

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

ANNOUNCEMENT

Reference is made to the Announcement and the Circular made by the Company dated 1 April 2005 and 22 April 2005 respectively, where Jinrong Marine, a subsidiary of the Company, has entered into the Memorandum with the Vendor on 31 March 2005 for the acquisition of the Vessel.

The Company was informed by Jinhui Shipping that Jinrong Marine has decided to exercise the option under the Memorandum dated 31 March 2005 to rescind the Memorandum and terminate the Acquisition of the Vessel.

TERMINATION OF THE ACQUISITION

Reference is made to the announcement (the "Announcement") and the circular (the "Circular") made by Jinhui Holdings Company Limited (the "Company") dated 1 April 2005 and 22 April 2005 respectively, where Jinrong Marine has entered into the Memorandum with the Vendor on 31 March 2005 for the acquisition of the Vessel. Jinrong Marine is a wholly-owned subsidiary of Jinhui Shipping which in turn a 50.21 per cent. owned subsidiary of the Company. Terms used in this announcement shall have the same meanings as defined in the Circular unless otherwise stated.

Under the Memorandum, Jinrong Marine agrees to acquire from the Vendor one deadweight 28,200 metric tons bulk carrier, which will be delivered during the period from 1 November 2005 to 30 November 2005. The consideration for the Vessel is US\$27,800,000 (approximately HK\$216,840,000). A deposit of US\$2,780,000 was paid by Jinrong Marine on 6 April 2005 to a bank account in the joint names of Jinrong Marine and the Vendor, and will be released to the Vendor on the delivery of the Vessel. The balance of the consideration for the Vessel will be paid to the Vendor on the delivery of the Vessel which was agreed to be between 1 November 2005 and 30 November 2005 at the Vendor's option.

The delivery date of the Vessel was delayed once to 20 December 2005 under the Vendor's request, which was accepted by Jinrong Marine. However, the Vendor has recently informed Jinrong Marine that the Vessel will not be delivered by 20 December 2005 due to an existing charter contract, and requested a further extension for the delivery of the Vessel till early January 2006.

The protracted delay in delivery of the Vessel has caused much disruption to the Group's plan. Subject to the terms of the Memorandum, if there is a delay in the delivery of the Vessel, Jinrong Marine has the option to rescind the Memorandum. The Company was informed by Jinhui Shipping that Jinrong Marine has decided to exercise the option to rescind the Memorandum and terminate the Acquisition, with the deposit paid by Jinrong Marine with interest thereon to be returned to Jinrong Marine, which is expected to be received by Jinrong Marine no later than 19 December 2005.

The principal businesses of the Group include international ship chartering, ship owning and trading. The Directors believe that the operation of Jinhui Shipping 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. After the termination of the Acquisition, the Group will have four additional newly built dry bulk vessels for delivery going forward, where one of which will be delivered in 2006 and another three in 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.

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

Hong Kong, 16 December 2005

Please also refer to the published version of this announcement in China Daily.