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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 AMENDMENTS TO TERMS OF PREVIOUSLY ANNOUNCED ACQUISITION OF THREE VESSELS**

This announcement is made further to two announcements of the Company dated 30 November 2006 and 9 January 2007 in relation to a discloseable transaction regarding the acquisition of the First Vessel and a major transaction regarding the acquisition of the Second Vessel and the Third Vessel respectively.

Each of the First Purchaser, the Second Purchaser and the Third Purchaser, all are approximately 54.77 per cent. indirectly owned subsidiaries of the Company, entered into the First Amendment Agreement, the Second Amendment Agreement and the Third Amendment Agreement respectively with the Contractor on 27 November 2007 to amend, inter alia, the size of each of the First Vessel, the Second Vessel and the Third Vessel from 54,100 dwt to 60,500 dwt and therefore, the purchase price and the payment schedule were amended accordingly. Save as disclosed above, all the remaining terms of each of the First Contract, the Second Contract and the Third Contract remain unchanged.

The Amendments constitute a new major transaction for the Company under the Listing Rules. A circular containing, amongst other things, further information relating to the Amendments will be despatched to the Shareholders as soon as reasonably practicable.

#### **THE CONTRACTS**

##### **Purchasers**

Each of the First Purchaser, the Second Purchaser and the Third Purchaser is a ship owning company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 54.77 per cent. owned subsidiary of the Company as at date of this announcement.

## **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 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.

## **The First Contract**

On 30 November 2006, the First Purchaser entered into the First Contract with the Contractor. Pursuant to the First Contract, the Contractor agreed to procure the Builder to build and sell a 54,100 dwt vessel to the First Purchaser. The acquisition of the First Vessel constituted a discloseable transaction for the Company under the Listing Rules and details of the First Contract were disclosed in an announcement made by the Company on 30 November 2006 and a circular despatched to its shareholders on 21 December 2006.

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 vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the First Vessel is JPY3,430,000,000 (approximately HK\$245,828,100) and is payable by the First Purchaser as follows:

- (1) the first installment in the sum of JPY343,000,000 (approximately HK\$24,582,810) was paid on 4 December 2006;
- (2) the second installment in the sum of JPY171,500,000 (approximately HK\$12,291,405) will be payable on 30 November 2007;
- (3) the third installment in the sum of JPY343,000,000 (approximately HK\$24,582,810) will be payable in July 2010;
- (4) the fourth installment in the sum of JPY343,000,000 (approximately HK\$24,582,810) will be payable in October 2010; and
- (5) the last installment in the sum of JPY2,229,500,000 (approximately HK\$159,788,265) will be payable upon delivery of the First Vessel on or before 31 December 2010.

## **The Second Contract and the Third Contract**

On 9 January 2007, each of the Second Purchaser and the Third Purchaser entered into the Second Contract and the Third Contract respectively with the Contractor. Pursuant to the Second Contract and the Third Contract, the Contractor agreed to procure the Builder to build and sell a 54,100 dwt vessel to each of the Second Purchaser and the Third Purchaser respectively. The acquisition of the Second Vessel and the Third Vessel together constituted a major transaction for the Company under the Listing Rules and details of these two contracts were disclosed in an announcement made by the Company on 9 January 2007 and a circular despatched to its shareholders on 31 January 2007.

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 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\$246,544,800) and is payable by the Second Purchaser as follows:

- (1) the first installment in the sum of JPY344,000,000 (approximately HK\$24,654,480) was paid on 11 January 2007;
- (2) the second installment in the sum of JPY344,000,000 (approximately HK\$24,654,480) will be payable on 9 January 2008;
- (3) the third installment in the sum of JPY344,000,000 (approximately HK\$24,654,480) will be payable in October 2010;
- (4) the fourth installment in the sum of JPY344,000,000 (approximately HK\$24,654,480) will be payable in January 2011; and
- (5) the last installment in the sum of JPY2,064,000,000 (approximately HK\$147,926,880) will be payable upon delivery of the Second Vessel on or before 31 March 2011.

