

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)

Stock Code: 137

DISCLOSEABLE TRANSACTION PLACING OF 9.4% EXISTING SHARES OF A SUBSIDIARY, JINHUI SHIPPING AND TRANSPORTATION LIMITED

The Company has been approached by the Placing Agent on 26 August 2005 for shares in its 59.61% owned Oslo listed subsidiary, Jinhui Shipping, due to strong investors' demand on the back of a strong set of 2005 interim results and robust outlook of the dry bulk shipping market. Jinhui Shipping has been attracting much investors' interests in the past 12 months, and has consistently been one of the top 20 most heavily traded stocks on the Oslo Stock Exchange with average daily turnover exceeding NOK61,200,000. Jinhui Shipping has been included as a constituent of OBX Index of Oslo Stock Exchange as of 17 June 2005.

The Board announced that the Placing Agreement has been concluded pursuant to which the Placing Agent will place, subject to the terms and conditions of the Placing Agreement, 7,900,000 Jinhui Shipping Shares to independent investors at NOK26.3 per Jinhui Shipping Share (a discount of approximately 1.87% to the closing price of NOK26.8 per Jinhui Shipping Share on 26 August 2005), on the basis that the total placing proceeds will not be less than NOK207,770,000 (approximately HK\$248,492,920).

The Placing Shares represent approximately 9.4% of the existing issued share capital of Jinhui Shipping. Upon completion of the placing of 7,900,000 Jinhui Shipping Shares, the Company's interest in Jinhui Shipping will be reduced from 50,100,000 Jinhui Shipping Shares or approximately 59.61% to 42,200,000 Jinhui Shipping Shares or approximately 50.21% of the existing issued share capital of Jinhui Shipping.

Upon completion of the Placing, Jinhui Shipping will remain as a subsidiary of the Company, with the Company being the controlling shareholder.

PLACING OF EXISTING SHARES OF A SUBSIDIARY

The Company has been approached by the Placing Agent on 26 August 2005 for shares in its 59.61% owned Oslo listed subsidiary, Jinhui Shipping, due to strong investors' demand.

The Board announced that on 26 August 2005, the Placing Agreement has been concluded on the terms summarized below.

Parties:

The parties to the Placing Agreement are:

- (1) Jinhui Holdings Company Limited; and
- (2) the Placing Agent, Pareto Securities ASA.

Jinhui Holdings is an investment holding company, with its subsidiaries principally engaged in the businesses of ship chartering, ship owning and trading. The Company operates its worldwide shipping activities through its 59.61% owned subsidiary, Jinhui Shipping and Transportation Limited, holding 50,100,000 Jinhui Shipping Shares. Upon completion of the Placing where 7,900,000 Jinhui Shipping Shares are placed, Jinhui Holding's interest in Jinhui Shipping will be reduced to 42,200,000 Jinhui Shipping Shares (representing approximately 50.21% of the issued share capital of Jinhui Shipping). Jinhui Holdings will remain as the controlling shareholder of Jinhui Shipping.

Pareto Securities ASA, a leading financial services institution in the Norwegian financial market, established in 1986. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, Pareto Securities ASA and its respective ultimate beneficial owners are third parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company.

Placees:

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the placees of the Placing are third parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company.

Number of Placing Shares:

7,900,000 Jinhui Shipping Shares, representing approximately 9.4% of the existing issued share capital of Jinhui Shipping.

Net profit attributable to the Placing Shares:

The net profit attributable to the Placing Shares for the year ended 31 December 2004 and year ended 31 December 2003 are HK\$36,966,493 and HK\$8,537,300 respectively.

Placing Price:

The placing price was NOK26.3 per Placing Share, representing a discount of approximately 1.87% to the closing price of NOK26.8 per Jinhui Shipping Share (i.e. the closing price of NOK26.8 per Jinhui Shipping Share as quoted on the Oslo Stock Exchange on Friday, 26 August 2005). The Placing Agent has agreed that total placing proceeds will not be less than NOK207,770,000 (approximately HK\$248,492,920).

