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## IMPORTANT

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**If you are in any doubt** about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Jinhui Holdings Company Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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.

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## **JINHUI HOLDINGS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **DISCLOSEABLE TRANSACTION REGARDING THE DISPOSAL OF TWO DRY BULK CARRIERS**

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24 October 2002

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## DEFINITIONS

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

“Board”	the board of Directors
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Jinhui Holdings Company Limited, a limited liability company incorporated in Hong Kong under the Companies Ordinance, with its securities listed on the Stock Exchange
“Directors”	the directors of the Company
“Disposals”	the First Disposal and the Second Disposal
“DWT”	the deadweight of a vessel expressed in tons or tonnes. This measurement is the total weight of cargo, fuel, fresh water, stores and crew which the vessel can carry
“Fairline”	Fairline Consultants Limited, a limited liability company incorporated in the British Virgin Islands, which is the controlling shareholder of the Company holding approximately 57.74 per cent. of the issued share capital and voting right in general meeting of the Company as at the Latest Practicable Date
“First Disposal”	the disposal of the First Vessel by the First Vendor to the First Purchaser
“First Memorandum”	an agreement entered into on 3 October 2002 between the First Vendor and the First Purchaser, pursuant to which the First Vendor agreed to sell the First Vessel to the First Purchaser
“First Purchaser”	Eurosud Management S.A., a company incorporated in the Republic of Panama
“First Vendor”	Jinyi Shipping Inc., a company incorporated in the Republic of Panama and a wholly-owned subsidiary of Jinhui Shipping
“First Vessel”	M.V. “Jin Yi”, a dry-bulk carrier of 38,590 DWT, built in 1985 and registered in the Republic of Panama
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a company incorporated in Bermuda with its shares listed on the Oslo Exchanges and an approximately 50.9 per cent. owned subsidiary of the Company
“JST Share(s)”	share(s) of USD0.05 each in the share capital of Jinhui Shipping
“Latest Practicable Date”	21 October 2002, 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
“Memoranda”	the First Memorandum and the Second Memorandum
“Pantow”	Pantow Profits Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)
“Second Disposal”	the disposal of the Second Vessel by the Second Vendor to the Second Purchaser
“Second Memorandum”	an agreement entered into on 3 October 2002 between the Second Vendor and the Second Purchaser, pursuant to which the Second Vendor agreed to sell the Second Vessel to the Second Purchaser
“Second Purchaser”	Kilmar Worldwide Corporation, a company incorporated in the Republic of Panama
“Second Vendor”	Jinsheng Marine Inc., a company incorporated in the Republic of Panama and a wholly-owned subsidiary of Jinhui Shipping
“Second Vessel”	M.V. “Jin Sheng”, a dry-bulk carrier of 38,594 DWT, built in 1985 and registered in the Republic of Panama
“Share(s)”	ordinary share(s) of HKD0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States Dollars, the lawful currency of the United States of America
“Yee Lee Technology”	Yee Lee Technology Company Limited, a limited liability company incorporated in the British Virgin Islands and a 75 per cent. owned subsidiary of the Company



## JINHUI HOLDINGS COMPANY LIMITED

*(Incorporated in Hong Kong with limited liability)*

*Directors:*

Ng Siu Fai (*Chairman and Managing Director*)

Ng Kam Wah Thomas

Ng Ki Hung Frankie

Ho Kin Lung

Ho Suk Lin

So Wing Hung Peter\*

Cui Jian Hua\*\*

Tsui Che Yin Frank\*\*

*Registered office:*

26th Floor

Yardley Commercial Building

1-6 Connaught Road West

Hong Kong

\* *Non-executive director*

\*\* *Independent non-executive director*

24 October 2002

*To the Shareholders,*

Dear Sir or Madam,

### DISCLOSEABLE TRANSACTION

### REGARDING THE DISPOSAL OF TWO DRY BULK CARRIERS

#### INTRODUCTION

The Board announced on 4 October 2002 that each of the First Vendor and the Second Vendor, both of which are indirect approximately 50.9 per cent. owned subsidiaries of the Company, entered into two Memoranda respectively with the First Purchaser and the Second Purchaser on 3 October 2002. Pursuant to the First Memorandum, the First Purchaser agreed to acquire the First Vessel from the First Vendor for a consideration of USD5,525,000 (equivalent to HKD43,095,000). Pursuant to the Second Memorandum, the Second Purchaser agreed to acquire the Second Vessel from the Second Vendor for a consideration of USD5,440,000 (equivalent to HKD42,432,000). The aggregate consideration for the Disposals is USD10,965,000 (equivalent to HKD85,527,000).

All of the First Purchaser, the Second Purchaser and their ultimate beneficial owners are independent third parties not connected with the directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined in the Listing Rules.

