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JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock code: 137

PROPOSAL AND ARRANGEMENTS FOR SUBDIVISION OF SHARES AND CHANGE OF BOARD LOT SIZE AND ADJUSTMENT OF THE SUBSCRIPTION PRICE OF THE SHARE OPTIONS

The Company will propose to the Shareholders that each of the existing issued and unissued shares of HK\$1.00 each in the share capital of the Company be subdivided into ten (10) shares of HK\$0.10 each. The board lot for trading of shares in the Company will thereafter be changed to 1,000 shares of HK\$0.10 each.

A circular containing, amongst other things, details of the Share Subdivision, the trading arrangement in respect of the Subdivided Shares and the adjustment of the subscription price of the share options together with a notice to convene the EGM will be issued to the Shareholders as soon as practicable.

SHARE SUBDIVISION

Jinhui Holdings Company Limited (the “Company”) will put to its shareholders (the “Shareholders”) a proposal that each of the existing issued and unissued shares of HK\$1.00 each in the share capital of the Company (the “Share”) be subdivided (the “Share Subdivision”) into ten (10) shares of HK\$0.10 each (the “Subdivided Share”). Upon completion of the Share Subdivision and the change of the board lot size as referred to below, the monetary value of the board lot of Subdivided Shares will be less than the monetary value of the existing board lot of Shares. In view of the reduction in the monetary value of each board lot of the Subdivided Shares following the completion of the Share Subdivision and the change of the board lot size, the board of directors of the Company considers that the Share Subdivision and the change of the board lot size may improve the liquidity in the trading of the Subdivided Shares and enable the Company to attract more investors and widen its shareholder base.

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000.00 divided into 100,000,000 Shares, of which 53,093,848 Shares are in issue. Immediately upon completion of the Share Subdivision, the authorised share capital of the Company will be HK\$100,000,000.00 comprising 1,000,000,000 Subdivided Shares, of which 530,938,480 Subdivided Shares will be in issue and fully paid assuming that no further Shares are issued or repurchased prior to the completion of the Share Subdivision. The Subdivided Shares will rank *pari passu* amongst the Subdivided Shares and the rights attaching to the Subdivided Shares will not be affected by the Share Subdivision.

CHANGE OF BOARD LOT SIZE

At present, the Shares are traded in board lots of 200 Shares and upon fulfillment of the conditions of the Share Subdivision, the board lot will be increased and will consist of 1,000 Subdivided Shares.

CONDITIONS OF THE SHARE SUBDIVISION

The Share Subdivision is conditional upon the following:

- (a) the passing of an ordinary resolution by the Shareholders at an extraordinary general meeting (“EGM”) of the Company; and
- (b) the Listing Committee of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval for the listing of, and permission to deal in, the Subdivided Shares and the Subdivided Shares to be issued pursuant to the exercise of options in accordance with the Company’s share option scheme.

Apart from the payment of the expenses for the Share Subdivision, the implementation of the Share Subdivision will not, by itself, alter the underlying assets, business operations, and management or financial position of the Company or the proportional interests of the Shareholders. The board of directors of the Company believes that the Share Subdivision will not have a material adverse effect on the financial position of the Company and its subsidiaries.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots of Subdivided Shares for the existing odd lots of Shares, the Company will appoint a broker (the “Agent”) to act as agent in providing a “matching service” to those Shareholders who wish to top-up or sell their holdings of odd lots of the Subdivided Shares.

The Agent, details of which will be provided in the circular to Shareholders referred to below, will provide the service to match the sale and purchase of odd lots of Subdivided Shares during the period from Monday, 23 May 2005 to Monday, 27 June 2005, both days inclusive. Shareholders of Subdivided Shares in odd lots who wish to take advantage of this facility either to dispose of or top-up their odd lots to a board lot of 1,000 Subdivided Shares may, directly or through their brokers, contact the Agent during such period. Shareholders should note that successful matching of the sale and purchase of odd lots of Subdivided Shares is not guaranteed and will depend on there being adequate amounts of odd lots of Subdivided Shares available for such matching.

Shareholders are recommended to consult their professional advisers if they are in any doubt about the matching facility described above.

