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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, 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 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**

**DISPOSAL OF A VESSEL**

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## DEFINITIONS

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

“Agreement”	the memorandum of agreement dated 11 April 2008 entered into between Jinhai and the Purchaser in respect of the disposal of the Vessel;
“associates”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“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;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Vessel under the Agreement;
“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;
“Jinhai”	Jinhai Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“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 Shares”	ordinary shares of US\$0.05 each in the share capital of Jinhui Shipping;

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## DEFINITIONS

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“Latest Practicable Date”	28 April 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(es)”	vessel(s) of deadweight approximately 70,000 metric tons, designed to be just small enough to transit the Panama Canal;
“Purchaser”	Tolani Shipping Co. Ltd., a company incorporated in India;
“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 55,557 metric tons bulk carrier “Jin Hai” registered in Hong Kong;
“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; 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.

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**LETTER FROM THE BOARD**

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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

*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*

2 May 2008

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

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF A VESSEL**

**INTRODUCTION**

The Directors refer to an announcement of the Company dated 11 April 2008 in relation to the disposal of a vessel pursuant to a memorandum of agreement dated 11 April 2008.

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

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## LETTER FROM THE BOARD

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### THE DISPOSAL

Jinhai 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 Purchaser is a private ship owning company incorporated in India. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. The Group has not acquired or disposed of any other vessel with the Purchaser during the last twelve months from date of the Agreement.

After the Disposal, the Group's property, plant and equipment will decrease by the net book value of the Vessel, the current assets will increase by the balance of net sale proceeds received from the Disposal after payment of bank loan of the Vessel, and the current liabilities and non-current liabilities will decrease by the amount of vessel mortgage loan of the Vessel repayable in full.

### Consideration

Under the Agreement, Jinhai agrees to dispose of the Vessel for a consideration of US\$74,250,000 (approximately HK\$579,150,000) payable by the Purchaser or its guaranteed nominee as follows:

- (1) an initial deposit of US\$7,425,000 (approximately HK\$57,915,000) was paid on 16 April 2008 to a bank account in the joint names of Jinhai and the Purchaser and will be released on the delivery of the Vessel; and
- (2) the balance of US\$66,825,000 (approximately HK\$521,235,000) will be payable on the delivery of the Vessel which will take place during the period from 1 May 2008 to 31 July 2008 at Jinhai's option.

The consideration of the Vessel was determined with reference to the prevailing market values, driven by supply and demand and based on arm's length negotiations with the Purchaser.

### The Vessel

The Vessel is a Supramax of deadweight 55,557 metric tons, built in 2005 and registered in Hong Kong. Jinhai is a special purpose company for holding the Vessel.

The Vessel has been owned by the Group since February 2005 and its net book value as at 31 December 2007 was approximately HK\$253,650,000. The net profit both before and after taxation and extraordinary items attributable to Jinhai for the two financial years ended 31 December 2006 and 2007 were approximately HK\$31,920,000 and HK\$31,091,000 respectively.

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## LETTER FROM THE BOARD

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### Use of Payment Received

The Group intends to use the net sale proceeds received pursuant to the Agreement for the general working capital of the Group.

### REASONS FOR THE DISPOSAL

The Group's principal activities 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 believe that the Disposal is a good opportunity to realize the book gain arising from the disposal of the Vessel, and will enable the Group to enhance its working capital position. The Group currently owns nineteen modern grabs fitted Supramaxes including the Vessel and two other Supramaxes which will be disposed by the Group later in 2008 as announced by the Company on 16 April 2008, 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 Board believes that the Disposal will not have any material adverse effect on the operations of the Group.

The terms and conditions of the Agreement have been agreed on normal commercial terms following arm's length negotiations with reference to the prevailing market values. 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 Vessel has been owned by the Group since February 2005. Given the immense rises in the market value of dry bulk carriers in recent years, the net book value of the Vessel is substantially stated below its prevailing market value. Therefore, based on the net book value of the Vessel as at 31 December 2007 as described above, the Group would realize a book gain, after estimated expenses and minority interests, of approximately HK\$173 million on disposal of the Vessel. However, the actual book gain which the Group would realize upon completion of the Disposal will depend on the actual net book value of the Vessel as at the date of the delivery in accordance with the Group's depreciation policy for its vessels as shown in the Company's annual report.

