



JINHUI SHIPPING AND TRANSPORTATION LIMITED

JIN - AGREEMENT SIGNED DISPOSAL OF A VESSEL

The Board of Jinhui Shipping and Transportation Limited announces that a wholly-owned subsidiary of the Company entered into a memorandum of agreement on 24 September 2016 for the disposal of a Panamax at a consideration of US\$12,800,000.

THE DISPOSAL

The Vendor entered into the Agreement with the Purchaser on 24 September 2016 for the disposal of the Vessel at a consideration of US\$12,800,000. The Vessel will be delivered by the Vendor to the Purchaser between 17 October 2016 and 30 November 2016.

Information on the Group and the Vendor

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

The Vendor is a ship owning company and a wholly-owned subsidiary of the Company as at date of this announcement.

Purchaser

The Purchaser is a private shipping company incorporated in the Republic of the Marshall Islands. The principal activity of the Purchaser is ship owning. The Purchaser is established and managed by Fundador Compania Naviera S.A., a private shipping company based in Greece with principal activity of international bulk shipping. Fundador Compania Naviera S.A. will guarantee the performance of the obligations of the Purchaser under the Agreement.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Purchaser is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

Consideration

Under the Agreement, the Vendor agrees to dispose of the Vessel for a consideration of US\$12,800,000 payable by the Purchaser as follows:

- (1) an initial deposit of US\$2,560,000 will be payable by the Purchaser within three banking days after the date that (i) the signing of the 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\$10,240,000 will be payable by the Purchaser on the delivery of the Vessel which will take place between 17 October 2016 and 30 November 2016.

The consideration of the 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 Purchaser.

Vessel

The Vessel is a Panamax of deadweight 75,008 metric tons, built in year 2011 and registered in Hong Kong.

The Vessel has been owned by the Group since year 2011, and its net book value as at 30 June 2016 was US\$21,104,000. The net loss both before and after taxation and extraordinary items attributable to the Vendor for the financial years ended 31 December 2015 and 2014 were US\$9,223,000 and US\$8,891,000 respectively.

Possible financial effects of the Disposal

Based on the net book value of the Vessel as at 30 June 2016 as described above, the Group would realize a total book loss, after estimated expenses, of approximately US\$9 million on disposal of the Vessel. However, the actual book loss which the Group would realize upon completion of the Disposal will depend on the actual net book value of the Vessel as at date 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 Vessel as at date of delivery.

Use of proceeds

The Group intends to use the net sale proceeds received pursuant to the Agreement for the repayment of vessel mortgage loan 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 Panamaxs (including the Vessel), twenty seven modern grabs fitted Supramaxes (including two Supramaxes which will be disposed by the Group later in 2016 as announced by the Company on 7 September 2016), 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 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.

DEFINITIONS

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

“Agreement”	the memorandum of agreement dated 24 September 2016 entered into between the Vendor and the Purchaser in respect of the disposal of the Vessel;
“Board”	the board of Directors;
“Company”	Jinhui Shipping and Transportation Limited;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Vessel under the Agreement;
“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;
“Panamax(es)”	vessel(s) of deadweight approximately 70,000 metric tons, designed to be just small enough to transit the Panama Canal;
“Post-Panamaxes”	vessels of deadweight approximately 90,000 metric tons to 100,000 metric tons;
“Purchaser”	AIGAION Shipholding Company Limited, a company incorporated in the Republic of the Marshall Islands;
“Supramaxes”	dry cargo vessels of deadweight approximately 50,000 metric tons;
“Vendor”	Jinchao Marine Inc., a wholly-owned subsidiary of the Company; and
“Vessel”	a deadweight 75,008 metric tons bulk carrier “Jin Chao” registered in Hong Kong.

By Order of the Board
Ng Kam Wah Thomas
Managing Director

24 September 2016