

09:19 JINHUI HOLDINGS<00137> - Announcement & Resumption (1)

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JINHUI HOLDINGS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

Stock code: 137

MAJOR TRANSACTION - ACQUISITION OF A VESSEL

The Board announces that on 16 August 2004 Jinhe Marine entered into the Agreement with the Contractor for the construction and sale of the Vessel.

Under the Agreement, Jinhe Marine agrees to acquire from the Contractor one deadweight 77,000 metric tons type single screw diesel propelled bulk carrier, which will be built and delivered in Japan, for a consideration of US\$31,500,000 (approximately HK\$245,700,000).

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.

Trading in the shares of the Company was suspended at the Company's request with effect from 9:30 a.m. on 17 August 2004. The Company has applied to the Stock Exchange for resumption of trading in its shares with effect from 9:30 a.m. on 18 August 2004.

INTRODUCTION

The Board announces that on 16 August 2004 Jinhe Marine, a wholly owned subsidiary of Jinhui Shipping, entered into the Agreement with the Contractor for the construction and sale of the Vessel.

The Contractor is a trading firm listed on five stock exchanges

in
Tokyo, Osaka, Nagoya, Fukuoka and Frankfurt, and to the best of
the
Board's knowledge, information and belief having made all
reasonable
enquiry, the Contractor 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 (as
defined in the Listing Rules).

THE ACQUISITION

Under the Agreement, the Contractor has agreed to procure a
designated
shipbuilder, Oshima Shipbuilding Co., Ltd (the "Shipbuilder"),
to build,
launch, equip and complete at the Shipbuilder's shipyard in
Japan and to
sell and deliver to Jinhe Marine the Vessel for a consideration
of
US\$31,500,000 (approximately HK\$245,700,000), subject to
adjustment,
payable in four instalments. The first instalment of
US\$3,150,000
(approximately HK\$24,570,000) will be payable by Jinhe Marine
to the
Contractor to a bank account nominated by the Contractor upon
signing of
the Agreement. The second instalment of US\$3,150,000
(approximately
HK\$24,570,000) will be payable on 15 November 2005. The third
instalment
of US\$3,150,000 (approximately HK\$24,570,000) will be payable
within
three business days after confirmation of launching of the
Vessel which
is expected to be around February 2006. The fourth instalment
of
US\$22,050,000 (approximately HK\$171,990,000) will be payable
three
business days before the scheduled date of delivery of the
Vessel and
shall be released by the bank to the Contractor upon delivery
by the
Contractor of a copy of a signed delivery and acceptance for
the Vessel
from Jinhe Marine.

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 Agreement, driven by supply and demand and based on arm's length negotiations with the Contractor. The Directors are of the view that the purchase price is fair and reasonable.

The Agreement provides that the expected time for delivery of the Vessel will take place in Japan on or before 30 April 2006. Subject to the terms of the Agreement, if there is delay in the delivery of the Vessel, Jinhe Marine may at its option rescind the Agreement and the full amount of all sums paid by Jinhe Marine shall be returned to Jinhe Marine.

THE VESSEL

The Vessel is a deadweight 77,000 metric tons type single screw diesel propelled bulk carrier, which will be built and delivered in Japan and