### GENERAL

Under the Listing Rules, the Disposal 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:

**Long position***(i) Directors' interests in Shares*

Name	No. of Shares held and capacity			Total	Percentage of total issued Shares
	Beneficial owner	Interest of spouse	Beneficiary of trust		
Ng Siu Fai	19,084,000	16,717,000	339,311,280 <i>(Note 1)</i>	375,112,280	72.14%
Ng Kam Wah Thomas	5,909,000	–	339,311,280 <i>(Note 1)</i>	345,220,280	66.39%
Ng Ki Hung Frankie	–	–	339,311,280 <i>(Note 1)</i>	339,311,280	65.26%
Ho Suk Lin	1,774,000	–	–	1,774,000	0.34%
William Yau	241,000	–	–	241,000	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). 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.



(ii) *Directors' rights to acquire Shares under the share option scheme of the Company adopted on 18 November 2004*

Name	No. of options outstanding – Beneficial owner	Exercise price per Share	Date of grant	Exercise period	Percentage of total issued Shares
Ng Siu Fai	31,570,000 (Note 2)	HK\$1.60	23 December 2004	31 March 2006 to 22 December 2014	6.08%
	3,184,000	HK\$1.57	29 June 2006	29 June 2006 to 28 June 2016	0.61%
Ng Kam Wah Thomas	21,050,000 (Note 2)	HK\$1.60	23 December 2004	31 March 2006 to 22 December 2014	4.05%
	3,184,000	HK\$1.57	29 June 2006	29 June 2006 to 28 June 2016	0.61%
Ng Ki Hung Frankie	3,000,000	HK\$1.60	23 December 2004	23 December 2004 to 22 December 2009	0.58%
	3,184,000	HK\$1.57	29 June 2006	29 June 2006 to 28 June 2016	0.61%
Ho Suk Lin	3,000,000	HK\$1.60	23 December 2004	23 December 2004 to 22 December 2009	0.58%
Tsui Che Yin Frank	1,000,000	HK\$1.60	23 December 2004	23 December 2004 to 22 December 2009	0.19%
Cui Jianhua	1,000,000	HK\$1.60	23 December 2004	23 December 2004 to 22 December 2009	0.19%
William Yau	200,000	HK\$1.60	23 December 2004	23 December 2004 to 22 December 2009	0.04%

*Note 2:* The grant of share options to each of Messrs. Ng Siu Fai and Ng Kam Wah Thomas had been approved by the Shareholders at the extraordinary general meeting of the Company on 27 January 2005 and are subject to certain conditions including a performance target, whereby the share options became exercisable upon the Group having recorded an audited consolidated net profit of not less than HK\$400 million for the financial year 2005, which had been achieved.

*(iii) Directors' interests in associated corporations*

Name	No. of Jinhui Shipping Shares held and capacity		Total	Percentage of total issued Jinhui Shipping Shares
	Beneficial owner	Beneficiary of trust		
Ng Siu Fai	1,098,500	46,514,800 <i>(Note 3)</i>	47,613,300	56.65%
Ng Kam Wah Thomas	–	46,514,800 <i>(Note 3)</i>	46,514,800	55.34%
Ng Ki Hung Frankie	–	46,514,800 <i>(Note 3)</i>	46,514,800	55.34%

*Note 3:* 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 controlling shareholder of the Company as disclosed hereinabove. Each of Messrs. Ng Siu Fai, Ng Kam Wah Thomas and Ng Ki Hung Frankie, the eligible beneficiaries of the Ng Hing Po 1991 Trust, is deemed to be interested in 46,034,800 Jinhui Shipping Shares held by the Company and 480,000 Jinhui Shipping Shares held by Fairline through their beneficial interests in the Company and Fairline respectively.

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:

**Long position**

Name of Shareholders	Capacity	No. of Shares	No. of Shares (Option)	Percentage of total issued Shares
Fairline	Beneficial owner	339,311,280	–	65.26%
Wong Yee Man Gloria	Beneficial owner and interest of spouse	375,112,280*	–	72.14%
	Interest of spouse	–	34,754,000**	6.69%

Name of shareholder	Capacity	No. of shares in Yee Lee Technology	Percentage of total issued shares in Yee Lee Technology
Asiawide Profits Limited	Beneficial owner	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 358,395,280 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) 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.
- (b) 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.