The placing price of NOK26.3 per Placing Share also represents a premium of 85.2% to the net asset value per Jinhui Shipping Share of approximately NOK14.2, based on the Group's unaudited consolidated financial statements as of 30 June 2005. The Board believes the price per Placing Share is fair and reasonable.

Based on the net asset value per Jinhui Shipping Share in the unaudited consolidated financial statements of the Group as at 30 June 2005, a net gain of approximately HK\$109,934,000, after deducting the fee payable to the Placing Agent of approximately HK\$4,348,626, is expected to be accrued to the consolidated profit and loss account of the Company in 2005 upon completion of the disposal of the Placing Shares.

Ranking of the Placing Shares:

The Placing Shares rank *pari passu* in all respects with the existing issued shares of Jinhui Shipping as at the date of the Placing Agreement. The holders of the Placing Shares have the rights to (i) attend and vote at general meetings of Jinhui Shipping; and (ii) receive dividend declared by Jinhui Shipping by virtue of them being holders of the Jinhui Shipping Shares.

Conditions of the Placing:

The Placing is conditional upon, *inter alia*, there having been, prior to completion of the Placing, no breach of the representations, warranties and undertakings given by Jinhui Holdings. There are no restrictions imposed on the Company pursuant to the Placing.

Payment Terms:

The placing proceeds shall be NOK207,770,000 (approximately HK\$248,492,920), which is payable upon completion of the Placing Agreement.

Completion of the Placing:

Completion of the Placing is expected to take place on Thursday, 1 September 2005.

REASON FOR THE TRANSACTION

Jinhui Shipping has been attracting much investors' interests in the past 12 months, and has consistently been one of the top 20 most heavily traded stocks on the Oslo Stock Exchange with average daily turnover exceeding NOK61,200,000. Jinhui Shipping has been included as a constituent of OBX Index of Oslo Stock Exchange as of 17 June 2005. The Placing Agent approached the Company after the close of trading hours of Oslo Stock Exchange on 26 August 2005 for Jinhui Shipping Shares due to strong investors demand on the back of a strong set of 2005 interim results and robust outlook of the dry bulk shipping market.

In view of the strong investors' demand and an opportunity to further enhance its shareholder base and liquidity for Jinhui Shipping, the Company has agreed to dispose of a proportion of its interest in Jinhui Shipping. The Board believes that the terms of the Placing are fair and reasonable and are in the interest of the Company and the Company's shareholders as a whole. Upon completion of the Placing, the Company remains to be a 50.21% controlling shareholder of Jinhui Shipping.

USE OF PROCEEDS

The Company will use the proceeds of the Placing to seek suitable shipping or port related investment opportunities, especially in China, Pearl River Delta. The Company is committed to increase long term value for the Company's shareholders.

GENERAL

Under the Listing Rules, the Placing constitutes a discloseable transaction for the Company. A circular containing, amongst other things, further information relating to the Placing will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors;
“Company” or “Jinhui Holdings”	Jinhui Holdings Company Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a company incorporated in Bermuda and, before the completion of the Placing, an approximately 59.61% owned subsidiary of the Company whose shares are listed on the Oslo Stock Exchange, Norway;
“Jinhui Shipping Group”	Jinhui Shipping and its subsidiaries;
“Jinhui Shipping Share(s)”	ordinary share(s) of US\$0.05 each in the share capital of Jinhui Shipping;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Placing”	the placing of 7,900,000 Jinhui Shipping Shares from the Company to the Placing Agent;

“Placing Agent”	Pareto Securities ASA, a leading financial services institution in the Norwegian financial market, established in 1986;
“Placing Agreement”	Agreement between the Company and the Placing Agent where 7,900,000 Jinhui Shipping Shares has been placed to third parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company;
“Placing Shares”	7,900,000 Jinhui Shipping Shares legally and beneficially owned by the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“NOK”	Norwegian Krone, the lawful currency of Norway, and for the purpose of illustration only, translated into HK\$ at the rate of NOK1=HK\$1.1960.

As at the 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 ; the Non-executive Director of the Company is Ho Kin Lung; 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, 29 August 2005

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