Subject to certain provisions for adjustment to reduce the purchase price of the Third Vessel contained in the Third Contract relating to, amongst other things, delay in delivery of the vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the Third Vessel is JPY3,440,000,000 (approximately HK\$246,544,800) and is payable by the Third Purchaser as follows:

- (1) the first installment in the sum of JPY344,000,000 (approximately HK\$24,654,480) was paid on 11 January 2007;
- (2) the second installment in the sum of JPY172,000,000 (approximately HK\$12,327,240) will be payable on 9 January 2008;
- (3) the third installment in the sum of JPY344,000,000 (approximately HK\$24,654,480) will be payable in April 2011;
- (4) the fourth installment in the sum of JPY344,000,000 (approximately HK\$24,654,480) will be payable in July 2011; and
- (5) the last installment in the sum of JPY2,236,000,000 (approximately HK\$160,254,120) will be payable upon delivery of the Third Vessel on or before 30 September 2011.

## **THE AMENDMENT AGREEMENTS**

On 27 November 2007, each of the First Purchaser, the Second Purchaser and the Third Purchaser entered into the First Amendment Agreement, the Second Amendment Agreement and the Third Amendment Agreement respectively with the Contractor. Pursuant to each of the First Amendment Agreement, the Second Amendment Agreement and the Third Amendment Agreement, each of the vessels to be sold and delivered to each of the First Purchaser, the Second Purchaser and the Third Purchaser respectively will be changed from a 54,100 dwt to a 60,500 dwt vessel.

### **Consideration of the New First Vessel**

Subject to certain provisions for adjustment to reduce the purchase price of the New First Vessel contained in the First Amendment Agreement relating to, amongst other things, delay in delivery of the vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the New First Vessel is JPY3,755,000,000 (approximately HK\$269,120,850), representing an increase of JPY325,000,000 (approximately HK\$23,292,750) from the purchase price under the First Contract, and is payable by the First Purchaser as follows:

- (1) the first installment in the sum of JPY343,000,000 (approximately HK\$24,582,810) was paid on 4 December 2006;
- (2) the second installment in the sum of JPY32,500,000 (approximately HK\$2,329,275) will be payable within three business days after signing of the First Amendment Agreement;
- (3) the third installment in the sum of JPY187,750,000 (approximately HK\$13,456,043) will be payable on 30 November 2007;
- (4) the fourth installment in the sum of JPY375,500,000 (approximately HK\$26,912,085) will be payable in July 2010;
- (5) the fifth installment in the sum of JPY375,500,000 (approximately HK\$26,912,085) will be payable in October 2010; and
- (6) the last installment in the sum of JPY2,440,750,000 (approximately HK\$174,928,552) will be payable upon delivery of the New First Vessel on or before 31 December 2010.

### **Consideration of the New Second Vessel**

Subject to certain provisions for adjustment to reduce the purchase price of the New Second Vessel contained in the Second Amendment Agreement relating to, amongst other things, delay in delivery of the vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the New Second Vessel is JPY3,765,000,000 (approximately HK\$269,837,550), representing an increase of JPY325,000,000 (approximately HK\$23,292,750) from the purchase price under the Second Contract, and is payable by the Second Purchaser as follows:

- (1) the first installment in the sum of JPY344,000,000 (approximately HK\$24,654,480) was paid on 11 January 2007;
- (2) the second installment in the sum of JPY32,500,000 (approximately HK\$2,329,275) will be payable within three business days after signing of the Second Amendment Agreement;
- (3) the third installment in the sum of JPY376,500,000 (approximately HK\$26,983,755) will be payable on 9 January 2008;
- (4) the fourth installment in the sum of JPY376,500,000 (approximately HK\$26,983,755) will be payable in October 2010;
- (5) the fifth installment in the sum of JPY376,500,000 (approximately HK\$26,983,755) will be payable in January 2011; and
- (6) the last installment in the sum of JPY2,259,000,000 (approximately HK\$161,902,530) will be payable upon delivery of the New Second Vessel on or before 31 March 2011.

