JINHUI

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

The First Purchaser and the Second Purchaser, both are approximately 54.77 per cent. indirectly owned subsidiaries of the Company, entered into the First Contract and the Second Contract respectively with the Vendors on 23 November 2007 to acquire the First Vessel and the Second Vessel respectively, each at a purchase price of US$122,620,000 (approximately HK$956,436,000). The total purchase price of the First Vessel and the Second Vessel is US$245,240,000 (approximately HK$1,912,872,000). The First Vessel and the Second Vessel will be delivered to the First Purchaser and the Second Purchaser on or before 30 June 2011 and 31 December 2011 respectively.

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

THE CONTRACTS

Purchasers

The First Purchaser and the Second Purchaser, 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.

Vendors

CSOC and the Builder are subsidiaries of CSIC which is the largest group in China in the field of design, manufacture, and trade of military and civil ships, marine engineering and marine equipment. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Vendors and their ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

The Acquisition

Pursuant to the First Contract and the Second Contract both dated 23 November 2007, the Vendors have agreed to build, launch, equip and complete at the Builder's shipyard at Dalian, China and to sell and deliver the First Vessel and the Second Vessel to the First Purchaser and the Second Purchaser respectively, and the First Purchaser and the Second Purchaser have agreed to purchase and take delivery of the First Vessel and the Second Vessel respectively from the Vendors. Each of the First Vessel and the Second Vessel is a VLOC of 300,000 dwt for the transportation of iron ores and is proposed to be used for chartering out to gain operating income by the First Purchaser and the Second Purchaser respectively after delivery. The First Contract and the Second Contract are separate and not inter-conditional of each other. The Group has not acquired or disposed of any other vessel with the Vendors and their ultimate beneficial owners during the last twelve months from date of the First Contract and the Second Contract.

Consideration

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 First Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the First Vessel is US$122,620,000 (approximately HK$956,436,000) and is payable by the First Purchaser as follows:

(1) the first installment in the sum of US$24,524,000 (approximately HK$191,287,200) shall become due and payable after the First Purchaser's receipt of the Refund Guarantee and is expected to be on or before 31 January 2008;

(2) the second installment in the sum of US$24,524,000 (approximately HK$191,287,200) shall become due and payable within five banking days after the cutting of the first steel plate of the First Vessel which is expected to be around end of May 2010;

(3) the third installment in the sum of US$24,524,000 (approximately HK$191,287,200) shall become due and payable within five banking days after keel-laying of the first section of the First Vessel which is expected to be around end of November 2010;

(4) the fourth installment in the sum of US$24,524,000 (approximately HK$191,287,200) shall become due and payable within five banking days after launching of the First Vessel which is expected to be around end of March 2011; and

(5) the last installment in the sum of US$24,524,000 (approximately HK$191,287,200) shall become due and payable concurrently with delivery of the First Vessel on or before 30 June 2011.

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 Second Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the Second Vessel is US$122,620,000 (approximately HK$956,436,000) and is payable by the Second Purchaser as follows:

(1) the first installment in the sum of US$24,524,000 (approximately HK$191,287,200) shall become due and payable after the Second Purchaser's receipt of the Refund Guarantee and is expected to be on or before 31 January 2008;

(2) the second installment in the sum of US$24,524,000 (approximately HK$191,287,200) shall become due and payable within five banking days after the cutting of the first steel plate of the Second Vessel which is expected to be around end of October 2010;

(3) the third installment in the sum of US$24,524,000 (approximately HK$191,287,200) shall become due and payable within five banking days after keel-laying of the first section of the Second Vessel which is expected to be around end of April 2011;

(4) the fourth installment in the sum of US$24,524,000 (approximately HK$191,287,200) shall become due and payable within five banking days after launching of the Second Vessel which is expected to be around end of September 2011; and

(5) the last installment in the sum of US$24,524,000 (approximately HK$191,287,200) shall become due and payable concurrently with delivery of the Second Vessel on or before 31 December 2011.

