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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

DISCLOSEABLE TRANSACTION ACQUISITION OF A VESSEL

The Purchaser, an approximately 50.21 per cent. indirectly owned subsidiary of the Company, entered into the Contract with the Contractor on 12 October 2006 to acquire the Vessel at a purchase price of JPY3,480,000,000 (approximately HK\$226,548,000). The Vessel will be delivered to the Purchaser on or before 30 November 2009. The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

THE CONTRACT

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 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 Contract dated 12 October 2006, 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 Vessel to the Purchaser, and the Purchaser has agreed to purchase and take delivery of the Vessel from the Contractor. The Vessel is a Handymax vessel of deadweight 54,200 metric tons and is proposed to be used for chartering out to gain operating income by the Purchaser after delivery.

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 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 JPY3,480,000,000 (approximately HK\$226,548,000) and is payable by the Purchaser as follows:

- (1) the first instalment in the sum of JPY348,000,000 (approximately HK\$22,654,800) will be payable within three business days after signing of the Contract;
- (2) the second instalment in the sum of JPY174,000,000 (approximately HK\$11,327,400) will be payable on 12 October 2007;
- (3) the third instalment in the sum of JPY348,000,000 (approximately HK\$22,654,800) will be payable in June 2009;
- (4) the fourth instalment in the sum of JPY348,000,000 (approximately HK\$22,654,800) will be payable in September 2009; and
- (5) the last instalment of JPY2,262,000,000 (approximately HK\$147,256,200) will be payable upon delivery of the Vessel on or before 30 November 2009.

The purchase price for the Vessel will be payable by cash in Japanese Yen. It is currently expected that the purchase price for the Vessel will be funded by bank financing and internal resources of 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.

Delivery

The Contract provides for the delivery of the Vessel on or before 30 November 2009 to the Purchaser in Japan. If there is any 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, the Purchaser may at its option rescind the Contract. The Contractor shall thereupon promptly refund to the Purchaser 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 the Purchaser of such amount.

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 the Purchaser 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 subcontractors within a period of twelve months after the date of delivery of the Vessel.

GUARANTEE BY JINHUI SHIPPING

Jinhui Shipping, the intermediate holding company of the Purchaser, executed on 12 October 2006 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 the Purchaser 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 Vessel is a Handymax vessel. The Acquisition will enable the Group 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 ten dry bulk vessels. After the Acquisition, the Group will have additional eight newly built vessels and four second hand vessels for delivery going forward, where two of which will be delivered in 2006, four in 2007, three in 2008, two in 2009 and one in 2010.

The terms and conditions of the 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 four separate contracts with the Contractor on 2 November 2005, 4 January 2006 and 9 June 2006 for the acquisition of other four 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 discloseable transaction for the Company. 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 Vessel under the Contract;
“Board”	the board of Directors;
“Builder”	Oshima Shipbuilding Co., Ltd., a company incorporated in Japan;
“Company”	Jinhui Holdings Company Limited;
“Contract”	the construction and sale contract dated 12 October 2006 between the Purchaser and the Contractor in respect of the acquisition of the Vessel;
“Contractor”	Sumitomo Corporation, a company incorporated in Japan;
“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”	Jinmao 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;
“Vessel”	a deadweight 54,200 metric tons type bulk carrier;

“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\$0.06510.

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, 12 October 2006

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