### **Consideration of the New Third Vessel**

Subject to certain provisions for adjustment to reduce the purchase price of the New Third Vessel contained in the Third Amendment Agreement relating to, amongst other things, delay in delivery of the vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the New Third Vessel is JPY3,765,000,000 (approximately HK\$269,837,550), representing an increase of JPY325,000,000 (approximately HK\$23,292,750) from the purchase price under the Third Contract, and is payable by the Third Purchaser as follows:

- (1) the first installment in the sum of JPY344,000,000 (approximately HK\$24,654,480) was paid on 11 January 2007;
- (2) the second installment in the sum of JPY32,500,000 (approximately HK\$2,329,275) will be payable within three business days after signing of the Third Amendment Agreement;
- (3) the third installment in the sum of JPY188,250,000 (approximately HK\$13,491,878) will be payable on 9 January 2008;
- (4) the fourth installment in the sum of JPY376,500,000 (approximately HK\$26,983,755) will be payable in April 2011;
- (5) the fifth installment in the sum of JPY376,500,000 (approximately HK\$26,983,755) will be payable in July 2011; and
- (6) the last installment in the sum of JPY2,447,250,000 (approximately HK\$175,394,407) will be payable upon delivery of the New Third Vessel on or before 30 September 2011.

The purchase price for each of the New First Vessel, the New Second Vessel and the New Third Vessel will all 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 were determined with reference to current market values of similar type of vessels and on the basis of arm's length negotiations. Save as disclosed above, all the remaining terms of each of the First Contract, the Second Contract and the Third Contract remain unchanged.

## **Delivery**

The First Contract and the First Amendment Agreement provide for the delivery of the New First Vessel on or before 31 December 2010 to the First Purchaser in Japan, the Second Contract and the Second Amendment Agreement provide for the delivery of the New Second Vessel on or before 31 March 2011 to the Second Purchaser in Japan, and the Third Contract and the Third Amendment Agreement provide for the delivery of the New Third Vessel on or before 30 September 2011 to the Third Purchaser in Japan. If there is any delay in delivery of the New First Vessel, the New Second Vessel or the New Third 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, the First Purchaser, the Second Purchaser or the Third Purchaser (as the case may be) may at its option rescind the First Contract and the First Amendment Agreement, the Second Contract and the Second Amendment Agreement or the Third Contract and the Third Amendment Agreement (as the case may be). The Contractor shall thereupon promptly refund to the First Purchaser, the Second Purchaser or the Third Purchaser (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 the First Purchaser, the Second Purchaser or the Third Purchaser (as the case may be) of such amount.

## **Undertaking by the Builder**

The Amendment Agreements 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, the Second Contract, the Third Contract and the Amendment Agreements, to be performed by a shipbuilder including the undertaking to remedy each of the First Purchaser, the Second Purchaser and the Third Purchaser at first priority and free of charge for any defects in the New First Vessel, the New Second Vessel and the New Third 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 each of the New First Vessel, the New Second Vessel and the New Third Vessel respectively.

## **GUARANTEES BY JINHUI SHIPPING**

Jinhui Shipping, the intermediate holding company of the First Purchaser, the Second Purchaser and the Third Purchaser, executed on 30 November 2006 and 9 January 2007 three 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 each of the First Purchaser, the Second Purchaser and the Third Purchaser respectively in accordance with the terms of the First Contract, the Second Contract, the Third Contract and their amendments thereto respectively.

