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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

MAJOR TRANSACTION ACQUISITION OF TWO VESSELS

Jinhan and Jinhong, both approximately 53.13 per cent. indirectly owned subsidiaries of the Company, entered into the First Contract and the Second Contract respectively with the Contractor on 9 January 2007 to acquire the First Vessel and the Second Vessel respectively, each at a purchase price of JPY3,440,000,000 (approximately HK\$225,457,600). The total purchase price of the First Vessel and the Second Vessel is JPY6,880,000,000 (approximately HK\$450,915,200). The First Vessel and the Second Vessel will be delivered to Jinhan and Jinhong on or before 31 March 2011 and 30 September 2011 respectively. The Acquisition constitutes a major transaction for the Company under the Listing Rules.

THE CONTRACTS

Purchasers

Jinhan and Jinhong, both are ship owning companies and wholly-owned subsidiaries of Jinhui Shipping, which are in turn approximately 53.13 per cent. owned subsidiaries of the Company.

Vendor

The Contractor is a trading firm listed on four stock exchanges in Tokyo, Osaka, Nagoya and Fukuoka. Through its worldwide network, the Contractor engages in diverse business activities including various domestic and overseas transactions and import and export of a wide range of goods and commodities. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Contractor is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

The Acquisition

Pursuant to the First Contract and the Second Contract dated 9 January 2007, the Contractor has agreed to procure the Builder to build, launch, equip and complete at the Builder's shipyard in Japan and to sell and deliver the First Vessel to Jinhan and the Second Vessel to Jinhong, and Jinhan and Jinhong have agreed to purchase and take delivery of the First Vessel and the Second Vessel respectively from the Contractor. Each of the First Vessel and the Second Vessel is a Supramax of deadweight 54,100 metric tons and is proposed to be used for chartering out to gain operating income by Jinhan and Jinhong respectively after delivery. The First Contract and the Second Contract are separate and not inter-conditional of each other.

The Builder began its business in shipbuilding in June 1974 and launched its first ship in 1975 and specializes in the fabrication of bulk carriers, especially dry cargo carriers. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Builder and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Consideration

Subject to certain provisions for adjustment to reduce the purchase price of the First Vessel contained in the First Contract relating to, amongst other things, delay in delivery of the First Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the First Vessel is JPY3,440,000,000 (approximately HK\$225,457,600) and is payable by Jinhan as follows:

- (1) the first instalment in the sum of JPY344,000,000 (approximately HK\$22,545,760) will be payable within three business days after signing of the First Contract;
- (2) the second instalment in the sum of JPY344,000,000 (approximately HK\$22,545,760) will be payable on 9 January 2008;
- (3) the third instalment in the sum of JPY344,000,000 (approximately HK\$22,545,760) will be payable in October 2010;
- (4) the fourth instalment in the sum of JPY344,000,000 (approximately HK\$22,545,760) will be payable in January 2011; and
- (5) the last instalment in the sum of JPY2,064,000,000 (approximately HK\$135,274,560) will be payable upon delivery of the First Vessel on or before 31 March 2011.

Subject to certain provisions for adjustment to reduce the purchase price of the Second Vessel contained in the Second Contract relating to, amongst other things, delay in delivery of the Second Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the Second Vessel is JPY3,440,000,000 (approximately HK\$225,457,600) and is payable by Jinhong as follows:

- (1) the first instalment in the sum of JPY344,000,000 (approximately HK\$22,545,760) will be payable within three business days after signing of the Second Contract;

- (2) the second instalment in the sum of JPY172,000,000 (approximately HK\$11,272,880) will be payable on 9 January 2008;
- (3) the third instalment in the sum of JPY344,000,000 (approximately HK\$22,545,760) will be payable in April 2011;
- (4) the fourth instalment in the sum of JPY344,000,000 (approximately HK\$22,545,760) will be payable in July 2011; and
- (5) the last instalment in the sum of JPY2,236,000,000 (approximately HK\$146,547,440) will be payable upon delivery of the Second Vessel on or before 30 September 2011.

The purchase prices for the First Vessel and the Second Vessel will both be payable by cash in Japanese Yen. It is currently expected that approximately 70 per cent. of the purchase prices will be funded by bank financing and approximately 30 per cent. will be funded by internal resources of the Group. The purchase prices of the First Vessel and the Second Vessel were determined by reference to current market values of similar type of vessels and on the basis of arm's length negotiations.

Delivery

The First Contract provides for the delivery of the First Vessel on or before 31 March 2011 to Jinhan in Japan, and the Second Contract provides for the delivery of the Second Vessel on or before 30 September 2011 to Jinhong in Japan. If there is any delay in delivery of the First Vessel or the Second Vessel which continues for a period of 180 days from the thirty-first day after the agreed delivery date, then after such period has expired, Jinhan or Jinhong (as the case may be) may at its option rescind the First Contract or the Second Contract (as the case may be). The Contractor shall thereupon promptly refund to Jinhan or Jinhong (as the case may be) in Japanese Yen the full amount of all sums received by the Contractor together with interest accrued thereon at an agreed rate from the date of receipt by the Contractor of such amount to the date of full payment to Jinhan or Jinhong (as the case may be) of such amount.

