
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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
PLACING OF 9.4% EXISTING SHARES OF A SUBSIDIARY,
JINHUI SHIPPING AND TRANSPORTATION LIMITED

16 September 2005

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DEFINITIONS

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

“Board”	the board of Directors;
“Company” or “Jinhui Holdings”	Jinhui Holdings Company Limited;
“Directors”	the directors of the Company;
“Fairline”	Fairline Consultants Limited, a company incorporated in the British Virgin Islands, which is the controlling shareholder of the Company holding approximately 59.27 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”	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;
“Jinhui Shipping Share(s)”	ordinary share(s) of US\$0.05 each in the share capital of Jinhui Shipping;
“Latest Practicable Date”	13 September 2005, 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;
“Placing”	the placing of 7,900,000 Jinhui Shipping Shares from the Company to the Placing Agent;
“Placing Agent”	Pareto Securities ASA, a leading financial services institution in the Norwegian financial market, established in 1986;
“Placing Agreement”	agreement between the Company and the Placing Agent where 7,900,000 Jinhui Shipping Shares has been placed to third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company;

DEFINITIONS

“Placing Shares”	7,900,000 Jinhui Shipping Shares legally and beneficially owned by the Company before completion of the Placing;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Share Subdivision”	the subdivision of every one issued and unissued share of HK\$1.00 each in the share capital of the Company into ten shares of HK\$0.10 each in the share capital of the Company, which became effective on 23 May 2005;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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;
“NOK”	Norwegian Krone, the lawful currency of Norway, and for the purpose of illustration only, translated into HK\$ at the rate of NOK1 = HK\$1.1960; and
“US\$”	United States dollars, the lawful currency of the United States of America.

LETTER FROM THE BOARD



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
Ho Kin Lung *
Cui Jianhua **
Tsui Che Yin Frank **
William Yau **

Registered office:

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

* *Non-executive director*

** *Independent non-executive director*

16 September 2005

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

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION PLACING OF 9.4% EXISTING SHARES OF A SUBSIDIARY, JINHUI SHIPPING AND TRANSPORTATION LIMITED

INTRODUCTION

The Directors refer to the announcement of the Company dated 29 August 2005 in relation to the Placing of 7,900,000 Jinhui Shipping Shares pursuant to the Placing Agreement with the Placing Agent dated 26 August 2005.

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

PLACING OF EXISTING SHARES OF A SUBSIDIARY

The Company was approached by the Placing Agent on 26 August 2005 for shares in its Oslo listed subsidiary, Jinhui Shipping, due to strong investors' demand.

LETTER FROM THE BOARD

The Board announced that on 26 August 2005, the Placing Agreement was concluded on the terms summarized below.

Parties:

The parties to the Placing Agreement are:

- (1) the Company; and
- (2) the Placing Agent.

The Company is an investment holding company, with its subsidiaries principally engaged in the businesses of ship chartering, ship owning and trading. The Company operates its worldwide shipping activities through its subsidiary, Jinhui Shipping. Prior to the Placing, the Company held 50,100,000 Jinhui Shipping Shares (representing approximately 59.61 per cent. of the issued share capital of Jinhui Shipping). With effect from the completion of the Placing on 1 September 2005 where 7,900,000 Jinhui Shipping Shares were placed, the Company's interest in Jinhui Shipping has been reduced to 42,200,000 Jinhui Shipping Shares (representing approximately 50.21 per cent. of the issued share capital of Jinhui Shipping). The Company remains as the controlling shareholder of Jinhui Shipping.

Pareto Securities ASA, a leading financial services institution in the Norwegian financial market, established in 1986. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, Pareto Securities ASA and its respective ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Placees:

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the placees of the Placing are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Number of Placing Shares:

7,900,000 Jinhui Shipping Shares, representing approximately 9.4 per cent. of the existing issued share capital of Jinhui Shipping.

Net profit attributable to the Placing Shares:

The net profit attributable to the Placing Shares for the year ended 31 December 2004 and year ended 31 December 2003 are HK\$36,966,493 and HK\$8,537,300 respectively.

LETTER FROM THE BOARD

Placing Price:

The placing price was NOK26.3 per Placing Share, representing a discount of approximately 1.87 per cent. to the closing price of NOK26.8 per Jinhui Shipping Share (i.e. the closing price of NOK26.8 per Jinhui Shipping Share as quoted on the Oslo Stock Exchange on Friday, 26 August 2005). The Placing Agent agreed that total placing proceeds would not be less than NOK207,770,000 (approximately HK\$248,492,920).

The placing price of NOK26.3 per Placing Share also represents a premium of 85.2 per cent. to the net asset value per Jinhui Shipping Share of approximately NOK14.2, based on the Group's unaudited consolidated financial statements as of 30 June 2005. The Board believes the price per Placing Share is fair and reasonable.

