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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**

**ACQUISITION OF A VESSEL**

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7 June 2008

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## DEFINITIONS

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*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”	Oshima Shipbuilding 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 construction and sale contract dated 19 May 2008 entered into between Jinning and the Contractor in respect of the acquisition of the Vessel;
“Contractor”	Sumitomo Corporation, a company incorporated in 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 340,384,280 Shares which represent approximately 65.38 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;

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## DEFINITIONS

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“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;
“Jinning”	Jinning Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Latest Practicable Date”	3 June 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;
“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;
“Shareholders”	shareholders 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 59,760 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;

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## DEFINITIONS

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“JPY”	Japanese Yen, the lawful currency of Japan, and for the purpose of illustration only, translated into HK\$ at the rate of JPY1 = HK\$0.074408; 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*

7 June 2008

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

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF A VESSEL**

**INTRODUCTION**

The Directors refer to an announcement of the Company dated 19 May 2008 in relation to the acquisition of a vessel pursuant to a construction and sale contract dated 19 May 2008.

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

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## LETTER FROM THE BOARD

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### THE ACQUISITION

Jinning 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 trading firm listed on four stock exchanges in Tokyo, Osaka, Nagoya and Fukuoka. Through its worldwide network, the Contractor engages in diverse business activities including various domestic and overseas transactions and import and export of a wide range of goods and commodities. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Contractor is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Pursuant to the Contract dated 19 May 2008, the Contractor has agreed to procure the Builder to build, launch, equip and complete at the Builder's shipyard in Japan and to sell and deliver the Vessel to Jinning, and Jinning has agreed to purchase and take delivery of the Vessel from the Contractor. The Vessel is a Supramax of deadweight 59,760 metric tons and is proposed to be used for chartering out to gain operating income by Jinning after delivery.

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.

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.

### 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 JPY5,100,000,000 (approximately HK\$379,480,800) and is payable by Jinning in the following manner:

- (1) the first installment in the sum of JPY1,020,000,000 (approximately HK\$75,896,160) was paid to the Contractor's designated bank account on 21 May 2008;
- (2) the second installment in the sum of JPY255,000,000 (approximately HK\$18,974,040) will be payable on 19 May 2009;
- (3) the third installment in the sum of JPY510,000,000 (approximately HK\$37,948,080) will be payable in December 2010;

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## LETTER FROM THE BOARD

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- (4) the fourth installment in the sum of JPY510,000,000 (approximately HK\$37,948,080) will be payable in March 2011; and
- (5) the last installment in the sum of JPY2,805,000,000 (approximately HK\$208,714,440) will be payable upon delivery of the Vessel on or before 30 June 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 for the Vessel was determined with reference to current market values of similar type of vessels and on the basis of arm's length negotiations.

### **Delivery**

The Contract provides for the delivery of the Vessel on or before 30 June 2011 to Jinning 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, Jinning may at its option rescind the Contract. The Contractor shall thereupon promptly refund to Jinning 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 Jinning of such amount.

### **Undertaking by the Builder**

The Contract was also signed by the Builder for the purpose of an undertaking on its part to duly perform all the terms and conditions stipulated in the Contract to be performed by a shipbuilder including the undertaking to remedy Jinning at first priority and free of charge for any defects in the Vessel which are due to defective material, defective construction 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.

### **GUARANTEE BY JINHUI SHIPPING**

Jinhui Shipping, the intermediate holding company of Jinning, also executed on 19 May 2008 a guarantee in favour of the Contractor pursuant to which Jinhui Shipping agrees to guarantee the due and faithful performance and fulfillment by Jinning in accordance with the terms of the Contract.



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## LETTER FROM THE BOARD

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### REASONS FOR THE ACQUISITION

The Group's principal activities include international ship chartering, ship owning and trading. The Acquisition will enable the Group to continuously maintain a young and modern owned fleet of vessels to serve the growing needs of our customers. The Group currently owns one modern Capesize, one modern Panamax and nineteen modern grabs fitted Supramaxes including three Supramaxes which will be disposed by the Group later in 2008 as announced by the Company on 11 April 2008 and 16 April 2008. Taking into account all existing commitments to acquire and dispose of other vessels as announced by the Company previously, the Group will have additional nineteen 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, four 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 one separate contract and three amendment agreements with the Contractor on 5 November 2007 and 27 November 2007 respectively in relation to the acquisition of other four motor vessels from the Contractor. Each of the aforementioned contracts and amendment agreements 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:

**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	19,384,000	16,717,000	340,384,280 <i>(Note 1)</i>	376,485,280	72.31%
Ng Kam Wah Thomas	5,909,000	–	340,384,280 <i>(Note 1)</i>	346,293,280	66.51%
Ng Ki Hung Frankie	–	–	340,384,280 <i>(Note 1)</i>	340,384,280	65.38%
Ho Suk Lin	1,774,000	–	–	1,774,000	0.35%
Cui Jianhua	700,000	–	–	700,000	0.13%
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 340,384,280 Shares (representing approximately 65.38 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	6.06%
	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	4.04%
	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	0.57%
	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	0.57%
Cui Jianhua	300,000	HK\$1.60	23 December 2004	23 December 2004 to 22 December 2009	0.06%
Tsui Che Yin Frank	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	340,384,280	–	65.38%
Wong Yee Man Gloria	Beneficial owner and interest of spouse	376,485,280 *	–	72.31%
	Interest of spouse	–	34,754,000 **	6.67%

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 359,768,280 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.