
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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

ACQUISITION OF A VESSEL

22 April 2005

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DEFINITIONS

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

“Acquisition”	the acquisition of the Vessel under the Memorandum;
“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;
“Fairline”	Fairline Consultants Limited, a company incorporated in the British Virgin Islands, which is the controlling shareholder of the Company holding approximately 59.55 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;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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 59.61 per cent. owned subsidiary of the Company as at the Latest Practicable Date whose shares are listed on the Oslo Stock Exchange, Norway;
“Jinrong Marine”	Jinrong Marine Inc., a wholly owned subsidiary of Jinhui Shipping;
“Latest Practicable Date”	19 April 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;
“Memorandum”	the memorandum of agreement dated 31 March 2005 between Jinrong Marine and the Vendor in respect of the acquisition of the Vessel;
“Pantow”	Pantow Profits Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company;

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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;
“Vendor”	Destino Dos Navigation Ltd., a ship owning company incorporated in Malta;
“Vessel”	a deadweight 28,200 metric tons bulk carrier named “Destino Dos” built in 2002 by Kanda Shipbuilding Company Limited; and
“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.



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 **
Yau William **

Registered office:

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

* *Non-executive director*

** *Independent non-executive director*

22 April 2005

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

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
REGARDING THE ACQUISITION OF A VESSEL**

INTRODUCTION

The Directors refer to the announcement of the Company dated 1 April 2005 in relation to the Acquisition of the Vessel pursuant to the Memorandum dated 31 March 2005 entered into by Jinrong Marine and the Vendor.

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

The Vendor is an independent ship owning company incorporated in Malta, and to the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Vendor and its respective ultimate beneficial owners are third parties independent of the Group and connected persons (as defined in the Listing Rules) of the Group.

LETTER FROM THE BOARD

THE ACQUISITION

The consideration for the Acquisition of the Vessel is US\$27,800,000 (approximately HK\$216,840,000). After the signing of the Memorandum, a deposit of US\$2,780,000, funded by internal resources of the Group, was paid on 6 April 2005 by Jinrong Marine to a bank account in the joint names of Jinrong Marine and the Vendor and will be released to the Vendor on the delivery of the Vessel. The balance of the consideration for the Vessel will be payable on the delivery of the Vessel which will take place sometime between 1 November 2005 and 30 November 2005 at the Vendor's option.

The Vessel is a deadweight 28,200 metric tons bulk carrier built in 2002.

The purchase price for the Vessel will be payable in United States Dollars. It is expected that the purchase price will be funded as to US\$16,680,000 (approximately HK\$130,104,000) by bank financing and as to the balance of US\$11,120,000 (approximately HK\$86,736,000) by the internal resources of Jinhui Shipping and its subsidiaries. The purchase price was determined by reference to the prevailing market values, as ascertained from independent sources including (but not limited to) industry reports and recent comparable transactions, at or about the time of entry into the Memorandum, driven by supply and demand and based on arm's length negotiations with the Vendor. The Directors are of the view that the purchase price for the Vessel is fair and reasonable.

The Memorandum provides that the expected time for delivery of the Vessel will take place on or before 30 November 2005. Subject to the terms of the Memorandum, if there is a delay in the delivery of the Vessel, Jinrong Marine may at its option rescind the Memorandum (as the case may be) and the full amount of all sums paid by Jinrong Marine with interest thereon shall be returned to Jinrong Marine (as the case may be).

GUARANTEE

Jinhui Shipping, the intermediate holding company of Jinrong Marine, will guarantee the performance of the obligations of Jinrong Marine under the Memorandum in favour of the Vendor.

REASONS FOR THE ACQUISITION

The principal businesses of the Group 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 are of the view that given the healthy outlook in the shipping industry, it is a good opportunity to acquire the additional Vessel. The Group currently owns nine dry bulk vessels. After the Acquisition, the Group will have three additional second hand vessels and five additional newly built dry bulk vessels for delivery going forward, where five of which will be delivered in 2005, one in 2006 and another two in 2007. The Group believes the freight rates will remain robust and decides to acquire another motor vessel to expand its fleet of owned vessels instead of charter-in vessels in order to generate more operating income and to maximize the returns for the Group in the future. After the Acquisition, the Group's fixed assets will increase by the amount of purchase price of the Vessel, the current assets will decrease by the amount of purchase price funded from internal resources and the liabilities will increase by the amount of purchase price funded by bank financing.

