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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

MAJOR TRANSACTION ACQUISITION OF TWO VESSELS

The First Purchaser and the Second Purchaser, both approximately 50.21 per cent. indirectly owned subsidiaries of the Company, entered into the First Contract and the Second Contract respectively with the Vendor on 2 November 2006 to acquire the First Vessel and the Second Vessel respectively, each at a purchase price of JPY1,680,000,000 and US\$16,320,000 (in total approximately HK\$238,713,600). The aggregate consideration for the acquisition of the First Vessel and the Second Vessel is JPY3,360,000,000 and US\$32,640,000 (in total approximately HK\$477,427,200). The First Vessel and the Second Vessel will be delivered to the First Purchaser and the Second Purchaser on or before 31 July 2010 and 31 October 2010 respectively. The Acquisition constitutes a major transaction for the Company under the Listing Rules.

THE CONTRACTS

Purchasers

The First Purchaser and the Second Purchaser, both are ship owning companies and wholly-owned subsidiaries of Jinhui Shipping, which are in turn approximately 50.21 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 Group has not acquired or disposed of any other vessel with the Vendor during the last twelve months from date of the First Contract and the Second Contract.

The Acquisition

Pursuant to the First Contract dated 2 November 2006, the Vendor has ordered to the Builder to build and complete the First Vessel in Philippines, and has agreed to sell and deliver the First Vessel to the First Purchaser in Philippines, and the First Purchaser has agreed to purchase and take delivery of the First Vessel from the Vendor. The First Vessel is a Handymax vessel of deadweight 58,000 metric tons and is proposed to be used for chartering out to gain operating income by the First Purchaser after delivery.

Pursuant to the Second Contract dated 2 November 2006, the Vendor has ordered to the Builder to build and complete the Second Vessel in Philippines, and has agreed to sell and deliver the Second Vessel to the Second Purchaser in Philippines, and the Second Purchaser has agreed to purchase and take delivery of the Second Vessel from the Vendor. The Second Vessel is a Handymax vessel of deadweight 58,000 metric tons and is proposed to be used for chartering out to gain operating income by the Second Purchaser after delivery. 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 JPY1,680,000,000 and US\$16,320,000 (in total approximately HK\$238,713,600) and is payable by the First Purchaser in five instalments as follows:

- (1) the first instalment in the sum of JPY336,000,000 (approximately HK\$22,283,520) will be payable within three banking days from the date of signing of the First Contract;
- (2) the second instalment in the sum of JPY336,000,000 (approximately HK\$22,283,520) will be payable around 2 May 2008;
- (3) the third instalment in the sum of JPY504,000,000 (approximately HK\$33,425,280) will be payable upon steel-cutting of the First Vessel which is expected to be around October 2009;
- (4) the fourth instalment in the sum of JPY504,000,000 (approximately HK\$33,425,280) will be payable upon launching of the First Vessel which is expected to be around April 2010; and
- (5) the last instalment in the sum of US\$16,320,000 (approximately HK\$127,296,000) will be payable upon delivery of the First Vessel.

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 JPY1,680,000,000 and US\$16,320,000 (in total approximately HK\$238,713,600) and is payable by the Second Purchaser in five instalments as follows:

- (1) the first instalment in the sum of JPY336,000,000 (approximately HK\$22,283,520) will be payable within three banking days from the date of signing of the Second Contract;
- (2) the second instalment in the sum of JPY336,000,000 (approximately HK\$22,283,520) will be payable around 2 May 2008;
- (3) the third instalment in the sum of JPY504,000,000 (approximately HK\$33,425,280) will be payable upon steel-cutting of the Second Vessel which is expected to be around January 2010;
- (4) the fourth instalment in the sum of JPY504,000,000 (approximately HK\$33,425,280) will be payable upon launching of the Second Vessel which is expected to be around July 2010; and
- (5) the last instalment in the sum of US\$16,320,000 (approximately HK\$127,296,000) will be payable upon delivery of the Second Vessel.

The aggregate consideration for the acquisition of the First Vessel and the Second Vessel is JPY3,360,000,000 and US\$32,640,000 (in total approximately HK\$477,427,200), which will both be payable by cash in Japanese Yen and United States Dollars. It is currently expected that approximately 70 per cent. of the aggregate consideration will be funded by bank financing and approximately 30 per cent. will be funded by internal resources of 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.

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 the First Purchaser or the Second Purchaser (as the case may be) under the First Contract or the Second Contract (as the case may be) without interest to the First Purchaser or the Second Purchaser (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 July 2010 and 31 October 2010 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, and after such period has expired, the First Purchaser or the Second Purchaser (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 the First Purchaser or the Second Purchaser (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 the First Purchaser or the Second Purchaser (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 the First Purchaser and the Second Purchaser respectively with the Builder's consent upon delivery of the First Vessel and the Second Vessel including the undertaking by the Builder to remedy the First Purchaser and the Second Purchaser 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.

GUARANTEE BY JINHUI SHIPPING

Jinhui Shipping, the intermediate holding company of both the First Purchaser and the Second Purchaser, executed on 2 November 2006 two guarantees in favour of the Vendor pursuant to which Jinhui Shipping agrees to guarantee the due and faithful performance and fulfillment by the First Purchaser and the Second Purchaser under 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 First Vessel and the Second Vessel are Handymax vessels. The Acquisition will enable the Group 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 ten dry bulk vessels. After the Acquisition, the Group will have additional ten newly built vessels and four second hand vessels for delivery going forward, where two of which will be delivered in 2006, four in 2007, three in 2008, two in 2009 and three in 2010.

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.

GENERAL

Under the Listing Rules, the Acquisition constitutes a major transaction for the Company and is subject to shareholders' approval in general meeting. Fairline Consultants Limited, the controlling shareholder of the Company holding approximately 60.34 per cent. of the issued share capital of the Company and voting rights in general meetings of the Company, is not interested in the Acquisition other than through its shareholding interest in the Company, and therefore no Shareholder is required to abstain from voting on the Acquisition if the Company were to convene a general meeting for the approval of the Acquisition, and the Acquisition has been 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.

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 Corporation, a company incorporated in Japan;
“Company”	Jinhui Holdings Company Limited;
“Directors”	the directors of the Company;
“First Contract”	the contract dated 2 November 2006 entered into between the First Purchaser and the Vendor in respect of the acquisition of the First Vessel;
“First Purchaser”	Jinyang Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“First Vessel”	a deadweight 58,000 metric tons type bulk carrier to be acquired by the First Purchaser under the First Contract;
“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;
“Second Contract”	the contract dated 2 November 2006 entered into between the Second Purchaser and the Vendor in respect of the acquisition of the Second Vessel;
“Second Purchaser”	Jinxiao Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Second Vessel”	a deadweight 58,000 metric tons type bulk carrier to be acquired by the Second Purchaser under the Second Contract;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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\$0.06632; 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, 2 November 2006

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