THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

JINHUI

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 FOUR VESSELS

6 April 2017

CONTENTS

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, the Second Vessel, the Third Vessel and the Fourth Vessel under the First Agreement, the Second Agreement, the Third Agreement and the Fourth 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 total issued shares 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 24 February 2017 entered into between the First Vendor and the First Purchaser in respect of the disposal of the First Vessel;
"First Purchaser"	Hong Yan (Tianjin) Ship Leasing Ltd. Co., * (弘晏(天津)航運租賃有限責任公司), a company incorporated in the People's Republic of China;
"First Vendor"	Jinshun Shipping Inc., a wholly-owned subsidiary of Jinhui Shipping;
"First Vessel"	a deadweight 54,768 metric tons bulk carrier "Jin Shun" registered in Hong Kong;
"Fourth Agreement"	the memorandum of agreement dated 24 February 2017 entered into between the Fourth Vendor and the Fourth Purchaser in respect of the disposal of the Fourth Vessel;
"Fourth Purchaser"	Hong Xuan (Tianjin) Ship Leasing Ltd. Co., * (弘軒(天津)航運租賃有限責任公司), a company incorporated in the People's Republic of China;

"Fourth Vendor"	Huafeng Shipping Inc., a wholly-owned subsidiary of Jinhui Shipping;
"Fourth Vessel"	a deadweight 57,352 metric tons bulk carrier "Jin Feng" registered in Hong Kong;
"Group"	the Company and its subsidiaries;
"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;
"Jinhui Shipping Shares"	ordinary shares of US$0.05 each in the share capital of Jinhui Shipping;
"Latest Practicable Date"	31 March 2017, 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;
"Post-Panamaxes"	vessels of deadweight approximately 90,000 metric tons to 100,000 metric tons;
"Second Agreement"	the memorandum of agreement dated 24 February 2017 entered into between the Second Vendor and the Second Purchaser in respect of the disposal of the Second Vessel;
"Second Purchaser"	Hong Yi (Tianjin) Ship Leasing Ltd. Co., * (弘益(天津)航運租賃有限責任公司), a company incorporated in the People's Republic of China;
"Second Vendor"	Jinmao Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
"Second Vessel"	a deadweight 54,768 metric tons bulk carrier "Jin Mao" registered in Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of 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;
"Third Agreement"	the memorandum of agreement dated 24 February 2017 entered into between the Third Vendor and the Third Purchaser in respect of the disposal of the Third Vessel;
"Third Purchaser"	Hong Yu (Tianjin) Ship Leasing Ltd. Co., * (弘育(天津)航運租賃有限責任公司), a company incorporated in the People's Republic of China;
"Third Vendor"	Jinheng Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
"Third Vessel"	a deadweight 55,091 metric tons bulk carrier "Jin Heng" registered in Hong Kong;
"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.

* *For identification purpose only*

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 *

* *Independent Non-executive Director*

Registered office:
26th Floor
Yardley Commercial Building
1-6 Connaught Road West
Hong Kong

6 April 2017

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION
DISPOSAL OF FOUR VESSELS

INTRODUCTION

The Directors refer to the announcement of the Company dated 24 February 2017 in relation to the disposal of four vessels pursuant to four memorandums of agreement.

The First Vendor entered into the First Agreement with the First Purchaser for the disposal of the First Vessel. Under the First Agreement, the First Vendor agrees to dispose of the First Vessel for a consideration of US$12,800,000 (approximately HK$99,840,000). The First Vessel will be delivered to the First Purchaser between 1 March 2017 and 15 April 2017.

The Second Vendor entered into the Second Agreement with the Second Purchaser for the disposal of the Second Vessel. Under the Second Agreement, the Second Vendor agrees to dispose of the Second Vessel for a consideration of US$12,800,000 (approximately HK$99,840,000). The Second Vessel will be delivered to the Second Purchaser between 1 March 2017 and 15 April 2017.

The Third Vendor entered into the Third Agreement with the Third Purchaser for the disposal of the Third Vessel. Under the Third Agreement, the Third Vendor agrees to dispose of the Third Vessel for a consideration of US$11,900,000 (approximately HK$92,820,000). The Third Vessel will be delivered to the Third Purchaser between 1 March 2017 and 15 April 2017.

The Fourth Vendor entered into the Fourth Agreement with the Fourth Purchaser for the disposal of the Fourth Vessel. Under the Fourth Agreement, the Fourth Vendor agrees to dispose of the Fourth Vessel for a consideration of US$10,500,000 (approximately HK$81,900,000). The Fourth Vessel will be delivered to the Fourth Purchaser between 1 March 2017 and 15 April 2017.

