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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

DISCLOSEABLE TRANSACTION ACQUISITION OF TWO VESSELS

Jinze and Jinjiang, both approximately 54.34 per cent. indirectly owned subsidiaries of the Company, entered into the First Contract and the Second Contract respectively with the Vendor on 7 May 2007 to acquire the First Vessel and the Second Vessel respectively, each at a purchase price of JPY1,910,500,000 and US\$17,500,000 (in total approximately HK\$261,026,390). The total purchase price of the First Vessel and the Second Vessel is JPY3,821,000,000 and US\$35,000,000 (in total approximately HK\$522,052,780). The First Vessel and the Second Vessel will be delivered to Jinze and Jinjiang on or before 31 March 2012 and 31 August 2012 respectively. The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

THE CONTRACTS

Purchasers

Jinze and Jinjiang, both are ship owning companies and wholly-owned subsidiaries of Jinhui Shipping, which are in turn approximately 54.34 per cent. owned subsidiaries of the Company.

Vendor

The Vendor is a trading firm listed on four stock exchanges in Tokyo, Osaka, Nagoya and London. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Vendor 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 First Contract and the Second Contract both dated 7 May 2007, the Vendor has ordered the Builder to build and complete the First Vessel and the Second Vessel in Philippines, and has agreed to sell and deliver the First Vessel and the Second Vessel to Jinze and Jinjiang respectively, and Jinze and Jinjiang have agreed to purchase and take delivery of the First Vessel and the Second Vessel respectively from the Vendor. Each of the First Vessel and the Second Vessel is a Supramax of deadweight 58,100 metric tons and is proposed to be used for chartering out to gain operating income by Jinze and Jinjiang respectively after delivery. The First Contract and the Second Contract are separate and not inter-conditional of each other.

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 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 JPY1,910,500,000 and US\$17,500,000 (in total approximately HK\$261,026,390) and is payable by Jinze as follows:

- (1) the first instalment in the sum of JPY382,100,000 (approximately HK\$24,905,278) will be payable within three banking days from the date of signing of the First Contract;
- (2) the second instalment in the sum of JPY382,100,000 (approximately HK\$24,905,278) will be payable around 7 November 2008;
- (3) the third instalment in the sum of JPY573,150,000 (approximately HK\$37,357,917) will be payable upon steel-cutting of the First Vessel which is expected to be around June 2011;
- (4) the fourth instalment in the sum of JPY573,150,000 (approximately HK\$37,357,917) will be payable upon launching of the First Vessel which is expected to be around December 2011; and
- (5) the last instalment in the sum of US\$17,500,000 (approximately HK\$136,500,000) will be payable upon delivery of the First Vessel on or before 31 March 2012.

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 JPY1,910,500,000 and US\$17,500,000 (in total approximately HK\$261,026,390) and is payable by Jinjiang as follows:

- (1) the first instalment in the sum of JPY382,100,000 (approximately HK\$24,905,278) will be payable within three banking days from the date of signing of the Second Contract;
- (2) the second instalment in the sum of JPY382,100,000 (approximately HK\$24,905,278) will be payable around 7 November 2008;
- (3) the third instalment in the sum of JPY573,150,000 (approximately HK\$37,357,917) will be payable upon steel-cutting of the Second Vessel which is expected to be around November 2011;
- (4) the fourth instalment in the sum of JPY573,150,000 (approximately HK\$37,357,917) will be payable upon launching of the Second Vessel which is expected to be around May 2012; and

(5) the last instalment in the sum of US\$17,500,000 (approximately HK\$136,500,000) will be payable upon delivery of the Second Vessel on or before 31 August 2012.

The total purchase price for the First Vessel and the Second Vessel is JPY3,821,000,000 and US\$35,000,000 (in total approximately HK\$522,052,780), which will be payable by cash in Japanese Yen and United States Dollars. It is currently expected that approximately 70 per cent. of the total purchase price will be funded by bank financing and approximately 30 per cent. will be funded by internal resources of the Group. Each of the purchase prices of the First Vessel and the Second Vessel is determined by reference to current market values of similar type of vessels and on the basis of arm's length negotiations.

