
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of 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 or transferred all your shares in **Jinhui Holdings Company Limited**, you should at once hand this circular (together with the form of proxy sent to you) to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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
(INCLUDING THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION)
AND CHANGE OF BOARD LOT SIZE
AND
ADJUSTMENT OF THE SUBSCRIPTION PRICE OF THE SHARE OPTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of Jinhui Holdings Company Limited to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 20 May 2005 at 9:30 a.m. is set out on Appendix I to this circular.

Whether or not you are able to attend, please complete and return the accompanying proxy form in accordance with the instructions printed thereon and return it to the registered office of Jinhui Holdings Company Limited at 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting (as the case may be). Completion and deposit of the proxy form will not preclude you from attending and voting at the meeting if you so wish.

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TIMETABLE

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

DEFINITIONS

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

“Board”	the board of Directors;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Company”	Jinhui Holdings Company Limited, a company incorporated with limited liability in Hong Kong and whose Shares are, or Subdivided Shares (following completion of the Share Subdivision) will be, listed and traded on the Stock Exchange;
“Directors”	the directors of the Company;
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 20 May 2005 at 9:30 a.m., notice of which is set out in Appendix I to this circular;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	19 April 2005, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Share(s)”	ordinary share(s) (including the existing issued and unissued ordinary shares) with a par value of HK\$1.00 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s) or Subdivided Share(s) (as the context requires);
“Share Option Scheme”	the share option scheme adopted by the Company on 18 November 2004;

DEFINITIONS

“Share Option(s)”	the option(s) to subscribe for Share(s) or Subdivided Share(s) (as the context requires) under the Share Option Scheme;
“Share Subdivision”	the proposal that each of the existing issued and unissued Shares of HK\$1.00 each be subdivided into ten (10) Subdivided Shares of HK\$0.10 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subdivided Share(s)”	the issued and unissued ordinary share(s) of HK\$0.10 each in the share capital of the Company following completion of the Share Subdivision; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

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 Jian Hua **

Tsui Che Yin Frank **

William Yau **

Registered Office:

26th Floor

Yardley Commercial Building

1-6 Connaught Road West

Hong Kong

22 April 2005

* *Non-executive Director*

** *Independent Non-executive Director*

To the Shareholders and,

for information only, the holders of Share Options

Dear Sir or Madam,

**PROPOSAL AND ARRANGEMENTS FOR SUBDIVISION OF SHARES
(INCLUDING THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION)
AND CHANGE OF BOARD LOT SIZE
AND
ADJUSTMENT OF THE SUBSCRIPTION PRICE OF THE SHARE OPTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is (i) to provide you with information regarding the proposal and arrangement for the Share Subdivision, the change of board lot size and the adjustment of the subscription price of the Share Options and the number of Subdivided Shares to be issued upon the exercise of the Share Options, and (ii) to give you notice of the EGM at which the necessary resolutions approving the Share Subdivision and the corresponding amendments to the Articles of Association of the Company will be sought.

LETTER FROM THE BOARD

SHARE SUBDIVISION

By an announcement dated 14 April 2005, the Company announced that it will put to 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 be subdivided into ten (10) shares of HK\$0.10 each. 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 completion of the Share Subdivision and the change of the board lot size, the Board 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 Latest Practicable Date, 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

As at the Latest Practicable Date and prior to the completion of the Share Subdivision, the Shares are, and will continue to be, 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 the ordinary resolution by the Shareholders at the EGM; and
- (b) the Listing Committee of 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 Share Options in accordance with the 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 believes that the Share Subdivision will not have a material adverse effect on the financial position of the Group.

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 UOB Kay Hian (Hong Kong) Limited to act as the agent in providing a “matching service” on a best efforts basis to those Shareholders who wish to top-up or sell their holdings of odd lots of the Subdivided Shares.

LETTER FROM THE BOARD

UOB Kay Hian (Hong Kong) Limited 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 Ms. Kitty Y.C. Ho of UOB Kay Hian (Hong Kong) Limited at Room 1501, 15th Floor, AON China Building, 29 Queen's Road Central, Hong Kong, and at telephone number (852) 2840 9692 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

Subject to the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

- (a) 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;
- (b) 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;
- (c) 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 (a) and (b) above; and
- (d) 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.