The First Agreement, the Second Agreement, the Third Agreement and the Fourth Agreement are not inter-conditional. The principal activity of the Company is investment holding and the principal activities of its subsidiaries are international ship chartering and ship owning.

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

THE DISPOSAL

Vendors

The First Vendor, the Second Vendor, the Third Vendor and the Fourth Vendor, 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.

Purchasers

The First Purchaser, the Second Purchaser, the Third Purchaser and the Fourth Purchaser are companies incorporated in the People's Republic of China and are intended to be the registered owner of the First Vessel, the Second Vessel, the Third Vessel and the Fourth Vessel respectively following their purchases. The principal activities of the First Purchaser, the Second Purchaser, the Third Purchaser and the Fourth Purchaser are ship owning and ship chartering and they are owned by Minyi (Tianjin) Ship Leasing Ltd. Co., * (民益(天津)航運租賃有限責任公司), a company incorporated in the People's Republic of China. Its principal activities are ship chartering, trading and agency for cargo and technology import and export.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the First Purchaser, the Second Purchaser, the Third Purchaser and the Fourth Purchaser, their shareholders, 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$12,800,000 (approximately HK$99,840,000) payable by the First Purchaser as follows:

(1) an initial deposit of US$1,280,000 (approximately HK$9,984,000) was paid by the First Purchaser on 10 March 2017; and

(2) the balance of US$11,520,000 (approximately HK$89,856,000) will be payable by the First Purchaser on the delivery of the First Vessel which will take place between 1 March 2017 and 15 April 2017.

Under the Second Agreement, the Second Vendor agrees to dispose of the Second Vessel for a consideration of US$12,800,000 (approximately HK$99,840,000) payable by the Second Purchaser as follows:

(1) an initial deposit of US$1,280,000 (approximately HK$9,984,000) was paid by the Second Purchaser on 10 March 2017; and

(2) the balance of US$11,520,000 (approximately HK$89,856,000) will be payable by the Second Purchaser on the delivery of the Second Vessel which will take place between 1 March 2017 and 15 April 2017.

Under the Third Agreement, the Third Vendor agrees to dispose of the Third Vessel for a consideration of US$11,900,000 (approximately HK$92,820,000) payable by the Third Purchaser as follows:

(1) an initial deposit of US$1,190,000 (approximately HK$9,282,000) was paid by the Third Purchaser on 7 March 2017; and

(2) the balance of US$10,710,000 (approximately HK$83,538,000) will be payable by the Third Purchaser on the delivery of the Third Vessel which will take place between 1 March 2017 and 15 April 2017.

Under the Fourth Agreement, the Fourth Vendor agrees to dispose of the Fourth Vessel for a consideration of US$10,500,000 (approximately HK$81,900,000) payable by the Fourth Purchaser as follows:

(1) an initial deposit of US$1,050,000 (approximately HK$8,190,000) was paid by the Fourth Purchaser on 7 March 2017; and

(2) the balance of US$9,450,000 (approximately HK$73,710,000) will be payable by the Fourth Purchaser on the delivery of the Fourth Vessel which will take place between 1 March 2017 and 15 April 2017.

The total consideration for the Disposal is US$48,000,000 (approximately HK$374,400,000). Each of the consideration of the First Vessel, the Second Vessel, the Third Vessel and the Fourth 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, the Second Purchaser, the Third Purchaser and the Fourth Purchaser.

We observe and monitor the sale and purchase market of second hand vessels, including recent market transactions of similar vessels between willing sellers and willing buyers in that prevailing time presuming the vessel free from all registered encumbrances, maritime liens and all debts, free of charter or any contract of employment, for cash payment on normal sale terms at that particular of time. However, as each vessel is never identical, buyers will take into account, the individual specification, maintenance quality and conditions of each individual vessel to come up with an offer.

Vessels belong to a sticky asset class where an active second hand market is not always available. Management has considered the unpredictability of buying interests in the second hand market of vessels, the significant rebound in the market value of the vessels from their trough, the benefit of a reduction in the Company's indebtedness as a result of the Disposal, and has therefore decided to enter into negotiations with the buyers. The consideration of each of the First Vessel, the Second Vessel, the Third Vessel and the Fourth Vessel, all reflected a premium of at least 5% above the sales values achieved by other comparable vessels of similar age and size transacted in the past six months. The total consideration of US$48,000,000 (approximately HK$374,400,000) was finally accepted and considered as a best offer and a favourable deal.

