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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

MAJOR TRANSACTION ACQUISITION OF A VESSEL AND RESUMPTION OF TRADING OF SHARES

The Purchaser, an approximately 50.21 per cent. owned indirect subsidiary of the Company, entered into the Agreement with the Vendor on 7 August 2006 to acquire the Vessel at a purchase price of US\$32,650,000 (approximately HK\$254,670,000). The Acquisition constitutes a major transaction for the Company under the Listing Rules.

Trading in the shares of the Company was suspended at the request of the Company with effect from 9:30 a.m. on 8 August 2006. The Company has applied to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 9 August 2006.

THE AGREEMENT

Purchaser

The Purchaser is a ship owning company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 50.21 per cent. owned subsidiary of the Company.

Vendor

The Vendor is in the business of transportation of dry bulk goods, and is a wholly-owned subsidiary of Dampskibsselskabet "NORDEN" A/S, a shipping company listed on the Copenhagen Stock Exchange, which operates tankers and bulkers through a mix of owned and chartered tonnage. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Vendor and Dampskibsselskabet "NORDEN" A/S are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company, and have no equity interest in the capital of the Company. The Vessel is currently under a time charter party arrangement entered into on 17 March 2000 at the then prevailing market rate with a wholly-owned subsidiary of Jinhui Shipping. The Group has not acquired or

disposed of any other vessel with the Vendor and Dampskibsselskabet "NORDEN" A/S during the last twelve months from date of the Agreement.

The Acquisition

Pursuant to the Agreement dated 7 August 2006, the Vendor has agreed to sell and deliver the Vessel to the Purchaser, and the Purchaser has agreed to purchase and take delivery of the Vessel from the Vendor. The Vessel is a Handymax vessel of deadweight 50,236 metric tons built in 2000 by Tamano shipyard of Mitsui Engineering and Shipbuilding Co. Ltd. in Okayama, Japan, and is currently registered in Singapore. The Vessel is proposed to be used for chartering out to gain operating income by the Purchaser after delivery.

Consideration

The purchase price for the Vessel is US\$32,650,000 (approximately HK\$254,670,000) and is payable by the Purchaser in the following manners:

- (1) a deposit of US\$3,265,000 (approximately HK\$25,467,000) will be payable within three banking days from the date of signing of the Agreement to a bank account in the joint names of the Purchaser and the Vendor, and will be released to the Vendor on delivery of the Vessel; and
- (2) the balance of US\$29,385,000 (approximately HK\$229,203,000) will be payable on delivery of the Vessel.

The purchase price for the Vessel will be payable by cash in United States Dollars. It is currently expected that the purchase price will be funded as to US\$22,855,000 (approximately HK\$178,269,000) by bank financing, with the remaining balance of US\$9,795,000 (approximately HK\$76,401,000) funded by internal resources of the Group. The purchase price was determined by reference to current market values of similar type of vessels based on information from our shipbrokers and on the basis of arm's length negotiations.

Delivery

The Agreement provides that the delivery of the Vessel after the end of the existing time charter party arrangement which is expected to take place sometime between 1 November and 30 November 2006. Pursuant to the terms of the Agreement, if there is any delay in delivery of the Vessel, the Purchaser has the right to rescind the Agreement and the Vendor shall thereupon promptly refund the full amount of the deposit together with bank interest accrued thereon to the Purchaser.

Guarantee

Jinhui Shipping, the intermediate holding company of the Purchaser, will guarantee the performance of the obligations of the Purchaser under the Agreement in favour of the Vendor.

REASONS FOR THE ACQUISITION

The Group's principal activities include international ship chartering, ship owning and trading. The Vessel is a Handymax vessel. The Acquisition will enable the Group, as previously announced by the Company, to concentrate on maintaining a fleet of Handymax vessels 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 nine dry bulk vessels. After the Acquisition, the Group will have additional seven newly built vessels and three second hand vessels for delivery going forward, where two of which will be delivered in 2006, four in 2007, three in 2008 and one in 2009.

The terms and conditions of the Agreement have been agreed on normal commercial terms following arm's length negotiations. The Company considers that such terms and conditions are fair and reasonable and it is an opportune moment during recent market situations to further expand its fleet of vessels in order to generate more operating income for the Group and hence further increase Shareholders' value.

GENERAL

The net profits attributable to the Vessel for the two years immediately preceding the Acquisition have not been made available to the Purchaser despite formal requests for such information have been made with the Vendor.

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 59.61 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 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 as soon as reasonably practicable.

On 7 August 2006, the Purchaser entered into the Agreement, following which the Company had applied for the suspension of the trading in the shares of the Company on 7 August 2006. Trading in the shares of the Company was suspended with effect from 9:30 a.m. on 8 August 2006. The Company has applied to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 9 August 2006.

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 Agreement;
“Agreement”	the memorandum of agreement dated 7 August 2006 between the Purchaser and the Vendor in respect of the acquisition of the Vessel;
“Board”	the board of Directors;
“Company”	Jinhui Holdings Company Limited;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the 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 50.21 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;
“Purchaser”	Jinrong Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Nordhval Pte. Ltd., a company registered in Singapore;
“Vessel”	a deadweight 50,236 metric tons bulk carrier named “Nordglint” built in 2000 by Tamano shipyard of Mitsui Engineering and Shipbuilding Co. Ltd. in Okayama, Japan, and is currently registered in Singapore;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong; and
“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.

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, 8 August 2006

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