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JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

MAJOR TRANSACTION ACQUISITION OF TWO VESSELS

Jinmei and Jinlang, both are approximately 54.77 per cent. indirectly owned subsidiaries of the Company, entered into the First Agreement and the Second Agreement respectively with the Vendor on 28 June 2008 to acquire the First Vessel and the Second Vessel respectively, each at a purchase price of US\$63,300,000 (approximately HK\$493,740,000). The total purchase price of the First Vessel and the Second Vessel is US\$126,600,000 (approximately HK\$987,480,000). The First Vessel and the Second Vessel will be delivered to Jinmei and Jinlang on or before 30 April 2010 and 31 May 2010 respectively.

Under the Listing Rules, the acquisition of the First Vessel and the Second Vessel, in aggregate, constitute a major 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.

THE AGREEMENTS

Purchasers

Jinmei and Jinlang, both are ship owning companies and wholly-owned subsidiaries of Jinhui Shipping, which are in turn approximately 54.77 per cent. owned subsidiaries of the Company as at date of this announcement.

Vendor

The Vendor is a private investment company registered in the British Virgin Islands, which is in the business of wide range of international investments. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Vendor, its ultimate beneficial owners and their respective associates do not hold shares of the Company, and are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Background of the Acquisition

The Vendor has entered into the First Shipbuilding Contract and the Second Shipbuilding Contract with JSTY and the Builder, whereby the Vendor has agreed to purchase the First Vessel and the Second Vessel from JSTY and JSTY has agreed to cause the Builder to build, launch, equip and complete the First Vessel and the Second Vessel, and to sell and deliver the First Vessel and the Second Vessel to the Vendor.

Pursuant to the First Agreement dated 28 June 2008, the Vendor, JSTY and the Builder have agreed to transfer all the rights and obligations of the Vendor under the First Shipbuilding Contract to Jinmei whereby JSTY will cause the Builder to build, launch, equip and complete the First Vessel at the Builder's shipyard in China, and to sell and deliver the First Vessel to Jinmei. The First Vessel is a Post-Panamax of deadweight 92,500 metric tons and is proposed to be used for chartering out to gain operating income by Jinmei after delivery.

Pursuant to the Second Agreement dated 28 June 2008, the Vendor, JSTY and the Builder have agreed to transfer all the rights and obligations of the Vendor under the Second Shipbuilding Contract to Jinlang whereby JSTY will cause the Builder to build, launch, equip and complete the Second Vessel at the Builder's shipyard in China, and to sell and deliver the Second Vessel to Jinlang. The Second Vessel is a Post-Panamax of deadweight 92,500 metric tons and is proposed to be used for chartering out to gain operating income by Jinlang after delivery. Each of the First Agreement and the Second Agreement is separate and not inter-conditional of each other.

JSTY and the Builder are subsidiaries of YZJ, one of the largest shipbuilding group in China and is listed on the Singapore Stock Exchange. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, JSTY, the Builder and YZJ do not hold shares of the Company, and are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Consideration of the First Vessel

Subject to certain provisions for reduction to the purchase price of the First Vessel contained in the First Agreement 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 of the First Vessel is US\$63,300,000 (approximately HK\$493,740,000) and is payable by Jinmei as follows:

- (1) the first installment in the sum of US\$20,256,000 (approximately HK\$157,996,800) shall become due and payable and be paid within five business days after receipt of the Refund Guarantee covering the first installment which is expected to be on or around 28 July 2008;
- (2) the second installment in the sum of US\$8,229,000 (approximately HK\$64,186,200) shall become due and payable and be paid within five business days after receipt of the Refund Guarantee covering the second installment which is expected to be around January 2009;
- (3) the third installment in the sum of US\$9,495,000 (approximately HK\$74,061,000) shall become due and payable and be paid within five business days after receipt of the Refund Guarantee covering the third installment which is expected to be around June 2009;
- (4) the fourth installment in the sum of US\$12,660,000 (approximately HK\$98,748,000) shall become due and payable and be paid within five business days after receipt of the Refund Guarantee covering the fourth installment which is expected to be around January 2010; and
- (5) the last installment in the sum of US\$12,660,000 (approximately HK\$98,748,000) shall become due and payable concurrently with delivery of the First Vessel on or before 30 April 2010.

