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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

MAJOR TRANSACTION
DISPOSAL OF TWO VESSELS

10 March 2014

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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;
“Company”	Jinhui Holdings Company Limited, a company incorporated in Hong Kong, whose shares are listed on the Hong Kong Stock Exchange;
“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 342,209,280 Shares which represent approximately 64.53% 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 17 February 2014 entered into between the First Vendor and the Purchaser in respect of the disposal of the First Vessel;
“First Vendor”	Jinyang Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“First Vessel”	a deadweight 57,982 metric tons bulk carrier “Jin Yang” registered in Hong Kong;
“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;
“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% owned subsidiary of the Company as at the Latest Practicable Date, whose shares are listed on the Oslo Stock Exchange, Norway;

DEFINITIONS

“Jinhui Shipping Shares”	ordinary shares of US\$0.05 each in the share capital of Jinhui Shipping;
“Latest Practicable Date”	4 March 2014, 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”	vessels of deadweight approximately 70,000 metric tons, designed to be just small enough to transit the Panama Canal;
“Post-Panamax”	vessels of deadweight approximately 90,000 metric tons to 100,000 metric tons;
“Purchaser”	Grimstad Shipping S.A, a company incorporated in the Republic of Panama;
“Second Agreement”	the memorandum of agreement dated 17 February 2014 entered into between the Second Vendor and the Purchaser in respect of the disposal of the Second Vessel;
“Second Vendor”	Jinze Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Second Vessel”	a deadweight 57,982 metric tons bulk carrier “Jin Ze” registered in Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) 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;
“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*

10 March 2014

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF TWO VESSELS

INTRODUCTION

The Directors refer to the announcement of the Company dated 17 February 2014 in relation to the disposal of the First Vessel and the Second Vessel pursuant to the First Agreement and the Second Agreement both dated 17 February 2014 entered into between the Purchaser and each of the First Vendor and the Second Vendor. Each of the aforementioned agreements is separate and not inter-conditional of each other. The principal activity of the Company is investment holding and the principal activities of its subsidiaries are international ship chartering, ship owning and trading.

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

LETTER FROM THE BOARD

THE DISPOSAL

Vendors

The First Vendor and the Second Vendor, both are ship owning companies and wholly-owned subsidiaries of Jinhui Shipping, which are in turn approximately 54.77% owned subsidiaries of the Company as at the Latest Practicable Date.

Purchaser

The Purchaser is a ship owning company incorporated in the Republic of Panama and a member of a multinational group. The principal activities of the Purchaser are ship owning, operating and chartering of vessels internationally.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Purchaser, its substantial shareholders, ultimate beneficial owner and its respective associates are third parties independent of the Company and its connected persons.

Consideration

Under the First Agreement, the First Vendor agrees to dispose of the First Vessel for a consideration of US\$27,000,000 (approximately HK\$210,600,000) payable by the Purchaser as follows:

- (1) an initial deposit of US\$2,700,000 (approximately HK\$21,060,000) was paid by the Purchaser on 24 February 2014; and
- (2) the balance of US\$24,300,000 (approximately HK\$189,540,000) was paid by the Purchaser on the delivery of the First Vessel on 4 March 2014.

Under the Second Agreement, the Second Vendor agrees to dispose of the Second Vessel for a consideration of US\$29,000,000 (approximately HK\$226,200,000) payable by the Purchaser as follows:

- (1) an initial deposit of US\$2,900,000 (approximately HK\$22,620,000) was paid by the Purchaser on 24 February 2014; and
- (2) the balance of US\$26,100,000 (approximately HK\$203,580,000) was paid by the Purchaser on the delivery of the Second Vessel on 4 March 2014.

The total consideration for the Disposal is US\$56,000,000 (approximately HK\$436,800,000). Each of the consideration of the First Vessel and the Second Vessel was determined by reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of built in the market, and on the basis of arm's length negotiations between the Purchaser.

LETTER FROM THE BOARD

Vessels

The First Vessel is a Supramax of deadweight 57,982 metric tons, built in May 2010 and registered in Hong Kong. The Second Vessel is a Supramax of deadweight 57,982 metric tons, built in February 2012 and registered in Hong Kong. Each of the First Vendor and the Second Vendor is a special purpose company for holding the First Vessel and the Second Vessel respectively.

The First Vessel has been owned by the Group since May 2010 and the Second Vessel has been owned by the Group since February 2012.

Possible financial effects of the Disposal

By the end of 2013, the Group has the intention to sell the First Vessel and the Second Vessel and the First Vessel and the Second Vessel are ready for sale and have been actively marketed at prices that are reasonable in relation to their current fair values. As at 31 December 2013, the First Vessel and the Second Vessel were reclassified to assets held for sale under current assets with recoverable amount. The recoverable amounts measured at the lower of the net book value or fair value less costs to sell for the First Vessel and the Second Vessel were HK\$208,494,000 and HK\$223,938,000 respectively. As a result, impairment loss of HK\$29,334,000 and HK\$70,848,000 for the First Vessel and the Second Vessel respectively would be recognized for the financial year ended 31 December 2013. To the best of the Board's knowledge, information and belief, there was no material change in market values of the dry bulk vessels between the financial year end day 31 December 2013 and the date of the First Agreement and the Second Agreement. Accordingly, the total fair value of the First Vessel and the Second Vessel is close to the total consideration of the disposal of the First Vessel and the Second Vessel.