## **REASONS FOR THE AMENDMENTS**

The Group's principal activities include international ship chartering, ship owning and trading. The Board considers that it would be more cost effective and economical to use a Supramax with larger carrying capacity to load or unload cargoes. The Group currently owns sixteen modern grabs fitted Supramaxes, one modern Capesize and one modern Panamax. 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, one newly built Panamax, one second hand Handymax and two newly built VLOCs for delivery going forward, where five of which will be delivered in 2008, seven in 2009, five in 2010, four in 2011 and two in 2012.

The terms and conditions of the Amendment Agreements 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 Group had during the past twelve months entered into another separate contract with the Contractor on 5 November 2007 for the acquisition of another motor vessel from the Contractor. Each of the aforementioned contracts and any amendments thereto is separate and not inter-conditional of each other. Save as disclosed above, the Group had no other acquisition of motor vessel with the Contractor during the past twelve months.

## **GENERAL**

Under the Listing Rules, the Amendments constitute a new major transaction for the Company and is subject to shareholders' approval in general meeting. Fairline Consultants Limited, the controlling shareholder of the Company holding 339,311,280 Shares which represent approximately 65.26 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 Amendments other than through its shareholding interest in the Company and Jinhui Shipping, and therefore no Shareholder is required to abstain from voting on the Amendments if the Company were to convene a general meeting for the approval of the Amendments, and the Amendments have been approved by a written shareholder's approval. A circular containing, amongst other things, further information relating to the Amendments 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:

“Amendment Agreements”	collectively, the First Amendment Agreement, the Second Amendment Agreement and the Third Amendment Agreement;
“Amendments”	the amendments under the First Amendment Agreement, the Second Amendment Agreement and the Third Amendment Agreement;
“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;
“Company”	Jinhui Holdings Company Limited;
“Contractor”	Sumitomo Corporation, a company incorporated in Japan;
“Directors”	the directors of the Company;
“dwt”	deadweight tonnage;
“First Amendment Agreement”	the amendment agreement dated 27 November 2007 entered into between the First Purchaser and the Contractor in respect of the amendment to certain terms of the First Contract;

“First Contract”	the construction and sale contract dated 30 November 2006 entered into between the First Purchaser and the Contractor in respect of the acquisition of the First Vessel;
“First Purchaser”	Jinming Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“First Vessel”	a deadweight 54,100 metric tons type bulk carrier to be constructed in Japan;
“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 Share(s)”	ordinary share(s) of US\$0.05 each in the share capital of Jinhui Shipping;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New First Vessel”	a deadweight 60,500 metric tons type bulk carrier to be constructed in Japan;
“New Second Vessel”	a deadweight 60,500 metric tons type bulk carrier to be constructed in Japan;
“New Third Vessel”	a deadweight 60,500 metric tons type bulk carrier to be constructed in Japan;
“Panamax”	a vessel of deadweight approximately 70,000 metric tons and is designed to be just small enough to transit the Panama Canal;
“Second Amendment Agreement”	the amendment agreement dated 27 November 2007 entered into between the Second Purchaser and the Contractor in respect of the amendment to certain terms of the Second Contract;
“Second Contract”	the construction and sale contract dated 9 January 2007 entered into between the Second Purchaser and the Contractor in respect of the acquisition of the Second Vessel;
“Second Purchaser”	Jinhan Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Second Vessel”	a deadweight 54,100 metric tons type bulk carrier to be constructed in Japan;
“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;



“Third Amendment Agreement”	the amendment agreement dated 27 November 2007 entered into between the Third Purchaser and the Contractor in respect of the amendment to certain terms of the Third Contract;
“Third Contract”	the construction and sale contract dated 9 January 2007 entered into between the Third Purchaser and the Contractor in respect of the acquisition of the Third Vessel;
“Third Purchaser”	Jinhong Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Third Vessel”	a deadweight 54,100 metric tons type bulk carrier to be constructed in Japan;
“VLOC(s)”	Very Large Ore Carrier(s);
“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\$0.07167.

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

Hong Kong, 27 November 2007

*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.*