITION**

The Group's principal activities include international ship chartering, ship owning and trading. The Vessel is a Supramax vessel. The Acquisition will enable the Group to concentrate on maintaining a fleet of grabs fitted Supramaxes 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 eleven modern grabs fitted Supramaxes and one modern Panamax. After the Acquisition, the Group will have additional thirteen newly built grabs fitted Supramaxes, one second hand Capesize, two second hand Supramaxes and one second hand Handymax for delivery going forward, where six of which will be delivered in 2007, three in 2008, two in 2009, four in 2010 and two in 2011.

The terms and conditions of the Agreement have been agreed on normal commercial terms following arm's length negotiations. 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. 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.

## **GENERAL**

The net profits attributable to the Vessel for the two years immediately preceding the Acquisition have not been made available to Jincheng despite formal requests for such information have been made with the Vendor.

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 as soon as reasonably practicable.

## **DEFINITIONS**

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

“Acquisition”                    the acquisition of the Vessel under the Agreement;

“Agreement”                    the memorandum of agreement dated 2 March 2007 entered into between Jincheng and the Vendor in respect of the acquisition 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;
“Group”	the Company and its subsidiaries;
“Handymax”	a dry cargo vessel of deadweight approximately 45,000 metric tons;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Jincheng”	Jincheng Maritime Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a company incorporated in Bermuda and an approximately 54.34 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;
“Panamax”	a vessel of deadweight approximately 70,000 metric tons and is designed to be just small enough to transit the Panama Canal;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supramax(es)”	dry cargo vessel(s) of deadweight approximately 50,000 metric tons;
“Vendor”	Jubilee Line S.A., a company registered in Panama and a wholly-owned subsidiary of its ultimate beneficial owner, Usui Kaiun Co. Ltd., a private family owned ship owning and management company based in Shiogama, Japan. Usui Kaiun Co. Ltd. is the oldest merchant ship owner in the northern part of Japan;
“Vessel”	a deadweight 52,961 metric tons bulk carrier named “Belpareil” built in 2003 by Oshima Shipbuilding Co., Ltd., Japan and is currently registered in Panama;
“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, 2 March 2007

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