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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

The Board announces that on 7 September 2016 the First Vendor entered into the First Agreement with the First Purchaser for the disposal of the First Vessel. The First Vessel will be delivered to the First Purchaser between 14 October 2016 and 14 November 2016. In addition, on 7 September 2016 the Second Vendor entered into the Second Agreement with the Second Purchaser for the disposal of the Second Vessel. The Second Vessel will be delivered to the Second Purchaser between 28 September 2016 and 31 October 2016.

Under the First Agreement, the First Vendor agrees to dispose of the First Vessel for a consideration of US\$14,560,000 (approximately HK\$113,568,000). Under the Second Agreement, the Second Vendor agrees to dispose of the Second Vessel for a consideration of US\$13,940,000 (approximately HK\$108,732,000). The total consideration for the Disposal is US\$28,500,000 (approximately HK\$222,300,000).

Under the Listing Rules, the disposal of the First Vessel and Second Vessel, in aggregate, constitute a major transaction for the Company. A circular containing, amongst other things, further information relating to the Disposal will be despatched to the Shareholders on or before 29 September 2016.

THE DISPOSAL

The Board announces that on 7 September 2016 the First Vendor entered into the First Agreement with the First Purchaser for the disposal of the First Vessel. In addition, on 7 September 2016 the Second Vendor entered into the Second Agreement with the Second Purchaser for the disposal of the Second Vessel. The First Agreement and the Second Agreement are not inter-conditional.

Information on the Group and the vendors

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are international ship chartering and ship owning.

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 date of this announcement.

Purchasers

The First Purchaser and the Second Purchaser are ship owning companies incorporated in the Isle of Man. Both the First Purchaser and the Second Purchaser are established and owned by a private European investment group specialized in global maritime investments. The principal activities of the First Purchaser and the Second Purchaser are ship owning.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the First Purchaser, the Second Purchaser, their shareholders and ultimate beneficial owners and their 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\$14,560,000 (approximately HK\$113,568,000) payable by the First Purchaser as follows:

- (1) an initial deposit of US\$2,912,000 (approximately HK\$22,713,600) will be payable by the First Purchaser within three banking days after the date that (i) the signing of the First Agreement; (ii) the signing of escrow agreement in respect of the initial deposit to be lodged with the escrow agent; and (iii) the confirmation from the escrow agent confirming the account is ready to receive the initial deposit; and
- (2) the balance of US\$11,648,000 (approximately HK\$90,854,400) will be payable by the First Purchaser on the delivery of the First Vessel which will take place between 14 October 2016 and 14 November 2016.

Under the Second Agreement, the Second Vendor agrees to dispose of the Second Vessel for a consideration of US\$13,940,000 (approximately HK\$108,732,000) payable by the Second Purchaser as follows:

- (1) an initial deposit of US\$2,788,000 (approximately HK\$21,746,400) will be payable by the Second Purchaser within three banking days after the date that (i) the signing of the Second Agreement; (ii) the signing of escrow agreement in respect of the initial deposit to be lodged with the escrow agent; and (iii) the confirmation from the escrow agent confirming the account is ready to receive the initial deposit; and
- (2) the balance of US\$11,152,000 (approximately HK\$86,985,600) will be payable by the Second Purchaser on the delivery of the Second Vessel which will take place between 28 September 2016 and 31 October 2016.

The total consideration for the Disposal is US\$28,500,000 (approximately HK\$222,300,000). 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 with the First Purchaser and the Second Purchaser.

Vessels

The First Vessel is a Supramax of deadweight 61,414 metric tons, built in year 2011 and registered in Hong Kong. The Second Vessel is a Supramax of deadweight 61,414 metric tons, built in year 2010 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 year 2011, and its net book value as at 30 June 2016 was approximately HK\$163,707,000. The net loss both before and after taxation and extraordinary items attributable to the First Vendor for the financial years ended 31 December 2015 and 2014 were approximately HK\$102,224,000 and HK\$22,384,000 respectively.

The Second Vessel has been owned by the Group since year 2010, and its net book value as at 30 June 2016 was approximately HK\$160,611,000. The net loss both before and after taxation and extraordinary items attributable to the Second Vendor for the financial years ended 31 December 2015 and 2014 were approximately HK\$100,074,000 and HK\$24,158,000 respectively.

Possible financial effects of the Disposal

Based on the net book values of the First Vessel and the Second Vessel as at 30 June 2016 as described above, the Group would realize a total book loss, after estimated expenses, of approximately HK\$109 million on disposal of the First Vessel and the Second Vessel. However, the actual book loss which the Group would realize upon completion of the Disposal will depend on the actual net book values of the First Vessel and the Second Vessel as at their respective dates of delivery in accordance with the Group's depreciation policy for its vessels as shown in the Company's annual report and the actual costs of disposal being incurred of the First Vessel and the Second Vessel as at their respective dates of delivery.

Use of proceeds

The Group intends to use the net sale proceeds received pursuant to the First Agreement and the Second Agreement for the repayment of respective vessel mortgage loans and as general working capital of the Group.

REASONS FOR THE DISPOSAL

The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile 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 Group currently owns two modern Post-Panamaxes, two modern Panamaxes, twenty seven modern grabs fitted Supramaxes including the First Vessel and the Second Vessel, one Handymax which will be disposed by the Group later in 2016 as announced by the Company on 5 September 2016, 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.

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 Consultants Limited, the controlling shareholder of the Company holding 342,209,280 Shares which represent approximately 64.53% of the total issued shares 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 total issued shares 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 Consultants Limited.

A circular containing, amongst other things, further information relating to the Disposal is expected to be despatched to the Shareholders on or before 29 September 2016 in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions of the following meanings were used:

“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;

“First Agreement”	the memorandum of agreement dated 7 September 2016 entered into between the First Vendor and the First Purchaser in respect of the disposal of the First Vessel;
“First Purchaser”	HSL Melbourne Shipping Limited, a company incorporated in the Isle of Man;
“First Vendor”	Jinhan Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“First Vessel”	a deadweight 61,414 metric tons bulk carrier “Jin Han” 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 date of this announcement, whose shares are listed on the Oslo Stock Exchange;
“Jinhui Shipping Shares”	Ordinary shares of US\$0.05 each in the share capital of Jinhui Shipping;
“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;
“Second Agreement”	the memorandum of agreement dated 7 September 2016 entered into between the Second Vendor and the Second Purchaser in respect of the disposal of the Second Vessel;
“Second Purchaser”	BSL Malmo Shipping Limited, a company incorporated in the Isle of Man;
“Second Vendor”	Jinming Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Second Vessel”	a deadweight 61,414 metric tons bulk carrier “Jin Ming” registered in Hong Kong;
“Shareholder(s)”	shareholder(s) of the Company;
“Shares”	ordinary shares 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.

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

Hong Kong, 7 September 2016

As at date of this announcement, the Executive Directors of the Company are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of the Company are Cui Jianhua, Tsui Che Yin Frank and William Yau.