LETTER FROM THE BOARD

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.

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 Share Option Scheme together with the number of Subdivided Shares to be issued upon the exercise of the Share Options will be adjusted as appropriate in accordance with the terms and conditions of the rules for the Share Option Scheme. The adjustments have been reviewed by the Company's auditors and details of the adjustments are as follows:

Existing subscription price per Share and the total number of Shares subject to the outstanding Share Options		New subscription price per Subdivided Share and the total number of Subdivided Shares subject to the outstanding Share Options	
Subscription Price	HK\$16.00	Subscription Price	HK\$1.60
Number of Shares	7,209,600	Number of Subdivided Shares	72,096,000

Share Option to subscribe for one (1) Share will be adjusted to Share Option to subscribe for ten (10) Subdivided Shares following the completion of the Share Subdivision.

GENERAL

An application has been 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 the Share Options in accordance with the Share Option Scheme.

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING

Notice of the EGM is set out on pages 9 and 10 of this circular. At the EGM, the ordinary resolution and the special resolution will be proposed to approve the Share Subdivision and the corresponding amendments to the Articles of Association of the Company, respectively.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's registered office at 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

RECOMMENDATIONS

The Board considers the Share Subdivision is beneficial to the Company and the Shareholders as a whole and is fair and reasonable so far as the Shareholders are concerned. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution and the special resolution to be proposed at the EGM to approve the Share Subdivision and the corresponding amendments to the Articles of Association of the Company.

Yours faithfully
By Order of the Board
Ng Siu Fai
Chairman



JINHUI HOLDINGS COMPANY LIMITED

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(Stock Code: 137)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 20 May 2005 at 9:30 a.m. for the purpose of considering and, if thought fit, pass, with or without amendments, the following resolutions:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the shares of the Company in their subdivided form, every one issued and unissued share of HK\$1.00 each in the share capital of the Company as at the date on which this resolution is passed be and is hereby subdivided into ten shares of HK\$0.10 each in the share capital of the Company with effect from the date falling on the next business day (other than a Saturday) after the date on which this resolution is passed and that the board of directors of the Company be and is hereby authorised to do all things and execute all documents in connection with or incidental to such subdivision.”

SPECIAL RESOLUTION

“**THAT** subject to the passing of the ordinary resolution in relation to the subdivision as set out above, the Articles of Association of the Company be amended by:

- (a) deleting Article 3 in its entirety; and
- (b) adding the following as the new Article 3:

“The authorised share capital of the Company is \$100,000,000 divided into 1,000,000,000 ordinary shares of \$0.10 each.”,

and the amendments shall be made on, and the Articles of Association as amended shall take effect from, the date falling on the next business day (other than a Saturday) after the date on which the above resolution is passed or such other date as being the effective date for such subdivision as

approved by way of the ordinary resolution of the Company and that the board of directors of the Company be and is hereby authorised to do all things and execute all documents in connection with or incidental to the amendments to the existing Articles of Association of the Company.”

By Order of the Board

Ho Suk Lin

Company Secretary

Hong Kong, 22 April 2005

Notes:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote in his or her stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the registered office of the Company at 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong not less than 48 hours before the time appointed for the holding of the above meeting or any adjourned meeting.
3. The register of members of the Company will be closed from 18 May 2005 to 20 May 2005, both dates inclusive, during which no transfer of shares will be effected. In order to qualify for voting at the meeting, shareholders should ensure that they are registered as members of the Company on 17 May 2005.

1. Subject to the provisions of the Companies Ordinance, a poll may be demanded:–
 - (a) by the chairman;
 - (b) by not less than five members having the right to vote at the meeting;
 - (c) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (d) by a member or members holding shares conferring a right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
2. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
3. A poll shall be taken as the chairman directs, and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
4. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.
5. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs, not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
6. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting in respect of which it is demanded. In any other case, at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.