Condition Subsequent

According to the First Contract and the Second Contract, if the construction permission for the First Vessel or the Second Vessel (as the case may be) shall not have been granted by the Philippine Government not later than 180 days after signing of the First Contract and the Second Contract, the First Contract or the Second Contract (as the case may be) shall automatically become null and void, unless otherwise mutually agreed in writing between all the parties involved. The Vendor shall refund any payment already made by Jinze or Jinjiang (as the case may be) under the First Contract or the Second Contract (as the case may be) without interest to Jinze or Jinjiang (as the case may be). If the First Contract or the Second Contract (as the case may be) becomes null and void, a further announcement will be issued by the Company in this respect.

Delivery

The First Contract and the Second Contract provide that the delivery of the First Vessel and the Second Vessel will take place in Philippines on or before 31 March 2012 and 31 August 2012 respectively. Pursuant to the terms of the First Contract and the Second Contract, if there is any delay in delivery of the First Vessel or the Second Vessel which continues for a period of 150 days from the thirty-first day after the agreed delivery date, then after such period has expired, Jinze or Jinjiang (as the case may be) may at its option rescind the First Contract or the Second Contract (as the case may be). The Vendor shall thereupon promptly refund to Jinze or Jinjiang (as the case may be) the full amount of all sums received by the Vendor together with interest accrued thereon at an agreed rate from the date of receipt by the Vendor of such amount to the date of full payment to Jinze or Jinjiang (as the case may be) of such amount.

Undertaking by the Builder

Pursuant to the First Contract and the Second Contract, the Vendor has also agreed to assign the Builder's warranty of quality to Jinze and Jinjiang respectively with the Builder's consent upon delivery of the First Vessel and the Second Vessel including the undertaking by the Builder to remedy Jinze and Jinjiang free of charge for any defects in the First Vessel and the Second Vessel respectively which are due to defective material 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 First Vessel and the Second Vessel respectively.

GUARANTEES BY JINHUI SHIPPING

Jinhui Shipping, the intermediate holding company of Jinze and Jinjiang, also executed on 7 May 2007 two guarantees in favour of the Vendor pursuant to which Jinhui Shipping agrees to guarantee the due and faithful performance and fulfillment by Jinze and Jinjiang 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. Both the First Vessel and the Second Vessel are Supramaxes. The Acquisition will enable the Group to concentrate on maintaining a fleet of grabs fitted Supramaxes that are of better equipped loading facilities, and will further complement our owned young and modern fleet of vessels to serve the growing needs of our customers. The Group currently owns thirteen modern grabs fitted Supramaxes and one modern Panamax. After the Acquisition, the Group will have additional fifteen newly built grabs fitted Supramaxes, one second hand Capesize, and one second hand Handymax for delivery going forward, where four of which will be delivered in 2007, three in 2008, two in 2009, four in 2010, two 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.

The Group has been a customer of the Vendor since 2003. In addition, the Group had during the past twelve months entered into other two separate contracts with the Vendor on 2 November 2006 for the acquisition of other two motor vessels from the Vendor. Each of the aforementioned contracts is separate and not inter-conditional of each other. Furthermore, at the time of each of the aforementioned contracts, the Acquisition was not contemplated and there was no agreement or understanding between the Group and the Vendor in relation to the Acquisition.

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 First Vessel and the Second Vessel under the First Contract and the Second Contract respectively;
“Board”	the board of Directors;
“Builder”	Tsuneishi Holdings Corporation, a company incorporated in Japan;

“Capesize”	a dry bulk vessel of deadweight approximately 150,000 metric tons or above;
“Company”	Jinhui Holdings Company Limited;
“Directors”	the directors of the Company;
“First Contract”	the contract dated 7 May 2007 entered into between Jinze and the Vendor in respect of the acquisition of the First Vessel;
“First Vessel”	a deadweight 58,100 metric tons type bulk carrier;
“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 54.34 per cent. owned subsidiary of the Company, whose shares are listed on the Oslo Stock Exchange, Norway;
“Jinjiang”	Jinjiang Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Jinze”	Jinze Marine Inc., a wholly-owned subsidiary 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;
“Second Contract”	the contract dated 7 May 2007 entered into between Jinjiang and the Vendor in respect of the acquisition of the Second Vessel;
“Second Vessel”	a deadweight 58,100 metric tons type bulk carrier;
“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;

“Vendor”	Mitsubishi Corporation, a company incorporated in Japan;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“JPY”	Japanese Yen, the lawful currency of Japan, and for the purpose of illustration only, translated into HK\$ at the rate of JPY1 = HK\$0.06518; 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.

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, 7 May 2007

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