Undertaking by the Builder

The First Contract and the Second Contract were also signed by the Builder for the purpose of an undertaking on its part to duly perform all the terms and conditions stipulated in the First Contract and the Second Contract to be performed by a shipbuilder including the undertaking to remedy Jinhan and Jinhong at first priority and free of charge for any defects in the First Vessel and the Second Vessel respectively which are due to defective material, defective construction and/or bad workmanship on the part of the Builder and/or its subcontractors within a period of twelve months after the date of delivery of the First Vessel and the Second Vessel respectively.

GUARANTEES BY JINHUI SHIPPING

Jinhui Shipping, the intermediate holding company of Jinhan and Jinhong, also executed on 9 January 2007 two guarantees in favour of the Contractor pursuant to which Jinhui Shipping agrees to guarantee the full and punctual payment of the purchase prices and the prompt and punctual performance by Jinhan and Jinhong in accordance with the terms of the First Contract and the Second Contract respectively.

REASONS FOR THE ACQUISITION

The Group's principal activities include international ship chartering, ship owning and trading. Both the First Vessel and the Second Vessel are Supramaxes. The Acquisition will enable the Group to concentrate on maintaining a fleet of grabs fitted Supramaxes that are of better equipped loading facilities, and will further complement our owned young and modern fleet of vessels to serve the growing needs of our customers. The Group currently owns eleven modern grabs fitted Supramaxes and one modern Panamax. After the Acquisition, the Group will have additional thirteen newly built grabs fitted Supramaxes, one second hand Capesize, one second hand Supramax and one second hand Handymax for delivery going forward, where five of which will be delivered in 2007, three in 2008, two in 2009, four in 2010 and two in 2011.

The terms and conditions of the First Contract and the Second Contract have been agreed on normal commercial terms following arm's length negotiations. The Board considers such terms and conditions are fair and reasonable and in the best interests of the Company and its shareholders as a whole. The Company believes it is an opportune moment during recent market situations to further expand its fleet of vessels in order to increase operating income for the Group.

The Group has been a customer of the Contractor since 1997 and had previously acquired and took delivery of eight motor vessels from the Contractor in the past. In addition, the Group had during the past twelve months entered into other three separate contracts with the Contractor on 9 June 2006, 12 October 2006 and 30 November 2006 for the acquisition of other three motor vessels from the Contractor. Each of the aforementioned contracts is separate and not inter-conditional of each other. Furthermore, at the time of each of the aforementioned contracts, the Acquisition was not contemplated and there was no agreement or understanding between the Group and the Contractor in relation to the Acquisition.

GENERAL

Under the Listing Rules, the Acquisition constitutes a major transaction for the Company and is subject to shareholders' approval in general meeting. Fairline Consultants Limited, the controlling shareholder of the Company holding approximately 61.97 per cent. of the issued share capital of the Company and voting rights in general meetings of the Company, is not interested in the Acquisition other than through its shareholding interest in the Company, and therefore no Shareholder is required to abstain from voting on the Acquisition if the Company were to convene a general meeting for the approval of the Acquisition, and the Acquisition has been approved by a written shareholders' approval. A circular containing, amongst other things, further information relating to the Acquisition will be despatched to the Shareholders 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 First Vessel and the Second Vessel under the First Contract and the Second Contract respectively;
“Board”	the board of Directors;
“Builder”	Oshima Shipbuilding Co., Ltd., a company incorporated in Japan;
“Capesize”	a dry bulk vessel of deadweight approximately 150,000 metric tons or above and is not able to pass through the Suez Canal when loaded;
“Company”	Jinhui Holdings Company Limited;
“Contractor”	Sumitomo Corporation, a company incorporated in Japan;
“Directors”	the directors of the Company;
“First Contract”	the construction and sale contract dated 9 January 2007 entered into between Jinhan and the Contractor in respect of the acquisition of the First Vessel;
“First Vessel”	a deadweight 54,100 metric tons type bulk carrier;
“Group”	the Company and its subsidiaries;
“Handymax”	a dry cargo vessel of deadweight approximately 45,000 metric tons;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Jinhan”	Jinhan Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Jinhong”	Jinhong Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a company incorporated in Bermuda and an approximately 53.13 per cent. owned subsidiary of the Company, whose shares are listed on the Oslo Stock Exchange, Norway;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Panamax”	a vessel of deadweight approximately 70,000 metric tons and is designed to be just small enough to transit the Panama Canal;

“Second Contract”	the construction and sale contract dated 9 January 2007 entered into between Jinhong and the Contractor in respect of the acquisition of the Second Vessel;
“Second Vessel”	a deadweight 54,100 metric tons type bulk carrier;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supramax(es)”	dry cargo vessel(s) of deadweight approximately 50,000 metric tons;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong; and
“JPY”	Japanese Yen, the lawful currency of Japan, and for the purpose of illustration only, translated into HK\$ at the rate of JPY1 = HK\$0.06554.

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; 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, 9 January 2007

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