The purchase prices for the First Vessel and the Second Vessel will both be payable by cash in United States Dollars. 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 of the First Vessel and the Second Vessel were determined by reference to current market values of similar type of vessels and on the basis of arm's length negotiations.

Delivery

The First Contract provides for the delivery of the First Vessel on or before 30 June 2011 to the First Purchaser in Dalian, China, and the Second Contract provides for the delivery of the Second Vessel on or before 31 December 2011 to the Second Purchaser in Dalian, China. If there is any delay in delivery of the First Vessel or the Second Vessel which continues for a period of 240 days or 300 days after the agreed delivery date, then after such period has expired, the First Purchaser or the Second Purchaser (as the case may be) may at its option, rescind or cancel the First Contract or the Second Contract (as the case may be). The Vendors shall thereupon promptly refund to the First Purchaser or the Second Purchaser (as the case may be) in United States Dollars the full amount of all sums received by the Vendors together with interest accrued thereon at an agreed rate from the date of receipt by the Vendors of such amount to the date of full payment to the First Purchaser or the Second Purchaser (as the case may be) of such amount.

REASONS FOR THE ACQUISITION

The Group’s principal activities include international ship chartering, ship owning and trading. Both the First Vessel and the Second Vessel are VLOCs. The Directors are optimistic of the demand in the iron ores transportation market and its persistent growth in the coming years. The Acquisition will enable the Group to further complement our owned young and modern fleet of vessels to serve the growing needs of our customers. The Group currently owns sixteen modern grabs fitted Supramaxes, one modern Capesize and one modern Panamax. In addition to the existing owned vessels as mentioned above, after the Acquisition and 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 First Contract and the Second 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.

GENERAL

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 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 Acquisition other than through its shareholding interest in the Company and Jinhui Shipping, 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 has been 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.

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 Contract and the Second Contract respectively;
"Board"	the board of Directors;
"Builder"	Dalian Shipbuilding Industry Co., Ltd.* (大連船舶重工集團有限公司), a Chinese Shipbuilder, a company incorporated in China;
"Capesize"	a dry bulk vessel of deadweight approximately 150,000 metric tons or above;
"Company"	Jinhui Holdings Company Limited;
"CSIC"	China Shipbuilding Industry Corporation* (中國船舶重工集團公司), a company incorporated in China;
"CSOC"	China Shipbuilding & Offshore International (H.K.) Co., Ltd. (中國船舶重工國際貿易(香港)有限公司), a company incorporated in Hong Kong;
"Directors"	the directors of the Company;
"dwt"	deadweight tonnage;
"First Contract"	the shipbuilding contract dated 23 November 2007 entered into between the First Purchaser and the Vendors in respect of the acquisition of the First Vessel;

"First Purchaser"	Jinchao Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
"First Vessel"	a deadweight 300,000 metric tons type ore carrier to be constructed in Dalian, China;
"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;
"Panamax"	a vessel of deadweight approximately 70,000 metric tons and is designed to be just small enough to transit the Panama Canal;
"Refund Guarantee(s)"	the guarantee(s) to be issued by the Vendors' bank in favour of each of the First Purchaser and the Second Purchaser respectively whereby the Vendors' bank will guarantee the refund of any sum received by the Vendors to each of the First Purchaser and the Second Purchaser respectively if the delivery of any of the First Vessel or the Second Vessel is not effected according to the agreed date of delivery respectively;
"Second Contract"	the shipbuilding contract dated 23 November 2007 entered into between the Second Purchaser and the Vendors in respect of the acquisition of the Second Vessel;
"Second Purchaser"	Jinning Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
"Second Vessel"	a deadweight 300,000 metric tons type ore carrier to be constructed in Dailan, China;
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company;
"Shareholder(s)"	shareholder(s) of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Supramax(es)"	dry cargo vessel(s) of deadweight approximately 50,000 metric tons;
"Vendors"	collectively, CSOC and the Builder;
"VLOC(s)"	Very Large Ore Carrier(s);
"HK$"	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.

* *For identification purpose only*

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

Hong Kong, 23 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.