Consideration of the Second Vessel

Subject to certain provisions for reduction to the purchase price of the Second Vessel contained in the Second Agreement 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 of the Second Vessel is US\$63,300,000 (approximately HK\$493,740,000) and is payable by Jinlang as follows:

- (1) the first installment in the sum of US\$20,256,000 (approximately HK\$157,996,800) shall become due and payable and be paid within five business days after receipt of the Refund Guarantee covering the first installment which is expected to be on or around 28 July 2008;
- (2) the second installment in the sum of US\$8,229,000 (approximately HK\$64,186,200) shall become due and payable and be paid within five business days after receipt of the Refund Guarantee covering the second installment which is expected to be around January 2009;
- (3) the third installment in the sum of US\$9,495,000 (approximately HK\$74,061,000) shall become due and payable and be paid within five business days after receipt of the Refund Guarantee covering the third installment which is expected to be around June 2009;
- (4) the fourth installment in the sum of US\$12,660,000 (approximately HK\$98,748,000) shall become due and payable and be paid within five business days after receipt of the Refund Guarantee covering the fourth installment which is expected to be around January 2010; and
- (5) the last installment in the sum of US\$12,660,000 (approximately HK\$98,748,000) shall become due and payable concurrently with delivery of the Second Vessel on or before 31 May 2010.

The total purchase price of the First Vessel and the Second Vessel is US\$126,600,000 (approximately HK\$987,480,000), which will be payable by cash in United States Dollars. It is currently expected that approximately 60 per cent. of the total purchase price will be funded by bank financing and approximately 40 per cent. will be funded by internal resources of the Group. Each of the purchase prices of the First Vessel and the Second Vessel was determined with reference to current market values of similar type of vessels and on the basis of arm's length negotiations.

Delivery

The First Agreement provides for the delivery of the First Vessel on or before 30 April 2010 to Jinmei in Jiangsu, China. The Second Agreement provides for the delivery of the Second Vessel on or before 31 May 2010 to Jinlang in Jiangsu, China. If there is any delay in delivery of the First Vessel or the Second Vessel which continues for a period of 210 days from the agreed delivery date, then after such period has expired, Jinmei or Jinlang (as the case may be) may at its option rescind the First Agreement or the Second Agreement (as the case may be). JSTY shall thereupon promptly refund to Jinmei or Jinlang (as the case may be) in United States Dollars the full amount of all sums received by JSTY together with interest accrued thereon at an agreed rate from the date of receipt by JSTY of such amount to the date of full payment to Jinmei or Jinlang (as the case may be) of such amount.

Undertaking by the Builder

The First Agreement and the Second Agreement 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 Agreement and the Second Agreement to be performed by a shipbuilder including the undertaking to remedy Jinmei and Jinlang free of charge for any defects in the First Vessel and the Second Vessel respectively which are due to defective material and/or poor 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 Jinmei and Jinlang, has undertaken that within five business days after receipt of the two Refund Guarantees covering the first installments of the First Vessel and the Second Vessel, which is expected to be on or around 28 July 2008, Jinhui Shipping will execute two guarantees in favour of JSTY pursuant to which Jinhui Shipping agrees to guarantee the full and punctual payment of the second installments of the First Vessel and the Second Vessel by Jinmei and Jinlang in accordance with the terms of the First Agreement and the Second Agreement respectively.

REASONS FOR THE ACQUISITION

The Group's principal activities include international ship chartering, ship owning and trading. The Acquisition will enable the Group to continuously maintain a young and modern owned fleet of vessels to serve the growing needs of our customers. The Group currently owns one modern Capesize, one modern Panamax and eighteen modern grabs fitted Supramaxes including two Supramaxes which will be disposed by the Group later in 2008 as announced by the Company on 11 April 2008 and 16 April 2008. Taking into account all existing commitments to acquire and dispose of other vessels as announced by the Company previously, the Group will have additional nineteen newly built grabs fitted Supramaxes, two newly built Post-Panamaxes, two newly built Panamax and one second hand Handymax for delivery going forward, where three of which will be delivered in 2008, seven in 2009, seven in 2010, four in 2011, two in 2012 and one in 2013.