LETTER FROM THE BOARD

The ultimate owner of the Vendor is Allied Maritime Inc., a bulk shipping company founded in 1994 and is domiciled in Athens, Greece. The Group has previously entered into two Memoranda on 22 February 2005 with Progreso Dos Navigation Ltd. and Futuro Dos Navigation Ltd. for the purchase of two vessels which will be delivered on or before 2 May 2005 and 30 June 2005 respectively. The ultimate owner of Progreso Dos Navigation Ltd. and Futuro Dos Navigation Ltd. is also Allied Maritime Inc. Each of the aforementioned Memoranda is separate and not inter-conditional of each other.

The negotiations for the Acquisition between the Group and the Vendor was conducted through shipbrokers which commenced in late March 2005. The terms and conditions of the Memorandum have been agreed on normal commercial terms following arm's length negotiations. The Board considers the terms of the Acquisition to be fair and reasonable and in the best interests of the Company and its shareholders as a whole.

GENERAL

Under the Listing Rules, the Acquisition 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
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 Companies were as follows:

Name	Type of Interests	No. of Shares	Percentage of total issued Shares	No. of shares in Jinhui Shipping	Percentage of total issued shares in Jinhui Shipping
Ng Siu Fai	Personal Interest	695,600	1.31%	746,000	0.89%
	Personal Interest (Option) <i>Note 2</i>	3,157,000	5.95%	–	–
	Family Interest	2,134,000	4.02%	–	–
	Other Interests	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>
Ng Kam Wah Thomas	Personal Interest (Option) <i>Note 2</i>	2,105,000	3.96%	–	–
	Other Interests	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>
Ng Ki Hung Frankie	Personal Interest (Option) <i>Note 3</i>	300,000	0.57%	–	–
	Other Interests	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>
Ho Suk Lin	Personal Interest (Option) <i>Note 3</i>	500,000	0.94%	–	–

Name	Type of Interests	No. of Shares	Percentage of total issued Shares	No. of shares in Jinhui Shipping	Percentage of total issued shares in Jinhui Shipping
Cui Jianhua	Personal Interest (Option) <i>Note 3</i>	100,000	0.19%	–	–
Tsui Che Yin Frank	Personal Interest (Option) <i>Note 3</i>	100,000	0.19%	–	–
Yau William	Personal Interest (Option) <i>Note 3</i>	50,000	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 31,618,028 Shares (representing 59.55% of the total issued Shares) and 494,049 shares of US\$0.05 each in the share capital of Jinhui Shipping (representing 0.59% of the total issued shares). The Ng Hing Po 1991 Trust is a discretionary trust, the eligible beneficiaries of which include Messrs. Ng Siu Fai, Ng Kam Wah Thomas and Ng Ki Hung Frankie. 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\$16.00 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 Yau William 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\$16.00 per Share

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest 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 had a service contract 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 SHAREHOLDER

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 Shareholder	No. of Shares	No. of Shares (Option)	Percentage of total issued Shares
Fairline	31,618,028	–	59.55%
Wong Yee Man Gloria	34,447,628*	–	64.88%
	–	3,157,000**	5.95%

Name of shareholder	No. of shares in Jinhui Shipping	Percentage of total issued shares in Jinhui Shipping
The Company	50,100,000	59.61%

Name of shareholder	No. of shares in Yee Lee Technology	Percentage of total issued shares in Yee Lee Technology
Pantow	3,000,000	75.00%
Asiawide Profits Limited	1,000,000	25.00%

* *The interest in Shares includes 2,134,000 Shares in which Ms Wong Yee Man Gloria is interested as a beneficial owner and 32,313,628 Shares in which she is deemed to be interested through the interest of her spouse, Mr Ng Siu Fai.*

** *Ms Wong Yee Man Gloria is deemed to be interested in the options to subscribe for the 3,157,000 Shares held by her spouse, Mr Ng Siu Fai.*

LITIGATION

As at the Latest Practicable Date, Goldbeam Shipping Inc. (“Goldbeam”) an approximately 59.61 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 registrars 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.