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If you have sold or transferred all your shares in **Jinhui Holdings Company Limited**, you should at once hand this circular to the purchaser or 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

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

DISCLOSEABLE TRANSACTION

ACQUISITION OF A VESSEL

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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 Contract;
“associates”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Builder”	Sasebo Heavy Industries Co., Ltd., a company incorporated in Japan;
“Capesize”	a dry bulk vessel of deadweight approximately 150,000 metric tons or above;
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Company”	Jinhui Holdings Company Limited;
“Contract”	the contract dated 10 March 2008 entered into between Jinchao and the Contractor in respect of the acquisition of the Vessel;
“Contractor”	Xing Long Maritime S.A., a company registered in Panama and a wholly-owned subsidiary of ORIX Corporation, Japan;
“Directors”	the directors of the Company;
“Fairline”	Fairline Consultants Limited, a company incorporated in the British Virgin Islands with limited liability, which is the controlling shareholder of the Company holding 339,311,280 Shares which represent approximately 65.26 per cent. of the issued share capital of the Company and voting rights in general meetings of the Company as at the Latest Practicable Date;
“Group”	the Company and its subsidiaries;
“Handymax”	a dry cargo vessel of deadweight approximately 45,000 metric tons;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Jinchao”	Jinchao Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;

DEFINITIONS

“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a company incorporated in Bermuda and an approximately 54.77 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”	27 March 2008, 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;
“Panamax”	a vessel of deadweight approximately 70,000 metric tons and is designed to be just small enough to transit the Panama Canal;
“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)”	Shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supramax(es)”	dry cargo vessel(s) of deadweight approximately 50,000 metric tons;
“Vessel”	a deadweight 75,000 metric tons type bulk carrier to be constructed in Japan;
“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;
“JPY”	Japanese Yen, the lawful currency of Japan, and for the purpose of illustration only, translated into HK\$ at the rate of JPY1 = HK\$0.075797; 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.

LETTER FROM THE BOARD



JINHUI HOLDINGS COMPANY LIMITED
金輝集團有限公司
(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*

31 March 2008

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

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
ACQUISITION OF A VESSEL**

I. INTRODUCTION

The Directors refer to an announcement of the Company dated 10 March 2008 in relation to the acquisition of a vessel pursuant to a contract dated 10 March 2008.

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

LETTER FROM THE BOARD

THE ACQUISITION

Jinchao is a ship owning company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 54.77 per cent. owned subsidiary of the Company as at the Latest Practicable Date.

The Contractor is a ship owning company and a wholly-owned subsidiary of ORIX Corporation, a listed company on the stock exchanges of New York, Tokyo and Osaka. ORIX Corporation is an integrated financial services group based in Tokyo, Japan. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Contractor and ORIX Corporation are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Pursuant to the Contract dated 10 March 2008, the Contractor has ordered the Builder to build and complete the Vessel in Japan, and has agreed to sell and deliver the Vessel to Jinchao, and Jinchao has agreed to purchase and take delivery of the Vessel from the Contractor. The Vessel is a deadweight 75,000 metric tons type Panamax and is proposed to be used for chartering out to gain operating income by Jinchao after delivery.

After the Acquisition, the Group's property, plant and equipment will increase by the amount of purchase price of the Vessel, the current assets will decrease by the amount of purchase price funded by internal resources and the liabilities will increase by the amount of purchase price funded by bank financing.

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

Consideration

Subject to certain provisions for adjustment to reduce the purchase price of the Vessel contained in the Contract relating to, amongst other things, delay in delivery of the Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the Vessel is JPY5,550,000,000 (approximately HK\$420,673,350) and is payable by Jinchao as follows:

- (1) the first installment in the sum of JPY555,000,000 (approximately HK\$42,067,335) was paid on 12 March 2008;
- (2) the second installment in the sum of JPY555,000,000 (approximately HK\$42,067,335) will be payable on or before 10 March 2009;

LETTER FROM THE BOARD

- (3) the third installment in the sum of JPY555,000,000 (approximately HK\$42,067,335) will be payable around October 2010;
- (4) the fourth installment in the sum of JPY555,000,000 (approximately HK\$42,067,335) will be payable around December 2010; and
- (5) the last installment in the sum of JPY3,330,000,000 (approximately HK\$252,404,010) will be payable upon delivery of the Vessel on or before 30 April 2011.

The purchase price for the Vessel will be payable by cash in Japanese Yen. It is currently expected that approximately 70 per cent. of the purchase price will be funded by bank financing and approximately 30 per cent. will be funded by internal resources of the Group. The purchase price of the Vessel was determined with reference to current market values of similar type of vessels and on the basis of arm's length negotiations.

Condition Subsequent

According to the Contract, if the construction permission for the Vessel shall not have been granted by the Japanese Government at least 30 days prior to the erection of the first block of the Vessel, the Contract shall automatically become null and void, unless otherwise mutually agreed in writing between all the parties involved. The Contractor shall refund any payment already made by Jinchao under the Contract with agreed interest to Jinchao. If the Contract becomes null and void, a further announcement will be issued by the Company in this respect.

