
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



JINHUI HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

**TWO DISCLOSEABLE TRANSACTIONS
ACQUISITION OF TWO VESSELS**

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix – General Information	9

DEFINITIONS

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

“Acquisition A”	the acquisition of the Vessel A under the Agreement;
“Acquisition B”	the acquisition of the Vessel B under the Contract;
“Agreement”	the agreement dated 29 October 2007 entered into between Jinrui and the Vendor in respect of the acquisition of the Vessel A;
“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 5 November 2007 entered into between Jinxiang and the Contractor in respect of the acquisition of the Vessel B;
“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 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;

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 Share(s)”	ordinary share(s) of US\$0.05 each in the share capital of Jinhui Shipping;
“Jinrui”	Jinrui Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Jinxiang”	Jinxiang Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Latest Practicable Date”	13 November 2007, 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;
“Vendor”	Xing Long Maritime S.A., a company registered in Panama and a wholly-owned subsidiary of ORIX Corporation, Japan;

DEFINITIONS

“Vessel A”	a deadweight 76,500 metric tons type bulk carrier currently under construction in Japan;
“Vessel B”	a deadweight 60,500 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\$0.067324; 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

(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*

17 November 2007

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

Dear Sir or Madam,

TWO DISCLOSEABLE TRANSACTIONS ACQUISITION OF TWO VESSELS

I. INTRODUCTION

The Directors refer to two announcements of the Company dated 29 October 2007 and 5 November 2007 in relation to the acquisition of two vessels pursuant to an agreement dated 29 October 2007 and a construction and sale contract dated 5 November 2007 respectively.

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

II. THE ACQUISITION A

Jinrui 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.

LETTER FROM THE BOARD

The Vendor 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 Vendor 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 Agreement dated 29 October 2007, the Vendor has agreed to sell and deliver the Vessel A to Jinrui, and Jinrui has agreed to purchase and take delivery of the Vessel A from the Vendor. The Vessel A is a Panamax vessel of deadweight 76,500 metric tons, currently under construction in Japan and is proposed to be used for chartering out to gain operating income by Jinrui after delivery.

After the Acquisition A, the Group's property, plant and equipment will increase by the amount of purchase price of the Vessel A, 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

The purchase price for the Vessel A is US\$67,250,000 (approximately HK\$524,550,000) and is payable by Jinrui in the following manner:

- (1) the first installment in the sum of US\$6,725,000 (approximately HK\$52,455,000) was paid on 29 October 2007;
- (2) the second installment in the sum of US\$6,725,000 (approximately HK\$52,455,000) will be payable on 24 April 2008;
- (3) the third installment in the sum of US\$6,725,000 (approximately HK\$52,455,000) will be payable on 29 August 2008; and
- (4) the last installment in the sum of US\$47,075,000 (approximately HK\$367,185,000) will be payable upon delivery of the Vessel A.

The purchase price for the Vessel A will be payable by cash in United States Dollars. 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 was determined with reference to current market values of similar type of vessels based on information from independent shipbrokers and on the basis of arm's length negotiations.

Delivery

The Agreement provides that the delivery of the Vessel A will take place during the period from 1 April 2009 to 31 May 2009. Pursuant to the terms of the Agreement, if there is any delay in delivery of the Vessel A, Jinrui has the right to rescind the Agreement and the Vendor shall thereupon promptly refund the full amount of all sums received by the Vendor together with interest accrued thereon to Jinrui.

LETTER FROM THE BOARD

Guarantees

Jinhui Shipping, the intermediate holding company of Jinrui, will guarantee the performance of Jinrui under the Agreement in favour of the Vendor. ORIX Corporation, the holding company of the Vendor, will also guarantee the performance of the Vendor under the Agreement in favour of Jinrui.

III. THE ACQUISITION B

Jinxiang 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 5 November 2007, 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 B to Jinxiang, and Jinxiang has agreed to purchase and take delivery of the Vessel B from the Contractor. The Vessel B is a Supramax vessel of deadweight 60,500 metric tons and is proposed to be used for chartering out to gain operating income by Jinxiang after delivery.