After taking into account of the impairment loss of HK\$29,334,000 for the First Vessel, the unaudited net book value of the First Vessel as at 31 December 2013 would be approximately HK\$208,494,000 and the unaudited net loss both before and after taxation and extraordinary items attributable to the First Vendor for the financial year ended 31 December 2013 was approximately HK\$41,783,000. The audited net loss both before and after taxation and extraordinary items attributable to the First Vendor for the financial year ended 31 December 2012 was approximately HK\$334,000.

After taking into account of the impairment loss of HK\$70,848,000 for the Second Vessel, the unaudited net book value of the Second Vessel as at 31 December 2013 would be approximately HK\$223,938,000 and the unaudited net loss both before and after taxation and extraordinary items attributable to the Second Vendor for the financial year ended 31 December 2013 was approximately HK\$93,246,000. The audited net loss both before and after taxation and extraordinary items attributable to the Second Vendor for the financial year ended 31 December 2012 was approximately HK\$560,000.

The actual book loss which the Group would realize upon completion of the Disposal will depend on the actual costs of disposal being incurred of the First Vessel and the Second Vessel as at their respective dates of delivery. Based on the unaudited book values of the First Vessel and the Second Vessel as at 31 December 2013 as described above, the Group expects that no material book loss will be recorded any further upon completion of the Disposal.

LETTER FROM THE BOARD

As described above, the First Vessel and the Second Vessel were reclassified to assets held for sale under current assets as at 31 December 2013. In addition, all the liabilities (including outstanding bank borrowings) directly associated with these two vessels were reclassified from long term portion to current portion as at 31 December 2013. After the Disposal, the Group's assets held for sale under current assets decreased by the carrying amounts of the First Vessel and the Second Vessel, the bank balance under the current assets increased by the balance of net sale proceeds received from the Disposal after repayment of vessel mortgage loans of the First Vessel and the Second Vessel, and the current liabilities decreased by the amount of vessel mortgage loans of the First Vessel and the Second Vessel repayable in full.

Use of proceeds

The Group used the net sale proceeds received pursuant to the First Agreement and the Second Agreement for the repayment of respective vessel mortgage loans on 4 March 2014 and the balance was kept as general working capital of the Group.

Guarantees

Bank guarantees were issued on 19 February 2014 on behalf of the Purchaser in favour of the First Vendor and the Second Vendor amounted to US\$24,300,000 (approximately HK\$189,540,000) and US\$26,100,000 (approximately HK\$203,580,000) respectively as security to guarantee the due and faithful performance and fulfillment by the Purchaser in accordance with the terms of the First Agreement and the Second Agreement.

REASONS FOR THE DISPOSAL

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 enhance its working capital position and to strengthen its liquidity, and optimize the fleet size through this ongoing management of asset portfolio. The principal activity of the Company is investment holding and the principal activities of its subsidiaries are international ship chartering, ship owning and trading. After the completion of the Disposal on 4 March 2014, the Group currently owns thirty six vessels including two modern Post-Panamaxes, two modern Panamaxes, thirty modern grabs fitted Supramaxes, one Handymax and one Handysize. The Directors believe 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 Directors consider such terms and conditions are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATION

As one or more applicable percentage ratios (as defined in the Listing Rules) for the disposal of the First Vessel and the Second Vessel exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

Under Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (1) no shareholder is required to abstain from voting if the company were to convene a general meeting for the approval of the transactions; and (2) written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% in nominal value of the issued share capital of the company giving the right to attend and vote at that general meeting to approve the transaction.

Fairline, the controlling shareholder of the Company holding 342,209,280 Shares which represent approximately 64.53% of the issued share capital of the Company and voting rights in general meetings of the Company, and 500,000 Jinhui Shipping Shares which represent approximately 0.59% of the issued share capital of Jinhui Shipping, is not interested in the Disposal other than through its shareholding interest in the Company and Jinhui Shipping. No Shareholder is required to abstain from voting on the Disposal if the Company were to convene a general meeting for the approval of the Disposal, and the Disposal has been approved by a written shareholder's approval from Fairline.

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

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

(1) INDEBTEDNESS

As at the close of business on 31 January 2014, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding bank borrowings amounting to approximately HK\$3,843 million. The bank borrowings comprised secured term loans of approximately HK\$3,820 million, secured bank overdrafts of approximately HK\$3 million and secured trust receipt and import loans of approximately HK\$20 million.

As at 31 January 2014, the Group's credit facilities were secured by certain of the Group's property, plant and equipment and investment property with an aggregate net book value of approximately HK\$8,215 million, assets held for sale with an aggregate carrying amount of approximately HK\$432 million and deposits in banks amounting to approximately HK\$191 million. Shares of thirty two ship owning subsidiaries, being members of the Group, were pledged together with the assignment of chartering income of thirty eight ship owning subsidiaries to secure credit facilities utilized by the Group. The above outstanding bank borrowings and credit facilities were guaranteed by the Company or Jinhui Shipping.

