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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

DISCLOSEABLE TRANSACTION ACQUISITION OF A VESSEL

Jinning, an approximately 54.77 per cent. indirectly owned subsidiary of the Company, entered into the Contract with the Contractor on 19 May 2008 to acquire the Vessel at a purchase price of JPY5,100,000,000 (approximately HK\$379,480,800). The Vessel will be delivered to Jinning on or before 30 June 2011.

The Acquisition constitutes a discloseable 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 CONTRACT

Purchaser

Jinning 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 Acquisition

Pursuant to the Contract dated 19 May 2008, 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 Jinning, and Jinning has agreed to purchase and take delivery of the Vessel from the Contractor. The Vessel is a Supramax of deadweight 59,760 metric tons and is proposed to be used for chartering out to gain operating income by Jinning after delivery.

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 delivery of the Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the Vessel is JPY5,100,000,000 (approximately HK\$379,480,800) and is payable by Jinning in the following manner:

- (1) the first installment in the sum of JPY1,020,000,000 (approximately HK\$75,896,160) will be payable to the Contractor's designated bank account within three business days after signing of the Contract;
- (2) the second installment in the sum of JPY255,000,000 (approximately HK\$18,974,040) will be payable on 19 May 2009;
- (3) the third installment in the sum of JPY510,000,000 (approximately HK\$37,948,080) will be payable in December 2010;
- (4) the fourth installment in the sum of JPY510,000,000 (approximately HK\$37,948,080) will be payable in March 2011; and
- (5) the last installment in the sum of JPY2,805,000,000 (approximately HK\$208,714,440) will be payable upon delivery of the Vessel on or before 30 June 2011.

The purchase price for the Vessel will be payable by cash in Japanese Yen. It is currently expected that approximately 70 per cent. of the purchase price will be funded by bank financing and approximately 30 per cent. will be funded by internal resources of the Group. The purchase price for the 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 Contract provides for the delivery of the Vessel on or before 30 June 2011 to Jinning in Japan. Pursuant to the terms of the Contract, 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, then after such period has expired, Jinning may at its option rescind the Contract. The Contractor shall thereupon promptly refund to Jinning 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 Jinning 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 Jinning 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 Jinning, also executed on 19 May 2008 a guarantee in favour of the Contractor pursuant to which Jinhui Shipping agrees to guarantee the due and faithful performance and fulfillment by Jinning 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 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 nineteen modern grabs fitted Supramaxes including three 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 Panamaxes and one second hand Handymax for delivery going forward, where three of which will be delivered in 2008, seven in 2009, five in 2010, four in 2011, two in 2012 and one in 2013.

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 had during the past twelve months entered into other one separate contract and three amendment agreements with the Contractor on 5 November 2007 and 27 November 2007 respectively in relation to the acquisition of other four motor vessels from the Contractor. Each of the aforementioned contracts and amendment agreements is separate and not inter-conditional of each other.

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;
“Capesize”	a dry bulk vessel of deadweight approximately 150,000 metric tons or above;
“Company”	Jinhui Holdings Company Limited;
“Contract”	the construction and sale contract dated 19 May 2008 entered into between Jinning 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;
“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;
“Jinning”	Jinning Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“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;
“Shareholders”	shareholders 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;
“Vessel”	a deadweight 59,760 metric tons type bulk carrier to be constructed in Japan;

“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\$0.074408.

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

Hong Kong, 19 May 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.