



JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock code: 137

ANNOUNCEMENT

Jinhui Holdings Company Limited (the “Company”) has been informed by Jinhui Shipping and Transportation Limited (“Jinhui Shipping”), an approximately 56.48 per cent. owned subsidiary of the Company whose shares are listed on the Oslo Stock Exchange, that Jinhui Shipping had agreed with a counter party (the “Counter Party”) over the early termination of a charter party of a capesize vessel of deadweight 172,579 metric tons (the “Termination Contract”) on 31 August 2004.

Goldbeam Shipping Inc. (“Goldbeam Shipping”), a wholly-owned subsidiary of Jinhui Shipping, as charterer, entered into a charter party (the “Contract”) with the Counter Party, as owner, on 8 February 2000 whereby the Counter Party agreed to charter a capesize vessel to Goldbeam Shipping for a period of up to 7 years from October 2001.

Under the Termination Contract, the Contract will be cancelled against a payment from the Counter Party to Goldbeam Shipping a fee of US\$20,000,000 in cash (“Cancellation Fee”) effective during the period from 1 January 2005 to 28 February 2005. Under the Termination Contract, the Counter Party will deposit 10 per cent. of the Cancellation Fee into a joint escrow account within 2 banking days after receipt of 30 days redelivery notice from Goldbeam Shipping. The balance of the Cancellation Fee will be paid to the escrow account upon receipt of 5 days definite notice and all fund to be released concurrent to Goldbeam Shipping with redelivery of the vessel to the Counter Party.

To the best of the Board’s knowledge, information and belief, the Counter Party is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates. The terms and conditions of the Termination Contract have been agreed on arm’s length negotiations. The Board of Jinhui Shipping considers such term and conditions to be fair and reasonable and in the best interests of Jinhui Shipping and its shareholders as a whole.

As at the 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 director of the Company is Ho Kin Lung; and
- (c) the independent non-executive directors of the Company are Cui Jian Hua and Tsui Che Yin Frank.

By order of the Board
Ng Siu Fai
Chairman

Hong Kong, 31 August 2004

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