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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Jinhui Holdings Company Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**JINHUI HOLDINGS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 137

**DISCLOSEABLE TRANSACTION**

**DISPOSAL OF A VESSEL**

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30 May 2006

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context indicates otherwise:*

“associates”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Company”	Jinhui Holdings Company Limited;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Vessel under the Memorandum;
“Fairline”	Fairline Consultants Limited, a company incorporated in the British Virgin Islands with limited liability, which is the controlling shareholder of the Company holding approximately 55.36 per cent. of the issued share capital and voting rights in general meetings of the Company as at the Latest Practicable Date;
“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 as at the Latest Practicable Date whose shares are listed on the Oslo Stock Exchange, Norway;
“Latest Practicable Date”	26 May 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Memorandum”	the memorandum of agreement dated 9 May 2006 between the Vendor and the Purchaser in respect of the disposal of the Vessel;
“Purchaser”	Five Stars Bulkcarriers Private Ltd.;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Jinbi Shipping Ltd., a wholly-owned subsidiary of Jinhui Shipping;
“Vessel”	the motor vessel “Jin Bi” registered in Panama;
“Yee Lee Technology”	Yee Lee Technology Company Limited, a company incorporated in the British Virgin Islands and a 75 per cent. owned subsidiary of the Company;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong; 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.

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LETTER FROM THE BOARD

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**JINHUI HOLDINGS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 137

*Directors:*

Ng Siu Fai (*Chairman*)  
Ng Kam Wah Thomas (*Managing Director*)  
Ng Ki Hung Frankie  
Ho Suk Lin  
Cui Jianhua \*  
Tsui Che Yin Frank \*  
William Yau \*

*Registered office:*

26th Floor  
Yardley Commercial Building  
1-6 Connaught Road West  
Hong Kong

\* *Independent Non-executive Director*

30 May 2006

*To the Shareholders and,  
for information only, the holders of options,*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF A VESSEL**

**INTRODUCTION**

The Directors refer to the announcement of the Company dated 9 May 2006 in relation to the Memorandum entered into between the Vendor and the Purchaser on 9 May 2006 for the disposal of the Vessel "Jin Bi" at a consideration of US\$6,500,000 (approximately HK\$50,700,000).

The purpose of this circular is to give you further information in relation to the Disposal.

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## LETTER FROM THE BOARD

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### THE VENDOR

The Vendor is a wholly-owned subsidiary of Jinhui Shipping, which is in turn approximately 50.21 per cent. owned subsidiary of the Company.

### THE PURCHASER

The Purchaser is a private ship owning company incorporated in India. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Purchaser 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 Group has not acquired or disposed of any other vessel with the Purchaser during the last twelve months from date of the Memorandum.

### THE DISPOSAL

Under the Memorandum, the Vendor agrees to dispose of the Vessel for a consideration of US\$6,500,000 (approximately HK\$50,700,000) payable by two instalments. An initial deposit of US\$650,000 (approximately HK\$5,070,000) was paid by the Purchaser on 12 May 2006 to a bank account in the joint names of the Vendor and the Purchaser and will be released on the delivery of the Vessel (see below). The balance of the consideration for the Vessel will be payable on the delivery of the Vessel which will take place at a date to be fixed by the Vendor during the period from 30 June 2006 to 31 July 2006.

The consideration of the Vessel was determined by reference to the prevailing market values, driven by supply and demand and based on arm's length negotiations with the Purchaser. The net book value of the Vessel as at 31 December 2005 was approximately HK\$32,160,000.

### THE VESSEL

The Vessel is a dry bulk carrier of deadweight 34,062 metric tons, built in 1983 and registered in Panama.

The Vendor is a special purpose holding company whose only fixed asset is the Vessel. The net profit both before and after taxation and extraordinary items attributable to the Vendor for the two financial years ended 31 December 2005 are approximately HK\$31,936,000 and HK\$11,942,000 respectively.

### USE OF PAYMENT RECEIVED

The Group intends to use the net sale proceeds received pursuant to the Memorandum to increase the working capital of the Group.

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## LETTER FROM THE BOARD

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### REASONS FOR THE DISPOSAL

The Group's principal activities include international ship chartering, ship owning and trading. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet size as appropriate. The Directors believe that the Disposal is a good opportunity to realize the book gain arising from the disposal of the Vessel, and will enable the Group to enhance its working capital position and maintain a younger fleet profile. Taking into account completion of the Disposal and the disposal of four other vessels "Jin Da", "Jin Shun", "Jin Yang" and "Jin Sheng" as announced by the Company on 13 April 2006, 21 April 2006 and 27 April 2006, the Group will own nine dry bulk vessels with further five newly built vessels and one 2004-built second hand vessel contracted for delivery in 2007 and 2008, and the Board believes that the Disposal will not have any material adverse effect on the operations of the Group.

