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## **JINHUI HOLDINGS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 137

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

The Board announces that on 31 March 2005 Jinrong Marine entered into a Memorandum with the Vendor for the acquisition of a Vessel.

Under the Memorandum, Jinrong Marine agrees to acquire from the Vendor, one deadweight 28,200 metric tons bulk carrier, which will be delivered during the period from 1 November 2005 to 30 November 2005. The consideration for the Vessel is US\$27,800,000 (approximately HK\$216,840,000).

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 of the Company as soon as reasonably practicable.

#### **INTRODUCTION**

The Board announces that on 31 March 2005, Jinrong Marine, a wholly owned subsidiary of Jinhui Shipping, entered into a Memorandum with the Vendor.

The Vendor is an independent ship owning company incorporated in Malta, and to the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Vendor and its respective ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

#### **THE ACQUISITION**

The consideration for the Acquisition of the Vessel is US\$27,800,000 (approximately HK\$216,840,000) and will be payable in the following manner:

- (1) a deposit of US\$2,780,000 will be payable by Jinrong Marine within three banking days from the date of signing of the Memorandum to a bank account in the joint names of Jinrong Marine and the Vendor and will be released to the Vendor on the delivery of the Vessel; and

(2) the balance of the consideration for the Vessel will be payable on the delivery of the Vessel which will take place sometime between 1 November 2005 and 30 November 2005 at the Vendor's option.

The Vessel is a deadweight 28,200 metric tons bulk carrier built in 2002.

The purchase price for the Vessel will be payable in United States Dollars. The purchase price will be funded by the internal resources and bank loans of Jinhui Shipping and its subsidiaries. The purchase price was determined by reference to the prevailing market values, as ascertained from independent sources including (but not limited to) industry reports and recent comparable transactions, at or about the time of entry into the Memorandum, driven by supply and demand and based on arm's length negotiations with the Vendor. The Directors are of the view that the purchase price for the vessel is fair and reasonable.

The Memorandum provides that the expected time for delivery of the Vessel will take place on or before 30 November 2005. Subject to the terms of the Memorandum, if there is a delay in the delivery of the Vessel, Jinrong Marine may at its option rescind the Memorandum (as the case may be) and the full amount of all sums paid by Jinrong Marine with interest thereon shall be returned to Jinrong Marine (as the case may be).

#### **GUARANTEE**

Jinhui Shipping, the intermediate holding company of Jinrong Marine, will guarantee the performance of the obligations of Jinrong Marine under the Memorandum in favour of the Vendor.

#### **REASONS FOR THE ACQUISITION**

The principal businesses of the Group 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 are of the view that given the healthy outlook in the shipping industry, it is a good opportunity to acquire the additional Vessel. The Group currently owns nine dry bulk vessels. After the Acquisition, the Group will have three additional second hand vessels and five additional newly built dry bulk vessels for delivery going forward, where five of which will be delivered in 2005, one in 2006 and another two in 2007. The Group believes the freight rates will remain robust and decides to acquire another motor vessel to 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 the future.

The ultimate owner of the Vendor is Allied Maritime Inc., a bulk shipping company founded in 1994 and is domiciled in Athens, Greece. The Group has previously entered into two Memoranda on 22 February 2005 with Progreso Dos Navigation Ltd. and Futuro Dos Navigation Ltd. for the purchase of two vessels which will be delivered on or before 2 May 2005 and 30 June 2005 respectively. The ultimate owner of Progreso Dos Navigation Ltd. and Futuro Dos Navigation Ltd. is also Allied Maritime Inc. Each of the aforementioned Memoranda is separate and not inter-conditional of each other.

The negotiations for the Acquisition between the Group and the Vendor was conducted through shipbrokers which commenced in late March 2005. The terms and conditions of the Memorandum have been agreed on normal commercial terms following arm's length negotiations. The Board considers the terms of the Acquisition to be fair and reasonable and in the best interests of the Company and its shareholders as a whole.

## **GENERAL**

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 of the Company 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 Memorandum;
“Board”	the board of Directors;
“Company”	Jinhui Holdings Company Limited;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a company incorporated in Bermuda and an approximately 59.61 per cent. owned subsidiary of the Company whose shares are listed on the Oslo Stock Exchange, Norway;
“Jinrong Marine”	Jinrong Marine Inc., a wholly owned subsidiary of Jinhui Shipping;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Memorandum”	the memorandum of agreement dated 31 March 2005 between Jinrong Marine and the Vendor in respect of the acquisition of the Vessel;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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;
“Vendor”	Destino Dos Navigation Ltd., a ship owning company incorporated in Malta; and
“Vessel”	a deadweight 28,200 metric tons bulk carrier named “Destino Dos” built in 2002 by Kanda Shipbuilding Company Limited.

*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; 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  
**Ng Siu Fai**  
Chairman

Hong Kong, 1 April 2005

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