TRADING ARRANGEMENTS FOR THE SUBDIVIDED SHARES

Upon completion of the Share Subdivision, the arrangements proposed for dealings in the Subdivided Shares are expected to be as follows:

- (i) Monday, 23 May 2005, the existing counter for trading in the Shares in existing board lots of 200 Shares will be temporarily closed. A temporary counter will be established for trading in the Subdivided Shares in board lots of 2,000 Subdivided Shares. Share certificates for the Subdivided Shares in the form of existing share certificates may only be traded at the temporary counter;
- (ii) Monday, 6 June 2005, the existing counter for trading in the Subdivided Shares in board lots of 1,000 Subdivided Shares will be re-opened. Only new share certificates for the Subdivided Shares may be traded at the existing counter;
- (iii) during the period from Monday, 6 June 2005 to Monday, 27 June 2005, both days inclusive, parallel trading will be permitted at the existing and temporary counters mentioned in paragraphs (i) and (ii) above; and
- (iv) the temporary counter for trading in the Subdivided Shares in board lots of 2,000 Subdivided Shares (in the form of existing share certificates) will be removed after the close of trading on Monday, 27 June 2005.

Shareholders should note that after Monday, 27 June 2005, trading will be in board lots of 1,000 Subdivided Shares only and the existing share certificates for the Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such share certificates will continue to be good evidence of legal title.

FREE EXCHANGE OF SHARE CERTIFICATES

All existing share certificates in respect of the Shares will be accepted as valid documents of legal title and may be lodged with the Company's share registrar in Hong Kong, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in exchange for new share certificates for the Subdivided Shares (on the basis of every one (1) Share for every ten (10) Subdivided Shares) free of charge at the share registrar's office during business hours from 9:00 a.m., Monday, 23 May 2005 up to and including 4:00 p.m., Thursday, 30 June 2005, it is expected that new share certificates for the Subdivided Shares will be available for collection on or after the tenth (10th) business day from the date of submission of existing share certificates for the Shares to the share registrar for exchange. Thereafter, the existing share certificates for the Shares may be exchanged for the new share certificates for the Subdivided Shares at any time on payment of a prescribed fee.

EXPECTED TIMETABLE

The expected timetable for the Share Subdivision is as follows:

Year 2005

Latest time for lodging forms of proxy for the EGM	9:30 a.m. on Wednesday, 18 May
EGM	9:30 a.m. on Friday, 20 May
Effective date of Share Subdivision	Monday, 23 May
Dealing in Subdivided Shares commences	9:30 a.m. on Monday, 23 May
Existing counter for trading in Shares in existing board lots of 200 Shares temporarily closes	9:30 a.m. on Monday, 23 May
Temporary counter for trading in Subdivided Shares in board lots of 2,000 Subdivided Shares (in the form of existing share certificates) opens	9:30 a.m. on Monday, 23 May
First day of free exchange of certificates for Shares for new certificates for the Subdivided Shares	Monday, 23 May
Existing counter for trading in Subdivided Shares in new board lots of 1,000 Subdivided Shares (in the form of new certificates for Subdivided Shares) reopens	9:30 a.m. on Monday, 6 June
Parallel trading in Subdivided Shares (in the form of new certificates for Subdivided Shares and existing certificates for Shares) commences	9:30 a.m. on Monday, 6 June
Temporary counter for trading in Subdivided Shares in board lots of 2,000 Subdivided Shares (in the form of existing certificates for Shares) ends	4:00 p.m. on Monday, 27 June
Parallel trading in Subdivided Shares (in the form of new certificates for Subdivided Shares and existing certificates for Shares) ends	4:00 p.m. on Monday, 27 June
Last day for free exchange of certificates for Shares for new certificates for Subdivided Shares	Thursday, 30 June
Matching service for the sale and purchase of odd lots of Subdivided Shares	From Monday, 23 May to Monday, 27 June

ADJUSTMENT OF SUBSCRIPTION PRICE OF THE SHARE OPTIONS

Upon completion of the Share Subdivision, the subscription price of the issued existing share options granted under the employee share option scheme adopted on 18 November 2004 will be adjusted as appropriate, in accordance with the terms and conditions of the rules for the share option scheme. The adjustments will be reviewed by the Company's auditors and details of the adjustments will be disclosed in the circular of the Company to be despatched to Shareholders.

GENERAL

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares and the Subdivided Shares to be issued pursuant to the exercise of options in accordance with the Company's share option scheme.

A circular containing, amongst other things, details of the Share Subdivision, the trading arrangement in respect of the Subdivided Shares and the adjustment of the subscription price of the share options together with a notice to convene the EGM will be issued to the Shareholders as soon as practicable.

As at the 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; the non-executive director of the Company is Ho Kin Lung; 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, 14 April 2005

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