

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

MAJOR TRANSACTION – ACQUISITION OF TWO VESSELS

The Board announces that on 22 February 2005 Jinzhou Marine and Jinkang Marine entered into two Memoranda with the First Vendor and the Second Vendor for the acquisition of two Vessels.

Under the two Memoranda, each of Jinzhou Marine and Jinkang Marine agrees to acquire from the First Vendor and the Second Vendor, respectively, one deadweight 50,212 metric tons bulk carrier, which will be delivered on or before 2 May 2005 and 30 June 2005, respectively. The consideration for each of the First Vessel and the Second Vessel is US\$34,000,000 (approximately HK\$265,200,000). The total consideration for the two Vessels is US\$68,000,000 (approximately HK\$530,400,000).

Under the Listing Rules, the Acquisition constitutes a major 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.

On 22 February 2005, Jinzhou Marine and Jinkang Marine entered into the two Memoranda, following which the Company had applied for the suspension of the trading in the shares on 23 February 2005. Trading in the shares of the Company was suspended with effect from 10:01 a.m. on 23 February 2005. The Company will apply to the Stock Exchange for resumption of trading in the shares with effect from 9:30 a.m. on 24 February 2005.

INTRODUCTION

The Board announces that on 22 February 2005, Jinzhou Marine and Jinkang Marine, both of which are wholly owned subsidiaries of Jinhui Shipping, entered into two Memoranda with the First Vendor and the Second Vendor, respectively.

Both the First Vendor and the Second Vendor are independent ship owning companies incorporated in Malta, and to the best of the Board's knowledge, information and belief having made all reasonable enquiry, the First Vendor, the Second Vendor and their respective ultimate beneficial owners are independent third parties not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules).

THE ACQUISITION

The consideration for the First Acquisition of the First Vessel is US\$34,000,000 (equivalent to HK\$265,200,000) and will be payable in the following manner:

- (1) a deposit of US\$3,400,000 will be payable by Jinzhou Marine within three business days from the date of signing of the First Memorandum into a bank account in the joint names of Jinzhou Marine and the First Vendor and will be released to the First Vendor on the delivery of the First Vessel; and
- (2) the balance of the consideration for the First Vessel will be payable on the delivery of the First Vessel which will take place sometime between 1 April 2005 and 2 May 2005 at the First Vendor's option.

The consideration for the Second Acquisition of the Second Vessel is US\$34,000,000 (equivalent to HK\$265,200,000) and will be payable in the following manner:

- (1) a deposit of US\$3,400,000 will be payable by Jinkang Marine within three business days from the date of signing of the Second Memorandum into a bank account in the joint names of Jinkang Marine and the Second Vendor and will be released to the Second Vendor on the delivery of the Second Vessel; and
- (2) the balance of the consideration for the Second Vessel will be payable on the delivery of the Second Vessel which will take place sometime between 1 June 2005 and 30 June 2005 at the Second Vendor's option.

Each of the two Vessels is a deadweight 50,212 metric tons bulk carrier built in 2001.

The purchase price for the Vessels 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 two Memoranda, driven by supply and demand and based on arm's length negotiations with the First Vendor and the Second Vendor. The Directors are of the view that the purchase price for each of the Vessels is fair and reasonable.

The two Memoranda provide that the expected time for delivery of the First Vessel and the Second Vessel will take place on or before 2 May 2005 and 30 June 2005, respectively. Subject to the terms of the Memoranda, if there is a delay in the delivery of the Vessels, Jinzhou Marine and Jinkang Marine may at their option rescind the First Memorandum and the Second Memorandum (as the case may be) and the full amount of all sums paid by Jinzhou Marine and Jinkang Marine shall be returned to Jinzhou Marine and Jinkang Marine (as the case may be).

GUARANTEE

Jinhui Shipping, the intermediate holding company of Jinzhou Marine and Jinkang Marine, will guarantee the performance of the obligations of Jinzhou Marine and Jinkang Marine under the First Memorandum and the Second Memorandum in favour of the First Vendor and the Second Vendor, respectively.

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 Vessels. The Group currently owns nine dry bulk vessels. After the Acquisition, the Group will have an additional two dry bulk vessels, with five newly built dry bulk vessels for delivery going forward and two 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 two more motor vessels 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 negotiations for the Acquisition between the Group, and the respective Vendors began in mid February 2005. The terms and conditions of the Memoranda 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 major transaction for the Company and is subject to shareholders' approval in general meeting in accordance with the Listing Rules. As Fairline Consultants Limited, the controlling shareholder of the Company, holds approximately 60.08 per cent. of the issued share capital of the Company and voting rights in general meeting, and no shareholder of the Company is required to abstain from voting on the Acquisition, the Acquisition will be approved by a written shareholders approval. 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.

On 22 February 2005, Jinzhou Marine and Jinkang Marine entered into the two Memoranda, following which the Company had applied for the suspension of the trading in the shares on 23 February 2005. Trading in the shares of the Company was suspended with effect from 10:01 a.m. on 23 February 2005. The Company will apply to the Stock Exchange for resumption of trading in the shares with effect from 9:30 a.m. on 24 February 2005.

DEFINITIONS

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

“Acquisition”	the First Acquisition and the Second Acquisition, collectively;
“Board”	the board of Directors;
“Company”	Jinhui Holdings Company Limited;
“Directors”	the directors of the Company;
“First Acquisition”	the acquisition of the First Vessel under the First Memorandum;

“First Memorandum”	the memorandum of agreement dated 22 February 2005 between Jinzhou Marine and the First Vendor in respect of the acquisition of the First Vessel;
“First Vendor”	Progreso Dos Navigation Ltd., a ship owning company incorporated in Malta;
“First Vessel”	a deadweight 50,212 metric tons bulk carrier named “Progreso Dos” built in 2001 by Mitsui Engineering & Shipbuilding Co. Ltd., Chiba, Japan;
“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;
“Jinkang Marine”	Jinkang Marine Inc., a wholly owned subsidiary of Jinhui Shipping;
“Jinzhou Marine”	Jinzhou Marine Inc., a wholly owned subsidiary of Jinhui Shipping;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Memoranda”	the First Memorandum and the Second Memorandum, collectively;
“Second Acquisition”	the acquisition of the Second Vessel under the Second Memorandum;
“Second Memorandum”	the memorandum of agreement dated 22 February 2005 between Jinkang Marine and the Second Vendor in respect of the acquisition of the Second Vessel;
“Second Vendor”	Futuro Dos Navigation Ltd., a ship owning company incorporated in Malta;
“Second Vessel”	a deadweight 50,212 metric tons bulk carrier named “Futuro Dos” built in 2001 by Mitsui Engineering & Shipbuilding Co. Ltd., Okayama, Japan;
“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;
“Vendors”	the First Vendor and the Second Vendor, collectively; and
“Vessels”	the First Vessel and the Second Vessel, collectively.

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, Tsui Che Yin Frank and Yau William.

By Order of the Board
Ng Siu Fai
Chairman

Hong Kong, 23 February 2005

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