Based on the net asset value per Jinhui Shipping Share in the unaudited consolidated financial statements of the Group as at 30 June 2005, a net gain of approximately HK\$109,934,000, after deducting the fee payable to the Placing Agent of approximately HK\$4,348,626, is expected to be accrued to the consolidated profit and loss account of the Group in 2005 upon completion of the disposal of the Placing Shares. Based on the unaudited consolidated financial statements of the Group as at 30 June 2005, after the Placing, the Group's bank balances and cash would be increased by approximately HK\$244,144,000, goodwill would be decreased by approximately HK\$7,308,000 and minority interests would be increased by approximately HK\$126,902,000. However, the actual book gain which the Group would realize as well as the effects on assets and liabilities which the Group would have upon completion of the Placing would depend on the actual book values of the Placing Shares immediately prior to the completion date of the Placing on 1 September 2005. Save as disclosed above, there would be no material effects on the assets and liabilities of the Group.

Ranking of the Placing Shares:

The Placing Shares rank *pari passu* in all respects with the existing issued shares of Jinhui Shipping as at the date of the Placing Agreement. The holders of the Placing Shares have the rights to (i) attend and vote at general meetings of Jinhui Shipping; and (ii) receive dividend declared by Jinhui Shipping by virtue of them being holders of the Jinhui Shipping Shares.

Conditions of the Placing:

The Placing is conditional upon, *inter alia*, there having been, prior to completion of the Placing, no breach of the representations, warranties and undertakings given by the Company. There are no restrictions imposed on the subsequent sale of the Placing Shares pursuant to the Placing Agreement.

Payment Terms:

The placing proceeds was NOK207,770,000 (approximately HK\$248,492,920), which was received by the Company upon completion of the Placing Agreement on 1 September 2005.

LETTER FROM THE BOARD

Completion of the Placing:

The Placing was completed on Thursday, 1 September 2005.

REASONS FOR THE TRANSACTION

Jinhui Shipping has been attracting much investors' interests in the past 12 months, and has consistently been one of the top 20 most heavily traded stocks on the Oslo Stock Exchange with average daily turnover exceeding NOK61,200,000. Jinhui Shipping has been included as a constituent of OBX Index of Oslo Stock Exchange as of 17 June 2005. The Placing Agent approached the Company after the close of trading hours of Oslo Stock Exchange on 26 August 2005 for Jinhui Shipping Shares due to strong investors' demand on the back of a strong set of 2005 interim results and robust outlook of the dry bulk shipping market.

In view of the strong investors' demand and an opportunity to further enhance its shareholder base and liquidity for Jinhui Shipping, the Company has agreed to dispose of a proportion of its interest in Jinhui Shipping. The Board believes that the terms of the Placing are fair and reasonable and are in the interest of the Company and the Company's shareholders as a whole. Upon completion of the Placing on 1 September 2005, the Company remains to be a 50.21 per cent. controlling shareholder of Jinhui Shipping.

USE OF PROCEEDS

The Company will use the proceeds of the Placing to seek suitable shipping or port related investment opportunities, especially in Pearl River Delta, China. The Company is committed to increase long term value for the Company's shareholders.

GENERAL

Under the Listing Rules, the Placing 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	No. of Shipping Shares	Percentage of total issued Jinhui Shipping Shares
Ng Siu Fai	Personal interests	6,956,000	1.30%	746,000	0.89%
	Personal interests (Option) <i>Note 2</i>	31,570,000	5.92%	–	–
	Family interests	21,340,000	4.00%	–	–
	Other interests	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>
Ng Kam Wah Thomas	Personal interests (Option) <i>Note 2</i>	21,050,000	3.95%	–	–
	Other interests	<i>Note 1</i>	<i>Note 1</i>	<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>	<i>Note 1</i>	<i>Note 1</i>

Name	Type of interests	No. of Shares	Percentage of total issued Shares	No. of Jinhui Shipping Shares	Percentage of total issued Jinhui Shipping Shares
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 316,180,280 Shares (representing 59.27 per cent. of the total issued Shares) and 494,049 Jinhui Shipping Shares (representing 0.59 per cent. of the total issued Jinhui Shipping 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:	1 March 2006 or on 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 (whichever is the later) and ending on 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

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

Note 4: As a result of the Share Subdivision, all subscription prices of the options, number of options and number of Shares shown hereinabove have been adjusted accordingly.

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 compete 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	316,180,280	–	59.27%
Wong Yee Man Gloria	344,476,280*	–	64.57%
	–	31,570,000**	5.92%

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 21,340,000 Shares in which Ms Wong Yee Man Gloria is interested as a beneficial owner and 323,136,280 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 Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.