As at 31 January 2014, save as aforesaid and apart from intra-group liabilities, none of the companies in the Group had any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loan or indebtedness in the nature of borrowings, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits, or any guarantees or other material contingent liabilities.

(2) FINANCIAL AND TRADING PROSPECTS

The Group has continued to carry on the businesses of investment holding, ship chartering, ship owning, ship operating and trading during the current financial year, and the Directors expect that with cash and marketable equity and debt securities in hand as well as available credit facilities, the Group's financial position remains strong and the Group's steady growth will be maintained.

(3) WORKING CAPITAL

The Directors are of the opinion that after taking into account its internal resources, the existing available credit facilities, the indebtedness statement of the Group as set out in the section headed "(1) INDEBTEDNESS" above and the Disposal, the Group has sufficient working capital for its present requirements for the next twelve-month period from date of this circular.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular 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 positions*(i) Directors' interests in Shares*

Name	Number of shares in the Company held and capacity			Total	Percentage of total issued Shares
	Beneficial owner	Interest of spouse	Beneficiary of trust		
Ng Siu Fai	19,917,000	15,140,000	342,209,280 <i>(Note)</i>	377,266,280	71.15%
Ng Kam Wah Thomas	5,909,000	–	342,209,280 <i>(Note)</i>	348,118,280	65.65%
Ng Ki Hung Frankie	3,000,000	–	342,209,280 <i>(Note)</i>	345,209,280	65.10%
Ho Suk Lin	3,850,000	–	–	3,850,000	0.73%
Cui Jianhua	960,000	–	–	960,000	0.18%
Tsui Che Yin Frank	1,000,000	–	–	1,000,000	0.19%
William Yau	441,000	–	–	441,000	0.08%

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 342,209,280 Shares (representing approximately 64.53% of the total issued Shares) as at the Latest Practicable Date. 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' interests in underlying shares of the Company (rights to acquire Shares under the share option scheme of the Company adopted on 18 November 2004)*

Name	Date of grant	Exercise price per Share HK\$	Exercisable period	Number of outstanding options – Beneficial owner	Percentage of total issued Shares
Ng Siu Fai	23 December 2004	1.60	31 March 2006 to 22 December 2014	31,570,000	5.95%
	29 June 2006	1.57	29 June 2006 to 28 June 2016	3,184,000	0.60%
Ng Kam Wah Thomas	23 December 2004	1.60	31 March 2006 to 22 December 2014	21,050,000	3.97%
	29 June 2006	1.57	29 June 2006 to 28 June 2016	3,184,000	0.60%
Ng Ki Hung Frankie	29 June 2006	1.57	29 June 2006 to 28 June 2016	3,184,000	0.60%

(iii) *Directors' interests in associated corporation*

Name	Number 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	708,100	46,534,800 (Note)	48,457,600	57.66%
Ng Kam Wah Thomas	50,000	–	46,534,800 (Note)	46,584,800	55.43%
Ng Ki Hung Frankie	–	–	46,534,800 (Note)	46,534,800	55.37%

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 controlling shareholder of the Company as disclosed hereinabove.

As at the Latest Practicable Date, 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 (representing approximately 54.77% of the total issued Jinhui Shipping Shares) held by the Company and 500,000 Jinhui Shipping Shares (representing approximately 0.59% of the total issued Jinhui Shipping Shares) held by Fairline through their beneficial interests in the Company and Fairline respectively.

All the interests stated above represent long positions. No short positions were recorded in the register maintained by the Company under Section 352 of the SFO as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures 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.
- (d) As at the Latest Practicable Date, none of the Directors has or has had direct or indirect interest in any assets acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group since the date to which the latest published audited annual financial statements of the Group were made up.
- (e) There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business 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, or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions

Name of Shareholders	Capacity	Number of Shares	Number of Shares (Option)	Percentage of total issued Shares
Fairline	Beneficial owner	342,209,280	–	64.53%
Wong Yee Man Gloria	Beneficial owner and interest of spouse	377,266,280 (<i>Note 1</i>)	–	71.15%
	Interest of spouse	–	34,754,000 (<i>Note 2</i>)	6.55%

Notes:

1. The interest in Shares includes 15,140,000 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).
2. 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, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

MATERIAL CONTRACTS

The following contracts have been entered into by members of the Group within two years preceding the date of this circular and each of which is or may be material:

- (1) an agreement dated 17 February 2014 entered into between the First Vendor and the Purchaser regarding the disposal of the First Vessel at a consideration of US\$27,000,000; and
- (2) an agreement dated 17 February 2014 entered into between the Second Vendor and the Purchaser regarding the disposal of the Second Vessel at a consideration of US\$29,000,000.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company in Hong Kong at 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong up to and including 24 March 2014:

- (a) Memorandum and Articles of Association of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2011 and 2012 respectively;
- (c) the material contracts as disclosed in this circular;
- (d) this circular; and
- (e) the written approval dated 17 February 2014 given by Fairline in relation to the Disposal.

GENERAL

- (a) The secretary 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.