The terms and conditions of the First Agreement and the Second Agreement 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.

GENERAL

Under the Listing Rules, the acquisition of the First Vessel and the Second Vessel, in aggregate, constitute 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 341,884,280 Shares which represent approximately 65.66 per cent. of the issued share capital of the Company and voting rights in general meetings of the Company, and 480,000 Jinhui Shipping Shares which represent approximately 0.57 per cent. of the issued share capital of Jinhui Shipping, is not interested in the Acquisition other than through its shareholding interest in the Company and Jinhui Shipping. 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 shareholder's approval from Fairline Consultants Limited. 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 Agreement and the Second Agreement respectively;
“Board”	the board of Directors;
“Builder”	Jiangsu New Yangzi Shipbuilding Company Limited, a subsidiary of YZJ, established under the Laws of the People's Republic of China;
“Capesize”	a dry bulk vessel of deadweight approximately 150,000 metric tons or above;
“Company”	Jinhui Holdings Company Limited;
“Directors”	the directors of the Company;
“First Agreement”	the agreement dated 28 June 2008 entered into between Jinmei, the Vendor, JSTY and the Builder in respect of the acquisition of the First Vessel;
“First Shipbuilding Contract”	the shipbuilding contract entered into between the Vendor, JSTY and the Builder dated 6 December 2006 where the Vendor has agreed to purchase the First Vessel from JSTY and JSTY has agreed to cause the Builder to build, launch, equip and complete the First Vessel, and to sell and deliver the First Vessel to the Vendor;
“First Vessel”	a deadweight 92,500 metric tons type bulk carrier to be delivered on or before 30 April 2010;
“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;
“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a company incorporated in Bermuda and an approximately 54.77 per cent. owned subsidiary of the Company as at date of this announcement, whose shares are listed on the Oslo Stock Exchange, Norway;
“Jinhui Shipping Shares”	ordinary shares of US\$0.05 each in the share capital of Jinhui Shipping;
“Jinlang”	Jinlang Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Jinmei”	Jinmei Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;

“JSTY”	Jiangsu Tianyuan Marine Import & Export Company Limited, a subsidiary of YZJ;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Panamax(es)”	vessel(s) of deadweight approximately 70,000 metric tons, designed to be just small enough to transit the Panama Canal;
“Post-Panamax(es)”	vessel(s) of deadweight approximately between 90,000 metric tons to 100,000 metric tons;
“Refund Guarantee(s)”	the guarantee(s) to be issued by JSTY's bank in favour of each of Jinmei and Jinlang respectively whereby JSTY's bank will guarantee the refund of any sum received by JSTY to each of Jinmei and Jinlang respectively if the delivery of any of the First Vessel and the Second Vessel is not effected according to the agreed date of delivery respectively;
“Second Agreement”	the agreement dated 28 June 2008 entered into between Jinlang, the Vendor, JSTY and the Builder in respect of the acquisition of the Second Vessel;
“Second Shipbuilding Contract”	the shipbuilding contract entered into between the Vendor, JSTY and the Builder dated 6 December 2006 where the Vendor has agreed to purchase the Second Vessel from JSTY and JSTY has agreed to cause the Builder to build, launch, equip and complete the Second Vessel, and to sell and deliver the Second Vessel to the Vendor;
“Second Vessel”	a deadweight 92,500 metric tons type bulk carrier to be delivered on or before 31 May 2010;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“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;
“Vendor”	Dragonmark International Inc., a company incorporated in the British Virgin Islands;
“YZJ”	Yangzijiang Shipbuilding (Holdings) Ltd., a limited liability company established in Singapore and is one of the largest shipbuilding group in China, with its listing on the Singapore Stock Exchange;

“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.

By Order of the Board
Jinhui Holdings Company Limited
Ng Siu Fai
Chairman

Hong Kong, 28 June 2008

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.