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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

TWO DISCLOSEABLE TRANSACTIONS
ACQUISITION OF TWO VESSELS

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DEFINITIONS

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

“Agreement”	the agreement dated 19 December 2007 entered into between the Second Purchaser and the Second Vendor in respect of the acquisition of the Second Vessel;
“associates”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Builder”	Tsuneishi Holdings Corporation, 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 14 December 2007 entered into between the First Purchaser and the First Vendor in respect of the acquisition of the First 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 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;
“First Acquisition”	the acquisition of the First Vessel under the Contract;
“First Purchaser”	Jinqing Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“First Vendor”	Mitsubishi Corporation, a company incorporated in Japan;
“First Vessel”	a deadweight 58,100 metric tons type bulk carrier to be constructed in the Philippines;

DEFINITIONS

“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;
“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”	31 December 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;
“Second Acquisition”	the acquisition of the Second Vessel under the Agreement;
“Second Purchaser”	Huafeng Shipping Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Second Vendor”	Xing Long Maritime S.A., a company registered in Panama and a wholly-owned subsidiary of ORIX Corporation, Japan;
“Second Vessel”	a deadweight 53,420 metric tons type bulk carrier, currently under construction in Japan;
“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;

DEFINITIONS

“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;
“VLOC(s)”	Very Large Ore Carrier(s);
“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\$0.06976; 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.



JINHUI HOLDINGS COMPANY LIMITED

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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*

4 January 2008

*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 14 December 2007 and 19 December 2007 in relation to the acquisition of two vessels pursuant to a contract dated 14 December 2007 and an agreement dated 19 December 2007 respectively.

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

LETTER FROM THE BOARD

II. THE FIRST ACQUISITION

The First 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 First Vendor is a trading firm listed on four stock exchanges in Tokyo, Osaka, Nagoya and London. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the First Vendor 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 14 December 2007, the First Vendor has ordered the Builder to build and complete the First Vessel in the Philippines, and has agreed to sell and deliver the First Vessel to the First Purchaser, and the First Purchaser has agreed to purchase and take delivery of the First Vessel from the First Vendor. The First Vessel is a deadweight 58,100 metric tons type Supramax and is proposed to be used for chartering out to gain operating income by the First Purchaser after delivery.

The Group had during the past twelve months entered into other two separate contracts with the First Vendor on 7 May 2007 for the acquisition of other two motor vessels from the First Vendor. Each of the aforementioned contracts is separate and not inter-conditional of each other.

After the First Acquisition, the Group's property, plant and equipment will increase by the amount of purchase price of the First 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 First Vessel contained in the Contract relating to, amongst other things, delay in delivery of the First Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price for the First Vessel is JPY4,500,000,000 (approximately HK\$313,920,000) and is payable by the First Purchaser as follows:

- (1) the first installment in the sum of JPY450,000,000 (approximately HK\$31,392,000) was paid on 17 December 2007;
- (2) the second installment in the sum of JPY450,000,000 (approximately HK\$31,392,000) will be payable around 14 June 2009;

LETTER FROM THE BOARD

- (3) the third installment in the sum of JPY675,000,000 (approximately HK\$47,088,000) will be payable around February 2012;
- (4) the fourth installment in the sum of JPY675,000,000 (approximately HK\$47,088,000) will be payable around October 2012; and
- (5) the last installment in the sum of JPY2,250,000,000 (approximately HK\$156,960,000) will be payable upon delivery of the First Vessel on or before 28 February 2013.

The purchase price for the First 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 First 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 First Vessel shall not have been granted by the Philippine Government not later than 180 days after signing of the Contract, the Contract shall automatically become null and void, unless otherwise mutually agreed in writing between all the parties involved. The First Vendor shall refund any payment already made by the First Purchaser under the Contract without interest to the First Purchaser. 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 First Vessel on or before 28 February 2013 to the First Purchaser in the Philippines. Pursuant to the terms of the Contract, if there is any delay in delivery of the First Vessel which continues for a period of 150 days from the thirty-first day after the agreed delivery date, then after such period has expired, the First Purchaser may at its option rescind the Contract. The First Vendor shall thereupon promptly refund to the First Purchaser the full amount of all sums received by the First Vendor together with interest accrued thereon at an agreed rate from the date of receipt by the First Vendor of such amount to the date of full payment to the First Purchaser of such amount.

Undertaking by the Builder

Pursuant to the Contract, the First Vendor has also agreed to assign the Builder's warranty of quality to the First Purchaser with the Builder's consent upon delivery of the First Vessel including the undertaking by the Builder to remedy the First Purchaser free of charge for any defects in the First Vessel which are 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 First Vessel.

LETTER FROM THE BOARD

Guarantee by Jinhui Shipping

Jinhui Shipping, the intermediate holding company of the First Purchaser, also executed on 14 December 2007 a guarantee in favour of the First Vendor pursuant to which Jinhui Shipping agrees to guarantee the due and faithful performance and fulfillment by the First Purchaser in accordance with the terms of the Contract.

III. THE SECOND ACQUISITION

The Second 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 Second 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 Second 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 19 December 2007, the Second Vendor has agreed to sell and deliver the Second Vessel to the Second Purchaser, and the Second Purchaser has agreed to purchase and take delivery of the Second Vessel from the Second Vendor. The Second Vessel is a deadweight 53,420 metric tons type Supramax, currently under construction in Japan and is proposed to be used for chartering out to gain operating income by the Second Purchaser after delivery.

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

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

The purchase price for the Second Vessel is US\$80,000,000 (approximately HK\$624,000,000) and is payable by the Second Purchaser in the following manner:

- (1) the first installment in the sum of US\$7,850,000 (approximately HK\$61,230,000) was paid on 24 December 2007;
- (2) the second installment in the sum of US\$7,850,000 (approximately HK\$61,230,000) will be payable on 10 January 2008; and

LETTER FROM THE BOARD

- (3) the last installment in the sum of US\$64,300,000 (approximately HK\$501,540,000) will be payable upon delivery of the Second Vessel on or before 31 March 2008.

The purchase price for the Second Vessel 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 of the Second Vessel 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 for the delivery of the Second Vessel on or before 31 March 2008 to the Second Purchaser. Pursuant to the terms of the Agreement, if there is any delay in delivery of the Second Vessel, the Second Purchaser has the right to rescind the Agreement and the Second Vendor shall thereupon promptly refund the full amount of all sums received by the Second Vendor together with interest accrued thereon to the Second Purchaser.

Guarantees

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

IV. REASONS FOR THE ACQUISITIONS

The Group's principal activities include international ship chartering, ship owning and trading. Both the First Acquisition and the Second 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 sixteen 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 twenty one newly built grabs fitted Supramaxes, one newly built Panamax, one second hand Handymax and two newly built VLOCs for delivery going forward, where six 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 and the Agreement 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.

LETTER FROM THE BOARD

V. GENERAL

Under the Listing Rules, each of the First Acquisition and the Second 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 Shipping Shares
Ng Siu Fai	Personal interests	17,138,000	3.29%	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	373,166,280 *	–	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\$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. 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.