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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

DISCLOSEABLE TRANSACTION ACQUISITION OF A VESSEL

Jinyuan, an approximately 50.21 per cent. owned indirect subsidiary of the Company, as buyer, entered into the Contract with the Contractor on 2 November 2005 to acquire the Vessel at a purchase price of JPY3,350,000,000 (approximately HK\$222,272,500). The purchase price was agreed after arm's length negotiations and by reference to current market value of similar type of vessels. The Vessel is to be delivered to Jinyuan on or before 29 June 2007. The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

THE CONTRACT

1. Purchaser

Jinyuan Marine Inc. ("Jinyuan"), a wholly-owned subsidiary of Jinhui Shipping and Transportation Limited ("Jinhui Shipping") which is in turn an approximately 50.21 per cent. owned subsidiary of Jinhui Holdings Company Limited (the "Company").

2. Vendor

Sumitomo Corporation (the "Contractor"), a trading firm listed on five stock exchanges in Tokyo, Osaka, Nagoya, Fukuoka and Frankfurt, is a third party independent of the Company and connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) of the Company.

3. The Acquisition

Pursuant to a construction and sale contract dated 2 November 2005 (the "Contract"), the Contractor has agreed to procure a designated shipbuilder, Oshima Shipbuilding Co., Ltd. (the "Builder"), to build, launch, equip and complete at the Builder's shipyard in Japan and to sell and deliver to Jinyuan one deadweight 55,300 metric tons bulk carrier (the "Vessel") in Japan and Jinyuan has agreed to purchase and take delivery of the Vessel from the

Contractor (the “Acquisition”). The Vessel is proposed to be used for chartering out to gain operating income by Jinyuan after delivery. 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.

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 date the Builder has built over 400 bulk carriers, delivering around 25 annually to shipowners all over the world.

4. Consideration

Subject to certain provisions for adjustment to reduce the purchase price of the Vessel contained in the Contract relating to, amongst other things, delay in the delivery of the Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the Vessel is JPY3,350,000,000 (approximately HK\$222,272,500) payable by four instalments.

The first instalment in the sum of JPY335,000,000 (approximately HK\$22,227,250) will be payable within three business days upon signing. The second instalment in the sum of JPY335,000,000 (approximately HK\$22,227,250) will be payable on 14 February 2007. The third instalment in the sum of JPY335,000,000 (approximately HK\$22,227,250) will be payable upon launching of the Vessel which is expected to be around May 2007. The last instalment of JPY2,345,000,000 (approximately HK\$155,590,750) will be payable upon delivery of the Vessel on or before 29 June 2007.

The purchase price for the Vessel will be payable by cash in Japanese Yen which will be funded by the internal resources and bank loans of the Company and its subsidiaries (the “Group”). The purchase price was determined by reference to current market values of similar type of vessels and on the basis of arm’s length negotiations.

5. Delivery

The Contract provides for the delivery of the Vessel on or before 29 June 2007 to Jinyuan in Japan. If there is delay in delivery of the Vessel which continues for a period of 180 days from the thirty-first day after the agreed delivery date by all the parties involved, then after such period has expired, Jinyuan may at its option rescind the Contract. The Contractor shall thereupon promptly refund to Jinyuan 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 Jinyuan of such amount.

6. Undertaking by the Builder

The Contract was 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 Contract to be performed by a shipbuilder including the undertaking to remedy Jinyuan at first priority and free of charge for any defects in the Vessel which are due to defective material, defective construction and/or bad workmanship on the part of the Builder and/or its sub-contractors within a period of twelve months after the date of delivery of the Vessel.

7. Guarantee by Jinhui Shipping

Jinhui Shipping, an approximately 50.21 per cent. owned subsidiary of the Company and the intermediate holding company of Jinyuan, executed on 2 November 2005 a guarantee in favour of the Contractor pursuant to which it agrees to guarantee the full and punctual payment of the purchase price and the prompt and punctual performance by Jinyuan in accordance with the terms of the Contract.

REASONS FOR THE ACQUISITION

The Group's principal activities include international ship chartering, ship owning and trading. The outlook of the dry bulk shipping market remains to be healthy and the Group believes the freight rates should continue at very firm levels, and the addition of a new motor vessel will further complement our owned young and modern fleet of vessels to serve with the growing needs of our customers. The Group currently owns twelve dry bulk vessels. After and including the Acquisition, the Group will have in addition, one second hand dry bulk vessel and five newly built dry bulk vessels for delivery going forward, where two of which will be delivered in 2005, one in 2006 and the remaining three in 2007. The Company considers that the purchase price of the Vessel is 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.

GENERAL

Under the Listing Rules, the Acquisition constitutes a discloseable 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.

Unless otherwise specified, amounts denominated in Japanese Yen have been translated, for the purpose of illustration only, into Hong Kong Dollars at the rate of JPY1 to HK\$0.06635 as at 2 November 2005. No representation is made that any amounts in Japanese Yen or Hong Kong Dollars could have been or could be converted at the above rate or at any other rate or at all.

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; 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, 3 November 2005

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