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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

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

DISCLOSEABLE TRANSACTION

DISPOSAL OF TWO VESSELS

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DEFINITIONS

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

“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;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the First Vessel and the Second Vessel under the First Agreement and the Second Agreement respectively;
“Fairline”	Fairline Consultants Limited, a company incorporated in the British Virgin Islands with limited liability, which is the controlling shareholder of the Company holding 335,030,280 Shares which represent approximately 64.33 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 Agreement”	the memorandum of agreement dated 22 May 2007 entered into between Jinxiao and the Purchaser in respect of the disposal of the First Vessel;
“First Vessel”	a deadweight 58,100 metric tons type bulk carrier;
“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 54.34 per cent. owned subsidiary of the Company as at the Latest Practicable Date, whose shares are listed on the Oslo Stock Exchange, Norway;

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“Jinhui Shipping Share(s)”	ordinary share(s) of US\$0.05 each in the share capital of Jinhui Shipping;
“Jinjiang”	Jinjiang Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Jinxiao”	Jinxiao Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Latest Practicable Date”	5 June 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;
“Purchaser”	Bocimar Hong Kong Limited, a wholly-owned subsidiary of Bocimar International NV;
“Second Agreement”	the memorandum of agreement dated 22 May 2007 entered into between Jinjiang and the Purchaser in respect of the disposal of the Second Vessel;
“Second Vessel”	a deadweight 58,100 metric tons type bulk carrier;
“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;
“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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“JPY”	Japanese Yen, the lawful currency of Japan, and for the purpose of illustration only, translated into HK\$ at the rate of JPY1 = HK\$0.06442; 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*

8 June 2007

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

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION DISPOSAL OF TWO VESSELS

INTRODUCTION

The Directors refer to the announcement of the Company dated 22 May 2007 in relation to the disposal of the First Vessel and the Second Vessel by Jinxiao and Jinjiang respectively to the Purchaser pursuant to the First Agreement and Second Agreement respectively and both dated 22 May 2007.

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

THE DISPOSAL

The Purchaser is a wholly-owned subsidiary of Bocimar International NV, which is in turn a wholly-owned subsidiary of CMB NV, a maritime company whose shares are quoted on Euronext Brussels. To the best of the Board's knowledge, information and belief having made all reasonable enquiry, CMB NV, Bocimar International NV and the Purchaser are third parties independent of the Company and

LETTER FROM THE BOARD

connected persons (as defined in the Listing Rules) of the Company. The Group has not acquired or disposed of any other vessel with CMB NV, Bocimar International NV, the Purchaser and their respective associates during the last twelve months from date of the First Agreement and the Second Agreement.

Each of Jinxiao and Jinjiang is a special purpose company for holding the First Vessel and the Second Vessel respectively. Pursuant to the contract dated 2 November 2006 entered into between Mitsubishi Corporation and Jinxiao, Mitsubishi Corporation 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 Jinxiao in the Philippines, and Jinxiao has agreed to purchase and take delivery of the First Vessel from Mitsubishi Corporation for a consideration of JPY1,680,000,000 and US\$16,320,000 (in total approximately HK\$235,521,600). Pursuant to another contract dated 7 May 2007 entered into between Mitsubishi Corporation and Jinjiang, Mitsubishi Corporation has ordered the Builder to build and complete the Second Vessel in the Philippines, and has agreed to sell and deliver the Second Vessel to Jinjiang in the Philippines, and Jinjiang has agreed to purchase and take delivery of the Second Vessel from Mitsubishi Corporation for a consideration of JPY1,910,500,000 and US\$17,500,000 (in total approximately HK\$259,574,410).

After the Disposal, the Group's current assets will increase by the net sale proceeds received from the Disposal and there would be no overall impact on the Group's other assets and liabilities. The Board also believes that there will not have material effect on the Group's earnings on chartering business as a result of the Disposal.

Consideration

Under the First Agreement, Jinxiao agrees to dispose of the First Vessel for a consideration of JPY1,773,233,000 and US\$16,569,500 (in total approximately HK\$243,473,770) payable by the Purchaser as follows:

- (1) an initial deposit of JPY339,546,600 and US\$84,000 (in total approximately HK\$22,528,792) was paid on 25 May 2007;
- (2) the second installment in the sum of JPY339,546,600 (approximately HK\$21,873,592) will be payable by 25 April 2008;
- (3) the third installment in the sum of JPY509,319,900 (approximately HK\$32,810,388) will be payable five banking days in advance of steel cutting of the First Vessel which is expected to be around January 2010;
- (4) the fourth installment in the sum of JPY509,319,900 (approximately HK\$32,810,388) will be payable five banking days in advance of launching of the First Vessel which is expected to be around July 2010; and
- (5) the last installment in the sum of JPY75,500,000 and US\$16,485,500 (in total approximately HK\$133,450,610) will be payable five banking days in advance of the delivery of the First Vessel on or before 31 October 2010.