The Builder began its business in shipbuilding in June 1974 and launched its first ship in 1975 and specializes in the fabrication of bulk carriers, especially dry cargo carriers. 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 B, the Group's property, plant and equipment will increase by the amount of purchase price of the Vessel B, 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 B contained in the Contract relating to, amongst other things, delay in delivery of the Vessel B, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the Vessel B is JPY4,100,000,000 (approximately HK\$276,028,400) and is payable by Jinxiang in the following manner:

LETTER FROM THE BOARD

- (1) the first installment in the sum of JPY410,000,000 (approximately HK\$27,602,840) was paid on 7 November 2007;
- (2) the second installment in the sum of JPY410,000,000 (approximately HK\$27,602,840) will be payable on 5 November 2008;
- (3) the third installment in the sum of JPY410,000,000 (approximately HK\$27,602,840) will be payable in April 2012;
- (4) the fourth installment in the sum of JPY410,000,000 (approximately HK\$27,602,840) will be payable in July 2012; and
- (5) the last installment in the sum of JPY2,460,000,000 (approximately HK\$165,617,040) will be payable upon delivery of the Vessel B on or before 30 September 2012.

The purchase price for the Vessel B 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 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 B on or before 30 September 2012 to Jinxiang in Japan. Pursuant to the terms of the Contract, if there is any delay in delivery of the Vessel B which continues for a period of 180 days from the thirty-first day after the agreed delivery date, then after such period has expired, Jinxiang may at its option rescind the Contract. The Contractor shall thereupon promptly refund to Jinxiang 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 Jinxiang 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 Jinxiang at first priority and free of charge for any defects in the Vessel B 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 B.

Guarantee by Jinhui Shipping

Jinhui Shipping, the intermediate holding company of Jinxiang, also executed on 5 November 2007 a guarantee in favour of the Contractor pursuant to which Jinhui Shipping agrees to guarantee the full and punctual payment of the purchase price and the prompt and punctual performance by Jinxiang in accordance with the terms of the Contract.

LETTER FROM THE BOARD

IV. REASONS FOR THE ACQUISITIONS

The Group's principal activities include international ship chartering, ship owning and trading. The Acquisition A and the Acquisition B 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 sixteen modern grabs fitted Supramaxes, one modern Panamax and one modern Capesize. In addition to the existing owned vessels as mentioned above, after the Acquisition A and the Acquisition B and 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, one second hand Handymax and one newly built Panamax for delivery going forward, where five of which will be delivered in 2008, seven in 2009, five in 2010, two in 2011 and two in 2012.

The terms and conditions of the Agreement and 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 a separate agreement with the Vendor on 23 August 2007 for the acquisition of another motor vessel from the Vendor. Each of the aforementioned agreements is separate and not inter-conditional of each other.

The Group had during the past twelve months entered into other three separate contracts with the Contractor on 30 November 2006 and 9 January 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. Furthermore, at the time of each of the aforementioned contracts, the Acquisition B was not contemplated and there was no agreement or understanding between the Group and the Contractor in relation to the Acquisition B.

V. GENERAL

Under the Listing Rules, each of the Acquisition A and the Acquisition B 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	17,138,000	3.29%	1,098,500	1.31%
	Personal interests (Option) Note 2	31,570,000	6.07%	–	–
	Personal interests (Option) Note 4	3,184,000	0.61%	–	–
	Family interests	16,717,000	3.22%	–	–
	Other interests	Note 1	Note 1	Note 1	Note 1
Ng Kam Wah Thomas	Personal interests	5,909,000	1.13%	–	–
	Personal interests (Option) Note 2	21,050,000	4.05%	–	–
	Personal interests (Option) Note 4	3,184,000	0.61%	–	–
	Other interests	Note 1	Note 1	Note 1	Note 1
Ng Ki Hung Frankie	Personal interests (Option) Note 3	3,000,000	0.58%	–	–
	Personal interests (Option) Note 4	3,184,000	0.61%	–	–
	Other interests	Note 1	Note 1	Note 1	Note 1

Name	Type of interests	No. of Shares	Percentage of total issued Shares	No. of 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	373,166,280 *	–	71.77%
	–	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 356,449,280 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 proceedings have been completed and the arbitration is now pending for the issuance of an award.
- (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 has been appointed and the arbitration proceedings in London are underway.

- (c) A charterer is claiming around US\$5,500,000 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 the sub-charterer. An arbitrator has been 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 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 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.