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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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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”	STX (Dalian) Shipbuilding Co., Ltd., a company incorporated under the laws of the People’s Republic of China, with 60 per cent. shareholdings held by STX Corporation and 40 per cent. shareholdings held by STX Shipbuilding Co., Ltd., both shareholders of the Builder are companies listed on the Korea Exchange;
“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 11 July 2008 entered into between the Purchaser and the Builder in respect of the acquisition of the Vessel;
“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 342,209,280 Shares which represent approximately 65.71 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;
“Handysize”	a dry cargo vessel of deadweight below 40,000 metric tons;

DEFINITIONS

“Hong Kong”	the 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 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;
“Latest Practicable Date”	28 July 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;
“Post-Panamaxes”	vessels of deadweight approximately between 90,000 metric tons to 100,000 metric tons;
“Purchaser”	Huafeng Shipping Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Refund Guarantee”	the guarantee to be issued by the Builder’s bank in favour of the Purchaser whereby the Builder’s bank will guarantee the refund of all installments before delivery of the Vessel plus interest to the Purchaser if the delivery of the Vessel is not effected according to the agreed date of delivery;
“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;

DEFINITIONS

“Vessel”	a deadweight 57,700 metric tons type bulk carrier to be constructed in China;
“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.

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*

1 August 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 11 July 2008 in relation to the acquisition of a vessel pursuant to a construction and sale contract dated 11 July 2008.

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

LETTER FROM THE BOARD

THE ACQUISITION

The Purchaser 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 Builder is a shipbuilding company and a 60 per cent. owned subsidiary of STX Corporation which engages in the manufacturing and distribution of diesel engines and industrial machinery, investment in affiliated company and oil industry, resource development and ship maintenance and is listed on the Korea Exchange. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Builder, STX Corporation, STX Shipbuilding Co., Ltd., and their respective associates 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 these parties during the last twelve months from date of the Contract.

Pursuant to the Contract dated 11 July 2008, the Builder has agreed to design, build, launch, equip and complete the Vessel at the Builder's shipyard in Dalian, China and to sell and deliver the Vessel to the Purchaser, and the Purchaser has agreed to purchase and take delivery of the Vessel from the Builder. The Vessel is a Supramax of deadweight 57,700 metric tons and is proposed to be used for chartering out to gain operating income by the Purchaser 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.

Consideration

Subject to certain provisions for reduction to 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 of the Vessel is US\$46,500,000 (approximately HK\$362,700,000) and is payable by the Purchaser as follows:

- (1) the first installment in the sum of US\$9,300,000 (approximately HK\$72,540,000) shall become due and payable within five banking days after receipt of the Refund Guarantee which covers all installments before delivery of the Vessel and which is expected to be received on or around 28 July 2008;
- (2) the second installment in the sum of US\$9,300,000 (approximately HK\$72,540,000) shall become due and payable around July 2009;
- (3) the third installment in the sum of US\$9,300,000 (approximately HK\$72,540,000) shall become due and payable around October 2010;

LETTER FROM THE BOARD

- (4) the fourth installment in the sum of US\$9,300,000 (approximately HK\$72,540,000) shall become due and payable around January 2011; and
- (5) the last installment in the sum of US\$9,300,000 (approximately HK\$72,540,000) shall become due and payable upon delivery of the Vessel on or before 30 June 2011.

The purchase price for the Vessel will be payable by cash in United States Dollars. It is currently expected that approximately 60 per cent. of the purchase price will be funded by bank financing and approximately 40 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 the Purchaser in China. 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, the Purchaser may at its option rescind the Contract. The Builder shall thereupon promptly refund to the Purchaser in United States Dollars the full amount of all sums received by the Builder together with interest accrued thereon at an agreed rate from the date of receipt by the Builder of such amount to the date of full payment to the Purchaser of such amount.

Undertaking by the Builder

Pursuant to the Contract, the Builder shall undertake to remedy the Purchaser free of charge for any defects in the Vessel which are due to defective material, construction miscalculation and/or poor 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 the Purchaser, has undertaken that within ten days after receipt of the Refund Guarantee which covers all installments before delivery of the Vessel and which is expected to be received on or around 28 July 2008, Jinhui Shipping will execute a guarantee in favour of the Builder pursuant to which Jinhui Shipping agrees to guarantee the full and punctual payment of each installment of the Vessel by the Purchaser in accordance with the terms of the Contract.

LETTER FROM THE BOARD

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 sixteen modern grabs fitted Supramaxes. Taking into account all existing commitments to acquire and dispose of other vessels as announced by the Company previously, the Group will have additional twenty one newly built grabs fitted Supramaxes, two newly built Post-Panamaxes, two newly built Panamaxes, one second hand Handymax and one newly built Handysize for delivery going forward, where three of which will be delivered in 2008, seven in 2009, seven in 2010, six in 2011, three 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.

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	19,917,000	16,717,000	342,209,280 <i>(Note 1)</i>	378,843,280	72.75%
Ng Kam Wah Thomas	5,909,000	–	342,209,280 <i>(Note 1)</i>	348,118,280	66.85%
Ng Ki Hung Frankie	–	–	342,209,280 <i>(Note 1)</i>	342,209,280	65.71%
Ho Suk Lin	1,774,000	–	–	1,774,000	0.34%
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 342,209,280 Shares (representing approximately 65.71 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	0.58%
	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%
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	Interest of spouse	Beneficiary of trust		
Ng Siu Fai	1,214,700	249,000	46,534,800 <i>(Note 3)</i>	47,998,500	57.11%
Ng Kam Wah Thomas	50,000	–	46,534,800 <i>(Note 3)</i>	46,584,800	55.43%
Ng Ki Hung Frankie	–	–	46,534,800 <i>(Note 3)</i>	46,534,800	55.37%

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 500,000 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	342,209,280	–	65.71%
Wong Yee Man Gloria	Beneficial owner and interest of spouse	378,843,280*	–	72.75%
	Interest of spouse	–	34,754,000**	6.67%

Name of shareholder	Capacity	No. of Jinhui Shipping Shares	Percentage of total issued Jinhui Shipping Shares
Genco Investments LLC	Beneficial owner	16,335,100	19.44%

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 362,126,280 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).*

LITIGATION

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

A charterer is claiming around US\$3,500,000 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.