Vessels

The First Vessel is a Supramax of deadweight 54,768 metric tons, built in year 2009 and registered in Hong Kong. The Second Vessel is a Supramax of deadweight 54,768 metric tons, built in year 2009 and registered in Hong Kong. The Third Vessel is a Supramax of deadweight 55,091 metric tons, built in year 2010 and registered in Hong Kong. The Fourth Vessel is a Supramax of deadweight 57,352 metric tons, built in year 2011 and registered in Hong Kong. Each of the First Vendor, the Second Vendor, the Third Vendor and the Fourth Vendor is a special purpose company for holding solely the First Vessel, the Second Vessel, the Third Vessel and the Fourth Vessel respectively.

The First Vessel has been owned by the Group since year 2009, and its unaudited net book value as at 31 December 2016 was approximately HK$100,565,000. The net loss both before and after taxation and extraordinary items attributable to the First Vendor for the financial years ended 31 December 2016 and 2015 were approximately HK$49,985,000 and HK$96,137,000 respectively.

The Second Vessel has been owned by the Group since year 2009, and its unaudited net book value as at 31 December 2016 was approximately HK$100,565,000. The net loss both before and after taxation and extraordinary items attributable to the Second Vendor for the financial years ended 31 December 2016 and 2015 were approximately HK$48,154,000 and HK$92,407,000 respectively.

The Third Vessel has been owned by the Group since year 2010, and its unaudited net book value as at 31 December 2016 was approximately HK$105,066,000. The net loss both before and after taxation and extraordinary items attributable to the Third Vendor for the financial years ended 31 December 2016 and 2015 were approximately HK$52,145,000 and HK$64,021,000 respectively.

The Fourth Vessel has been owned by the Group since year 2011, and its unaudited net book value as at 31 December 2016 was approximately HK$113,264,000. The net loss both before and after taxation and extraordinary items attributable to the Fourth Vendor for the financial years ended 31 December 2016 and 2015 were approximately HK$54,106,000 and HK$64,075,000 respectively.

Possible financial effects of the Disposal

Based on the unaudited net book value of the First Vessel as at 31 December 2016 as described above, the Group would realize a book loss of approximately HK$3 million, after estimated expenses of approximately HK$2 million which mainly includes commission and legal fees, on disposal of the First Vessel.

Based on the unaudited net book value of the Second Vessel as at 31 December 2016 as described above, the Group would realize a book loss of approximately HK$3 million, after estimated expenses of approximately HK$2 million which mainly includes commission and legal fees, on disposal of the Second Vessel.

Based on the unaudited net book value of the Third Vessel as at 31 December 2016 as described above, the Group would realize a book loss of approximately HK$14 million, after estimated expenses of approximately HK$2 million which mainly includes commission and legal fees, on disposal of the Third Vessel.

Based on the unaudited net book value of the Fourth Vessel as at 31 December 2016 as described above, the Group would realize a book loss of approximately HK$33 million, after estimated expenses of approximately HK$2 million which mainly includes commission and legal fees, on disposal of the Fourth Vessel.

Based on the above, the Group would realize a total book loss of approximately HK$53 million, after estimated expenses of approximately HK$8 million, on disposal of the First Vessel, the Second Vessel, the Third Vessel and the Fourth 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, the Second Vessel, the Third Vessel and the Fourth Vessel as at their respective dates of delivery in accordance with the Group's impairment and 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, the Second Vessel, the Third Vessel and the Fourth Vessel as at their respective dates of delivery. The Disposal will realize accounting loss, but will generate positive cashflow resulting in the strengthening of the Group's overall financial liquidity.

Use of proceeds

The Group intends to use approximately 90% of the total net sale proceeds received pursuant to the First Agreement, the Second Agreement, the Third Agreement and the Fourth Agreement for the repayment of the vessel mortgage loans, and the remaining portion of the total net sale proceeds will be kept as general working capital of the Group. The vessel mortgage loans were committed on floating rate basis and were denominated in United States Dollars. As of 31 December 2016, the Group's total indebtedness (including vessel mortgage loans for the four disposed vessels) was approximately HK$1,658 million of which 13%, 9%, 77% and 1% are repayable respectively within one year, one to two years, two to five years and over five years. After the Disposal, the Group's total indebtedness would have been reduced by HK$268 million, representing 16% of the Group's total indebtedness as at 31 December 2016. Given the unpredictable and often high earnings volatility in our industry, the Disposal can further reduce our debt service pressure from both principal repayments and interest payments in an expected rising interest rate environment.

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 further strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. As of 31 December 2016, the Company maintained positive working capital position of HK$409,448,000 and the total of the Group's liquidity, which included marketable equity and debt securities, bank balances and cash was HK$632,740,000.

