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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

MAJOR TRANSACTION – ACQUISITION OF TWO VESSELS RESUMPTION OF TRADING OF SHARES

Jinman and Jinpu, both approximately 50.21 per cent. owned indirect subsidiaries of the Company, as purchasers, entered into the First Contract and the Second Contract with the Contractor on 4 January 2006 to acquire the First Vessel and the Second Vessel respectively, each at a purchase price of JPY3,430,000,000 (approximately HK\$228,643,800). The total consideration of the First Vessel and the Second Vessel is JPY6,860,000,000 (approximately HK\$457,287,600). The First Vessel and the Second Vessel will be delivered to Jinman and Jinpu on or before 31 March 2008 and 31 December 2008 respectively. The Acquisition constitutes a major transaction for the Company under the Listing Rules.

On 4 January 2006, Jinman and Jinpu entered into the First Contract and the Second Contract respectively, following which the Company had applied for the suspension of the trading in the shares of the Company on 5 January 2006. Trading in the shares of the Company was suspended with effect from 9:30 a.m. on 5 January 2006. The Company has applied to The Stock Exchange of Hong Kong Limited for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 10 January 2006.

THE CONTRACT

Purchasers

Jinman Marine Inc. (“Jinman”) and Jinpu Marine Inc. (“Jinpu”), both are ship owning companies and wholly-owned subsidiaries of Jinhui Shipping and Transportation Limited (“Jinhui Shipping”) which is in turn an approximately 50.21 per cent. owned subsidiary of Jinhui Holdings Company Limited (the “Company”).

Vendor

Sumitomo Corporation (the “Contractor”) is a trading firm listed on five stock exchanges in Tokyo, Osaka, Nagoya, Fukuoka and Frankfurt. 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. The Contractor is a third party independent of the Company and connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) of the Company.

The Acquisition

Pursuant to a construction and sale contract dated 4 January 2006 (the “First Contract”), the Contractor has agreed to procure a designated shipbuilder, Oshima Shipbuilding Co., Ltd. (the “Builder”), to build, launch, equip and complete at the Builder’s shipyard in Japan and to sell and deliver to Jinman one deadweight 55,300 metric tons bulk carrier (the “First Vessel”) in Japan and Jinman has agreed to purchase and take delivery of the First Vessel from the Contractor.

Pursuant to another construction and sale contract dated 4 January 2006 (the “Second Contract”), 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 to Jinpu one deadweight 55,300 metric tons bulk carrier (the “Second Vessel”) in Japan and Jinpu has agreed to purchase and take delivery of the Second Vessel from the Contractor.

The acquisition of the First Vessel and the Second Vessel (the “Acquisition”) are separate and not inter-conditional.

The First Vessel and the Second Vessel are proposed to be used for chartering out to gain operating income by Jinman and Jinpu after delivery. 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 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 date the Builder has built over 400 bulk carriers, delivering around 25 annually to shipowners all over the world.

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 the 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 JPY3,430,000,000 (approximately HK\$228,643,800) payable by four instalments as follows:

- (1) the first instalment in the sum of JPY343,000,000 (approximately HK\$22,864,380) will be payable within three business days upon signing of the First Contract;
- (2) the second instalment in the sum of JPY343,000,000 (approximately HK\$22,864,380) will be payable on 28 September 2007;
- (3) the third instalment in the sum of JPY343,000,000 (approximately HK\$22,864,380) will be payable upon launching of the First Vessel which is expected to be around mid February 2008; and
- (4) the last instalment of JPY2,401,000,000 (approximately HK\$160,050,660) will be payable upon delivery of the First Vessel on or before 31 March 2008.

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 the 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 JPY3,430,000,000 (approximately HK\$228,643,800) payable by four instalments as follows:

- (1) the first instalment in the sum of JPY343,000,000 (approximately HK\$22,864,380) will be payable within three business days upon signing of the Second Contract;
- (2) the second instalment in the sum of JPY343,000,000 (approximately HK\$22,864,380) will be payable on 30 June 2008;
- (3) the third instalment in the sum of JPY343,000,000 (approximately HK\$22,864,380) will be payable upon launching of the Second Vessel which is expected to be around mid November 2008; and
- (4) the last instalment of JPY2,401,000,000 (approximately HK\$160,050,660) will be payable upon delivery of the Second Vessel on or before 31 December 2008.