Delivery

The Contract provides for the delivery of the Vessel on or before 30 April 2011 to Jinchao in Japan. Pursuant to the terms of the Contract, if there is any delay in delivery of the Vessel which continues for a period of 180 days from the thirty-first day after the agreed delivery date, then after such period has expired, Jinchao may at its option rescind the Contract. The Contractor shall thereupon promptly refund to Jinchao in Japanese Yen the full amount of all sums received by the Contractor together with interest accrued thereon at an agreed rate from the date of receipt by the Contractor of such amount to the date of full payment to Jinchao of such amount.

Undertaking

Pursuant to the Contract, the Contractor has also agreed to undertake the Builder's warranty of quality to Jinchao upon delivery of the Vessel including the undertaking by the Contractor to remedy any defects in the Vessel free of charge to Jinchao due to defective material and/or bad workmanship on the part of the Builder and/or its subcontractors within a period of twelve months after the date of delivery of the Vessel.

LETTER FROM THE BOARD

GUARANTEE BY JINHUI SHIPPING

Jinhui Shipping, the intermediate holding company of Jinchao, also executed on 10 March 2008 a guarantee in favour of the Contractor pursuant to which Jinhui Shipping agrees to guarantee the due and faithful performance and fulfillment by Jinchao in accordance with the terms of the Contract.

REASONS FOR THE ACQUISITIONS

The Group's principal activities include international ship chartering, ship owning and trading. The Acquisition will enable the Group to further complement our owned young and modern fleet of vessels to serve the growing needs of our customers. The Group currently owns nineteen modern grabs fitted Supramaxes, one modern Capesize and one modern Panamax. Taking into account all existing commitments to acquire and dispose of other vessels as announced by the Company previously, the Group will have additional eighteen newly built grabs fitted Supramaxes, two newly built Panamaxes and one second hand Handymax for delivery going forward, where three of which will be delivered in 2008, seven in 2009, five in 2010, three in 2011, two in 2012 and one in 2013.

The terms and conditions of the Contract have been agreed on normal commercial terms following arm's length negotiations. The Board considers such terms and conditions are fair and reasonable and in the best interests of the Company and its shareholders as a whole. The Company believes it is an opportune moment during recent market situations to further expand its fleet of vessels in order to increase operating income for the Group.

The Group had during the past twelve months entered into other three separate contracts with the Contractor on 23 August 2007, 29 October 2007 and 19 December 2007 for the acquisition of other three motor vessels from the Contractor. Each of the aforementioned contracts is separate and not inter-conditional of each other.

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
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	17,797,000	3.42%	1,098,500	1.31%
	Personal interests (Option) <i>Note 2</i>	31,570,000	6.07%	–	–
	Personal interests (Option) <i>Note 4</i>	3,184,000	0.61%	–	–
	Family interests	16,717,000	3.22%	–	–
	Other interests	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>
Ng Kam Wah Thomas	Personal interests	5,909,000	1.13%	–	–
	Personal interests (Option) <i>Note 2</i>	21,050,000	4.05%	–	–
	Personal interests (Option) <i>Note 4</i>	3,184,000	0.61%	–	–
	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	0.58%	–	–
	Personal interests (Option) <i>Note 4</i>	3,184,000	0.61%	–	–
	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	1,774,000	0.34%	–	–
	Personal interests (Option) <i>Note 3</i>	3,000,000	0.58%	–	–
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	241,000	0.04%	–	–
	Personal interests (Option) <i>Note 3</i>	200,000	0.04%	–	–

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 339,311,280 Shares (representing approximately 65.26 per cent. of the total issued Shares) and 480,000 Jinhui Shipping Shares (representing approximately 0.57 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:	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

Note 4: Further details relating to the options granted to each of Mr. Ng Siu Fai, Mr. Ng Kam Wah Thomas and Mr. Ng Ki Hung Frankie are as follows:

Date of grant:	29 June 2006
Exercisable period:	29 June 2006 to 28 June 2016
Consideration paid for options:	HK\$1.00
Subscription price:	HK\$1.57 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, have interests 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	339,311,280	–	65.26%
Wong Yee Man Gloria	373,825,280 *	–	71.90%
	–	34,754,000 **	6.68%

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 16,717,000 Shares in which Ms. Wong Yee Man Gloria is interested as a beneficial owner and 357,108,280 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 34,754,000 Shares held by her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).*

LITIGATIONS

As at the Latest Practicable Date, the Group was engaged in the following legal proceedings, each of which is or may be of material importance to the Group:

- (a) Goldbeam Shipping Inc., a wholly-owned subsidiary of Jinhui Shipping is claiming around US\$769,000 and costs against a charterer of a vessel for detention of the vessel at discharge port. The claim is subject to arbitration in London. Arbitration award has been published and according to the award, Goldbeam Shipping Inc. is entitled to receive US\$256,000 as demurrage plus interest.
- (b) Galsworthy Limited, a wholly-owned subsidiary of Jinhui Shipping, is claiming around US\$2,300,000 and costs against a charterer of a vessel for the failure to redeliver the vessel by the charterer as per redelivery notice and dispute in respect of the off-hire period. An arbitrator was appointed and the arbitration proceedings in London are underway.

- (c) A charterer is claiming around US\$4,000,000 against Wokefield Enterprises Limited, a wholly-owned subsidiary of Jinhui Shipping, for the loss and damage as a result of a stowage dispute between the owner and sub-charterer of the vessel. An arbitrator was appointed and the arbitration proceedings in London 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 both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and also an associate member of the Institute of Chartered Accountants in England and Wales.
- (b) The registered office, also the head 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 Tricor Standard 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.