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 First Vendor and the Second Vendor, both are approximately 54.77% indirectly owned subsidiaries of the Company, entered into the First Agreement and the Second Agreement respectively with the Purchaser on 17 February 2014 to dispose of the First Vessel and the Second Vessel at consideration of US$27,000,000 (approximately HK$210,600,000) and US$29,000,000 (approximately HK$226,200,000) respectively. The total consideration of the First Vessel and the Second Vessel is US$56,000,000 (approximately HK$436,800,000). Both the First Vessel and the Second Vessel will be delivered by the First Vendor and the Second Vendor respectively to the Purchaser on or before 31 March 2014.

Under the Listing Rules, the disposal of the First Vessel and the 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 10 March 2014.

THE DISPOSAL

Each of the First Vendor and the Second Vendor entered into the First Agreement and the Second Agreement respectively with the Purchaser on 17 February 2014 for the disposal of the First Vessel and the Second Vessel respectively. Each of the aforementioned agreements is separate and not inter-conditional of each other.

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, ship owning and trading.

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.

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) will be payable by the Purchaser within five banking days of the execution of the First Agreement; and

(2) the balance of US$24,300,000 (approximately HK$189,540,000) will be payable by the Purchaser on the delivery of the First Vessel which will take place on or before 31 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) will be payable by the Purchaser within five banking days of the execution of the Second Agreement; and

(2) the balance of US$26,100,000 (approximately HK$203,580,000) will be payable by the Purchaser on the delivery of the Second Vessel which will take place on or before 31 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.

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.

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.

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 the balance will be kept as general working capital of the Group.

Guarantees

Bank guarantees will be issued on behalf of the Purchaser within three banking days after execution of the First Agreement and the Second Agreement 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 onging management of asset portfolio. The Group currently owns two modern Post-Panamaxes, two modern Panamaxes, thirty two modern grabs fitted Supramaxes (including the First Vessel and the Second Vessel), 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.

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 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 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 10 March 2014 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 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 date of this announcement, whose shares are listed on the Oslo Stock Exchange, Norway;
"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;
"Panamaxes"	vessels 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"	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;
"Shares"	ordinary shares of HK$0.10 each in the share capital of the Company;
"Shareholders"	shareholders of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Supramax(es)"	dry cargo vessel(s) of deadweight approximately 50,000 metric tons;
"HK$"	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 Kam Wah Thomas
Managing Director

Hong Kong, 17 February 2014

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.