The purchase prices for the First Vessel and the Second Vessel will both be payable by cash in Japanese Yen which will be funded by the internal resources and bank loans of the Company and its subsidiaries (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 31 March 2008 to Jinman in Japan, and the Second Contract provides for the delivery of the Second Vessel on or before 31 December 2008 to Jinpu in Japan. If there is delay in delivery of the First Vessel or the Second Vessel which continues for a period of 180 days from the thirty-first day after the agreed delivery date by all the parties involved, then after such period has expired, Jinman and Jinpu may at their options rescind the First Contract and the Second Contract respectively. The Contractor shall thereupon promptly refund to Jinman or Jinpu 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 Jinman or Jinpu of such amount.

Undertaking by the Builder

The First Contract and the Second Contract 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 and the Second Contract to be performed by a shipbuilder including the undertaking to remedy Jinman and Jinpu at first priority and free of charge for any defects in the First Vessel and the Second Vessel respectively which are due to defective material, defective construction and/or bad workmanship on the part of the Builder and/or its sub-contractors within a period of twelve months after the date of delivery of the First Vessel and the Second Vessel respectively.

Guarantee by Jinhui Shipping

Jinhui Shipping, an approximately 50.21 per cent. owned subsidiary of the Company and the intermediate holding company of Jinman and Jinpu, executed on 4 January 2006 guarantees in favour of the Contractor pursuant to which it agrees to guarantee the full and punctual payment of the purchase prices and the prompt and punctual performance by Jinman and Jinpu in accordance with the terms of the First Contract and the Second Contract respectively.

REASONS FOR THE ACQUISITION

The Group’s principal activities include international ship chartering, ship owning and trading. The outlook of the dry bulk shipping market remains to be healthy and the Group believes the freight rates should continue at very firm levels, and the addition of two new motor vessels will further complement our owned young and modern fleet of vessels to serve with the growing needs of our customers. The Group currently owns thirteen dry bulk vessels. After the Acquisition, the Group will have additional six newly built dry bulk vessels for delivery going forward, where one of which will be delivered in 2006, another three in 2007 and two in 2008.

The Group has been a customer of the Contractor since 1997 and had previously acquired and took delivery of seven motor vessels from the Contractor in the past few years. In addition, the Group had entered into a separate contract with the Contractor on 2 November 2005 for the acquisition of another motor vessel from the Contractor. Each of the aforementioned contracts are separate and not inter-conditional of each other.

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 Company considers such terms and conditions of the First Vessel and the Second Vessel are fair and reasonable and it is an opportune moment during recent market situations to further expand its fleet of vessels in order to generate more operating income for the Group and hence further increase shareholders’ value.

GENERAL

Under the Listing Rules, the Acquisition constitutes a major transaction for the Company and is subject to shareholders' approval in general meeting in accordance with the Listing Rules. As Fairline Consultants Limited, the controlling shareholder of the Company holding approximately 55.36 per cent. of the issued share capital of the Company and voting rights in general meeting is not interested in the Acquisition other than through its shareholding interest in the Company, therefore no shareholder of the Company is required to abstain from voting on the Acquisition, and the Acquisition will be approved by a written shareholders' approval. A circular containing, amongst other things, further information relating to the Acquisition will be despatched to the shareholders of the Company as soon as reasonably practicable.

On 4 January 2006, Jinman and Jinpu entered into the First Contract and the Second Contract respectively, following which the Company had applied for the suspension of the trading in the shares of the Company on 5 January 2006. Trading in the shares of the Company was suspended with effect from 9:30 a.m. on 5 January 2006. The Company has applied to The Stock Exchange of Hong Kong Limited for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 10 January 2006.

Unless otherwise specified, amounts denominated in Japanese Yen have been translated, for the purpose of illustration only, into Hong Kong Dollars at the rate of JPY1 to HK\$0.06666 as at 5 January 2006. No representation is made that any amounts in Japanese Yen or Hong Kong Dollars could have been or could be converted at the above rate or at any other rate or at all.

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, 9 January 2006

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