#### THE DISPOSALS

The consideration for the First Disposal of the First Vessel is USD5,525,000 (equivalent to HKD43,095,000) payable as follows:

1. An initial deposit of USD552,500 (equivalent to HKD4,309,500) was paid on 7 October 2002 by the First Purchaser (i.e. within three banking days from signing of the First Memorandum) to the

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## LETTER FROM THE CHAIRMAN AND MANAGING DIRECTOR

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bank account in the joint names of the First Vendor and the First Purchaser until released on delivery of the First Vessel (see below); and

2. The balance of the consideration for the First Vessel will be payable on the delivery of the First Vessel which will take place between 20 October 2002 and 20 December 2002, at the First Vendor's option.

The consideration for the Second Disposal of the Second Vessel is USD5,440,000 (equivalent to HKD42,432,000) payable as follows:

1. An initial deposit of USD544,000 (equivalent to HKD4,243,200) was paid on 7 October 2002 by the Second Purchaser (i.e. within three banking days from signing of the Second Memorandum) to the bank account in the joint names of the Second Vendor and the Second Purchaser until released on delivery of the Second Vessel (see below); and
2. The balance of the consideration for the Second Vessel will be payable on the delivery of the Second Vessel which will take place between 15 January 2003 and 17 February 2003, at the Second Vendor's option.

The aggregate consideration for the Disposals is USD10,965,000 (equivalent to HKD85,527,000).

### THE VESSELS

The First Vessel is a dry bulk carrier of 38,590 DWT, built in 1985 and registered in the Republic of Panama.

The Second Vessel is a dry bulk carrier of 38,594 DWT, built in 1985 and registered in the Republic of Panama.

### USE OF PAYMENT RECEIVED

The Group intends to use approximately HKD22.4 million of the payment received pursuant to the Memoranda to repay bank loans and the balance to increase working capital of the Group.

### REASON FOR THE DISPOSALS

The terms and conditions of the Memoranda have been agreed in normal commercial terms following arm's length negotiations with reference to the prevailing market conditions. 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. The Group expects to realize loss of approximately HKD2.5 million and HKD2.3 million as compared to net book value of the First Vessel and the Second Vessel respectively upon their expected dates of delivery. Upon completion of the Disposals, the Group's working capital will be increased and the bank loans will be reduced (see above).

### GENERAL

The principal businesses of the Group include ship chartering, ship owning, trading and transportation. The First Disposal and the Second Disposal together constitute a discloseable transaction for the Company under the Listing Rules.

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

Yours faithfully,  
For and on behalf of the Board  
**Ng Siu Fai**  
*Chairman and Managing Director*

**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 of the Directors and chief executive of the Company in the Shares and the shares of the Company's associated corporations (within the meaning of the SDI Ordinance) which had to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein or, which were required to be disclosed pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

<b>Name</b>	<b>Type of interests</b>	<b>No. of Shares</b>	<b>No. of JST Shares</b>
Mr. Ng Siu Fai	Other interests	<i>Note</i>	<i>Note</i>
Mr. Ng Kam Wah Thomas	Other interests	<i>Note</i>	<i>Note</i>
Mr. Ng Ki Hung Frankie	Other interests	<i>Note</i>	<i>Note</i>
Mr. So Wing Hung Peter	Family interests	2,500,000	15,000

*Note:* 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 303,856,282 Shares and 494,049 JST Shares. The Ng Hing Po 1991 Trust is a discretionary trust, the eligible beneficiaries of which include Messrs. Ng Siu Fai, Ng Kam Wah Thomas and Ng Ki Hung Frankie. Both Messrs. Ng Siu Fai and Ng Kam Wah Thomas are directors of Fairline.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest in the Company or any of its associated corporations.

- (b) None of the Directors has a service contract with any member of the Group not determinable by the Company within one year without payment of compensation (other than statutory compensation).

**SUBSTANTIAL SHAREHOLDER**

As at the Latest Practicable Date, as far as was known to any Director or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) were 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 member of the Group:

<b>Name of shareholder</b>	<b>No. of Shares</b>
Fairline	303,856,282

<b>Name of shareholder</b>	<b>No. of JST Shares</b>
The Company	50,100,000
Rich Reward Limited ( <i>Note</i> )	11,111,111

*Note:* Rich Reward Limited is a wholly-owned subsidiary of ONFEM Holdings Limited, the securities of which are listed on the Stock Exchange.

<b>Name of shareholder</b>	<b>No. of shares of Yee Lee Technology</b>
Pantow	3,000,000
Asiawide Profits Limited	1,000,000

**LITIGATION**

As at the Latest Practicable Date, 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.

**GENERAL**

- (a) The secretary of the Company is Ms. Ho Suk Lin, a fellow member of the Hong Kong Society of 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 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.