LETTER FROM THE BOARD

Under the Second Agreement, Jinjiang agrees to dispose of the Second Vessel for a consideration of JPY1,929,798,000 and US\$17,685,600 (in total approximately HK\$262,265,267) payable by the Purchaser as follows:

- (1) an initial deposit of JPY385,959,600 and US\$8,700 (in total approximately HK\$24,931,377) was paid on 25 May 2007;
- (2) the second installment in the sum of JPY385,959,600 (approximately HK\$24,863,518) will be payable by 31 October 2008;
- (3) the third installment in the sum of JPY578,939,400 (approximately HK\$37,295,276) will be payable five banking days in advance of steel cutting of the Second Vessel which is expected to be around November 2011;
- (4) the fourth installment in the sum of JPY578,939,400 (approximately HK\$37,295,276) will be payable five banking days in advance of launching of the Second Vessel which is expected to be around May 2012; and
- (5) the last installment in the sum of US\$17,676,900 (approximately HK\$137,879,820) will be payable five banking days in advance of the delivery of the Second Vessel on or before 31 August 2012.

The total consideration of the First Vessel and the Second Vessel is JPY3,703,031,000 and US\$34,255,100 (in total approximately HK\$505,739,037), which was determined by reference to the prevailing market values, driven by supply and demand and based on arm's length negotiations with the Purchaser.

The Vessels

Each of the First Vessel and the Second Vessel is a Supramax of deadweight 58,100 metric tons type, which will be built and completed by the Builder in the Philippines.

Use of Payment Received

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

Guarantee

Bocimar International NV will guarantee the performance of the obligations of the Purchaser under the First Agreement and the Second Agreement in favour of Jinxiao and Jinjiang respectively.

LETTER FROM THE BOARD

REASONS FOR THE DISPOSAL

The Group's principal activities include international ship chartering, ship owning and trading. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet size as appropriate. The Directors believe that the Disposal will enable the Group to focus its financial resources to seek future potential purchase of vessels which can be promptly delivered to the Group for early commencement of business, hence be early income generators for the Group should such opportunities be found and materialized. The Group will at the same time continue to ensure a young modern fleet is maintained to provide first class transportation services to its customers. The Group currently owns thirteen modern grabs fitted Supramaxes (including one Supramax which will be disposed by the Group later in 2007 as announced by the Company on 8 May 2007), one modern Panamax and one modern Capesize. Taking into account the Disposal and the acquisition of eight vessels as announced by the Company on 30 May 2007, the Group will have additional twenty-one newly built grabs fitted Supramaxes and one second hand Handymax for delivery going forward, where three of which will be delivered in 2007, five in 2008, six in 2009, five in 2010, two in 2011 and one in 2012. The Board believes that the Disposal will not have any material adverse effect on the operations of the Group.

The terms and conditions of the First Agreement and the Second Agreement have been agreed on normal commercial terms following arm's length negotiations with reference to the prevailing market values. The Board considers such terms and conditions to be fair and reasonable and in the best interests of the Company and its shareholders as a whole.

Based on the contract prices of the First Vessel and the Second Vessel as described above, the Group would realize a book gain, after estimated expenses and minority interests, of approximately HK\$0.4 million on disposal of the First Vessel and the Second Vessel upon completion of the Disposal.

GENERAL

Under the Listing Rules, the Disposal constitutes a discloseable transaction for the Company.

Your attention is also drawn to the appendix to this circular.

Yours faithfully,
By Order of the Board
Jinhui Holdings Company Limited
Ng Siu Fai
Chairman

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

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	16,556,000	3.18%	1,098,500	1.31%
	Personal interests (Option) <i>Note 2</i>	31,570,000	6.06%	–	–
	Personal interests (Option) <i>Note 4</i>	3,184,000	0.61%	–	–
	Family interests	16,717,000	3.21%	–	–
	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	4.04%	–	–
	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
Ng Ki Hung Frankie	Personal interests (Option) <i>Note 3</i>	3,000,000	0.57%	–	–
	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>
Ho Suk Lin	Personal interests	1,774,000	0.34%	–	–
	Personal interests (Option) <i>Note 3</i>	3,000,000	0.57%	–	–
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	300,000	0.06%	–	–
	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 335,030,280 Shares (representing approximately 64.33 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	335,030,280	–	64.33%
Wong Yee Man Gloria	368,303,280 *	–	70.72%
	–	34,754,000 **	6.67%

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 351,586,280 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, Goldbeam Shipping Inc. (“Goldbeam”) an approximately 54.34 per cent. owned subsidiary of the Company, is claiming around US\$769,000 and costs against a charterer of a vessel for detention of the vessel at discharge port. An arbitrator has been appointed and the arbitration proceedings in London, England 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 Standard Registrars 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.