The terms and conditions of the Memorandum have been agreed on normal commercial terms following arm's length negotiations with reference to the prevailing market values. The Board considers such terms and conditions to be fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

The Vessel was acquired by the Group in December 1991. Given the immense rises in the market value of dry bulk carriers in recent years, the net book value of the Vessel is substantially stated below its prevailing market value. Therefore, based on the net book value of the Vessel as at 31 December 2005 as described above, the Group would realize a book gain, after minority interests, of approximately HK\$8.4 million on the disposal of the Vessel. However, the actual book gain which the Group would realize upon completion of the Disposal will depend on the actual book value of the Vessel as at the date of the delivery in accordance with the Group's depreciation policy for its vessels as shown in the Company's annual report. After the Disposal, the Group's property, plant and equipment will decrease by the book value of the Vessel, the current assets will increase by the amount of net sale proceeds received from the Disposal.

### GENERAL

Under the Listing Rules, the Disposal constitutes a discloseable transaction for the Company.

Your attention is also drawn to the appendix to this circular.

Yours faithfully,  
By Order of the Board  
**Jinhui Holdings Company Limited**  
**Ng Siu Fai**  
*Chairman*

## RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name	Type of interests	No. of Shares	Percentage of total issued Shares
Ng Siu Fai	Personal interests (Option) <i>Note 2</i>	31,570,000	5.91%
	Family interests	10,770,000	2.02%
	Other interests	<i>Note 1</i>	<i>Note 1</i>
Ng Kam Wah Thomas	Personal interests (Option) <i>Note 2</i>	21,050,000	3.94%
	Other interests	<i>Note 1</i>	<i>Note 1</i>
Ng Ki Hung Frankie	Personal interests (Option) <i>Note 3</i>	3,000,000	0.56%
	Other interests	<i>Note 1</i>	<i>Note 1</i>
Ho Suk Lin	Personal interests (Option) <i>Note 3</i>	5,000,000	0.94%
Cui Jianhua	Personal interests (Option) <i>Note 3</i>	1,000,000	0.19%
Tsui Che Yin Frank	Personal interests (Option) <i>Note 3</i>	1,000,000	0.19%
William Yau	Personal interests (Option) <i>Note 3</i>	500,000	0.09%



*Note 1:* Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline which is the legal and beneficial owner of 295,607,280 Shares (representing 55.36 per cent. of the total issued Shares). The Ng Hing Po 1991 Trust is a discretionary trust, the eligible beneficiaries of which include members of the Ng family. Both Messrs. Ng Siu Fai and Ng Kam Wah Thomas are directors of Fairline.

*Note 2:* Further details relating to the options granted to each of Mr Ng Siu Fai and Mr Ng Kam Wah Thomas are as follows:

Date of grant:	23 December 2004 (approved at the extraordinary general meeting of the Company on 27 January 2005)
Exercisable period:	31 March 2006 (the business day immediately after the day of the issue and publication of the audited consolidated results of the Group for the financial year of 2005) to 22 December 2014
Consideration paid for options:	HK\$1.00
Subscription price:	HK\$1.60 per Share
Other conditions:	the Group having recorded an audited consolidated net profit of not less than HK\$400 million for the financial year of 2005 (which had been achieved)

*Note 3:* Further details relating to the options granted to each of Mr Ng Ki Hung Frankie, Ms Ho Suk Lin, Mr Cui Jianhua, Mr Tsui Che Yin Frank and Mr William Yau are as follows:

Date of grant:	23 December 2004
Exercisable period:	23 December 2004 to 22 December 2009
Consideration paid for options:	HK\$1.00
Subscription price:	HK\$1.60 per Share

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests in any securities and short positions of the Company or any of its associated corporations as defined in the SFO.

- (b) As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group not determinable by the Company within one year without payment of compensation (other than statutory compensation).
- (c) As at the Latest Practicable Date, none of the Directors or their respective associates has any interests in any company or business which competes or may compete with the businesses of the Group.

## SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons, other than a Director or chief executive of the Company, has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholders	No. of Shares	No. of Shares (Option)	Percentage of total issued Shares
Fairline	295,607,280	–	55.36%
Wong Yee Man Gloria	306,377,280 *	–	57.38%
	–	31,570,000 **	5.91%

Name of shareholder	No. of shares in Yee Lee Technology	Percentage of total issued shares in Yee Lee Technology
Asiawide Profits Limited	1,000,000	25.00%

\* *The interest in Shares includes 10,770,000 Shares in which Ms Wong Yee Man Gloria is interested as a beneficial owner and 295,607,280 Shares in which she is deemed to be interested through the interest of her spouse, Mr Ng Siu Fai (as disclosed hereinabove).*

\*\* *Ms Wong Yee Man Gloria is deemed to be interested in the options to subscribe for 31,570,000 Shares held by her spouse, Mr Ng Siu Fai (as disclosed hereinabove).*

## LITIGATION

As at the Latest Practicable Date, Goldbeam Shipping Inc. (“Goldbeam”) an approximately 50.21 per cent. owned subsidiary of the Company, is claiming around US\$769,000 and costs against a charterer of a vessel for detention of the vessel at discharge port. An arbitrator has been appointed and the arbitration proceedings in London, England are underway.

Save as disclosed herein, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries as at the Latest Practicable Date.

**GENERAL**

- (a) The secretary and the qualified accountant of the Company is Ms Ho Suk Lin, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is situated at 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong.
- (c) The principal share registrar and transfer office of the Company in Hong Kong is Standard Registrars Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.