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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

MAJOR TRANSACTION ACQUISITION OF A VESSEL AND RESUMPTION OF TRADING OF SHARES

The Purchaser, an approximately 50.21 per cent. owned indirect subsidiary of the Company, entered into the Contract with the Contractor on 9 June 2006 to acquire the Vessel at a purchase price of JPY3,430,000,000 (approximately HK\$233,548,700). The Vessel will be delivered to the Purchaser on or before 31 March 2009. The Acquisition constitutes a major transaction for the Company under the Listing Rules.

Trading in the shares of the Company was suspended at the request of the Company with effect from 9:30 a.m. on 12 June 2006. The Company has applied to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 13 June 2006.

THE CONTRACT

Purchaser

The Purchaser is a ship owning company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 50.21 per cent. owned subsidiary of the Company.

Vendor

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. 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 9 June 2006, 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 the Purchaser and the Purchaser has agreed to purchase and take delivery of the Vessel from the Contractor. The Vessel is a deadweight 54,200 metric tons type bulk carrier and proposed to be used for chartering out to gain operating income by the Purchaser after delivery.

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 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 the delivery of the Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the Vessel is JPY3,430,000,000 (approximately HK\$233,548,700) payable by four instalments as follows:

- (1) the first instalment in the sum of JPY343,000,000 (approximately HK\$23,354,870) will be payable within three business days after signing of the Contract;
- (2) the second instalment in the sum of JPY343,000,000 (approximately HK\$23,354,870) will be payable upon keel-laying of the Vessel which is expected to be around June 2008;
- (3) the third instalment in the sum of JPY343,000,000 (approximately HK\$23,354,870) will be payable upon launching of the Vessel which is expected to be around February 2009; and
- (4) the last instalment of JPY2,401,000,000 (approximately HK\$163,484,090) will be payable upon delivery of the Vessel on or before 31 March 2009.

The purchase price for the Vessel will be payable by cash in Japanese Yen which will be funded by the internal resources and bank loans of the Group. The purchase price was determined by 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 31 March 2009 to the Purchaser in Japan. If there is delay in delivery of the 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, the Purchaser may at its option rescind the Contract. The Contractor shall thereupon promptly refund to the Purchaser 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 the Purchaser 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 the Purchaser 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 the Purchaser, executed on 9 June 2006 a guarantee in favour of the Contractor pursuant to which it agrees to guarantee the full and punctual payment of the purchase price and the prompt and punctual performance by the Purchaser 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 Vessel is a Handymax vessel. The Acquisition will enable the Group, as previously announced by the Company, to concentrate on maintaining a fleet of Handymax vessels 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 dry bulk vessels including four vessels contracted to be disposed of later in June and July 2006. After the Acquisition, the Group will have additional six newly built vessels and one 2004-built second hand vessel for delivery going forward, where four of which will be delivered in 2007, two in 2008 and one in 2009.

The terms and conditions of the Contract have been agreed on normal commercial terms following arm's length negotiations. The Company considers that such terms and conditions 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.

The Group has been a customer of the Contractor since 1997 and had previously acquired and took delivery of eight motor vessels from the Contractor in the past. In addition, the Group had during the past twelve months entered into other three separate contracts with the Contractor on 2 November 2005 and 4 January 2006 for the acquisition of other three motor vessels from the Contractor. Each of the aforementioned contracts is separate and not inter-conditional of each other.

GENERAL

Under the Listing Rules, the Acquisition constitutes a major transaction for the Company and is subject to shareholders' approval in general meeting. 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 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 as soon as reasonably practicable.

On 9 June 2006, the Purchaser entered into the Contract, following which the Company had applied for the suspension of the trading in the shares of the Company on 10 June 2006. Trading in the shares of the Company was suspended with effect from 9:30 a.m. on 12 June 2006. The Company has applied to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 13 June 2006.

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;
“Company”	Jinhui Holdings Company Limited;
“Contract”	the construction and sale contract dated 9 June 2006 between the Purchaser 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;
“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 50.21 per cent. owned subsidiary of the Company whose shares are listed on the Oslo Stock Exchange, Norway;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	Jinshun Shipping Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vessel”	a deadweight 54,200 metric tons type bulk carrier;
“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\$0.06809.

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, 12 June 2006

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