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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

## **ANNOUNCEMENT TERMINATION OF MAJOR TRANSACTION**

Reference is made to the announcement of the Company dated 23 November 2007, where 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 two VLOCs.

The Company was informed by Jinhui Shipping that the First Purchaser and the Second Purchaser have decided to cancel the First Contract and the Second Contract respectively and terminate the Acquisition of the First Vessel and the Second Vessel.

### **TERMINATION OF MAJOR TRANSACTION**

Reference is made to the announcement of the Company dated 23 November 2007, where the First Purchaser and the Second Purchaser entered into the First Contract and the Second Contract respectively with the Vendors for the acquisition of two VLOCs. Both the First Purchaser and the Second Purchaser are 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. Terms used in this announcement shall have the same meanings as defined in the announcement of the Company dated 23 November 2007.

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 ore. The First Contract and the Second Contract are separate and not inter-conditional of each other. The consideration for each of the First Vessel and the Second Vessel is US\$122,620,000 (approximately HK\$956,436,000).

Since the subprime mortgage financial crisis unfolds during the past few months, financial institutions have reduced their willingness to loan funds to other financial institutions and to corporations in general, resulting in a global credit crunch. Despite receiving a number of financing proposals from a number of banks with regards to the financing of the two VLOCs, proposed terms and conditions from banks were found to be much less flexible than those previously enjoyed by the Group, coupled with a significant increase in cost of borrowing even when a fifteen-year time charter contract with a first class Chinese steel mill was in place. The risk-return profile of completing the First Contract and the Second Contract has thus changed drastically due to persistent negative sentiment clouding the global financial markets.

With the Group's currently owned vessels and to-be-delivered vessels being all acquired at attractive prices, and the majority of the vessels to be delivered between now and 2013 having gained financing commitments from first class banks which were in place before the subprime mortgage financial crisis/credit crunch, Jinhui Shipping has decided on 31 January 2008 to cancel the First Contract and the Second Contract in order to reduce any unwanted future business risk, as well as keeping its financing strategy and overall cost of borrowing in check, which is consistent with the Group's long term goal of maintaining healthy business growth with a young portfolio of vessels that are financed in a conservative manner.

As a result of the cancellation, under the First Contract and the Second Contract, each of the First Purchaser and the Second Purchaser is required to pay US\$2,000,000 (approximately HK\$15,600,000) in cash to the Vendors and the First Contract and the Second Contract shall be terminated accordingly. The Group does not expect significant financial impact due to the cancellation of the First Contract and the Second Contract.

The Group's principal activities include international ship chartering, ship owning and trading. The Directors believe that the operation of the Group would not be adversely affected by the termination of the Acquisition and would continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet size as appropriate. The Group currently owns sixteen modern grabs fitted Supramaxes, one modern Panamax and one modern Capesize. After the termination of 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 twenty one newly built grabs fitted Supramaxes, one newly built Panamax and one second hand Handymax for delivery going forward, where six of which will be delivered in 2008, seven in 2009, five in 2010, two in 2011, two in 2012 and one in 2013.

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

Hong Kong, 31 January 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.*