The freight rates in the year 2016 had been extremely volatile and at times, below the Company's operating costs. The start of the year had been the worst for dry bulk shipping market as asset prices had gone in a downward spiral given the literal meltdown of confidence. The market has since rebounded significantly from its trough but while we believe the market will continue to recover where a better balance of demand and supply of vessels, we continue to see uncertainties with respect to the global economic outlook, particularly the freight market as well as the financial, commodity and currency markets going forward. This will inevitably introduce volatility to our business performance, as well as the carrying value of our shipping assets and financial assets, and hence we believe it will be prudent to periodically reduce indebtedness and enhance our liquidity when such opportunities arise. Despite the market improved later in the year, we continue to see uncertainty and market volatility remaining as an operational risk to the Group. In order to further reduce operational risk and liquidity risk, we believe it is prudent for the Group to readjust the fleet size and lower the overall indebtedness and it is vital to remain financially nimble in today's tough and ever-changing market environment. Even though the considerations are below the disposed vessels' net book values and a loss upon the Disposal is expected, the Disposal would generate positive cash inflow to boost its working capital and liquidity, and eventually lower the Group's upcoming debt service payments and total indebtedness. Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position. We will continuously monitor the market as well as our operations going forward and will maintain a young and modern fleet, not ruling out any future disposal or acquisition of vessels and will make such decisions on an ad hoc basis to readjust our fleet size in order to sail through the current storm by placing further emphasis on prudence and stability as our core objectives going forward.

The Group currently owns two modern Post-Panamaxes, twenty five modern grabs fitted Supramaxes (including the First Vessel, the Second Vessel, the Third Vessel and the Fourth Vessel) and one Handysize. Total carrying capacity will be reduced from deadweight 1,602,343 metric tons to 1,380,364 metric tons after the Disposal. 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 four memorandums of agreement have been agreed on normal commercial terms following arm's length negotiations with reference to the prevailing market values. The Directors consider that the Disposal represents an opportunity for the Group to readjust its fleet profile and reduce our operational risk exposures in current high-risk volatile markets and the Disposal will reduce the indebtedness of the Group, as well as improving the liquidity position of the Group. However, the overall unexpected volatility in the macro environment has caused a disruption in many markets including the dry bulk shipping market, which has gone through extreme wild swings within a very short timescale. Long term financial stability is more important and defensive actions in reducing indebtedness and further increase of liquidity will ensure the Group to safely sail through any unexpected volatilities in the market going forward. The Directors consider that each of the terms and conditions of the four memorandums of agreement was concluded between a willing seller and willing buyer and concluded base on arm's length negotiations, the Directors consider such terms and conditions are fair and reasonable and believe that the Disposal is in the 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, the Second Vessel, the Third Vessel and the Fourth 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 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.

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 28 February 2017, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding bank borrowings which were secured term loans of approximately HK$1,641 million.

As at 28 February 2017, the Group's credit facilities were secured by certain of the Group's property, plant and equipment and investment properties with an aggregate net book value of approximately HK$2,278 million, assets held for sale with an aggregate carrying amount of approximately HK$366 million and deposits in banks amounting to approximately HK$52 million. Shares of twenty two ship owning subsidiaries, being members of the Group, were pledged together with the assignment of chartering income of twenty 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 28 February 2017, 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 and ship operating 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 has sufficient financial resources to satisfy its commitments and working capital requirements.

The Group operates a modern fleet of dry bulk carriers which are either used for carrying cargoes or time chartered-out, whichever is expected to bring a higher economic benefit to the Group. The assignment or designation of contract to individual vessel is determined by the suitability, availability, positioning and/or any specific requirements of charterers. The Group maintains a flexible chartering policy and assesses the market conditions to pursue optimal employment opportunities for our fleet.

2016 was one of the toughest years for dry bulk shipping. Both the freight market and asset price went through a confidence meltdown during the first half of 2016, and have since rebounded from its trough to better levels though still uninspiring. The expected path to meaningful recovery and equilibrium not without its challenges.

A number of factors will continue to determine the pace of dry bulk market recovery: (1) continued positive demand growth in key dry bulk commodities importing activities from China; (2) a continue recovery or stabilization of dry commodity prices; and most importantly in our view (3) the reduction in shipbuilding capacity where irrational order, and hence oversupply will be discouraged; (4) The US policies will be a swing factor with a new president in office.

The difficulties faced by shipyards, buyers and financiers are all pointing towards a much reduced projected fleet growth. The previous round of excessive newbuilding orders driven by irrational expectations of financial return by parties with limited operating experience, with investment rationale driven mainly by their ability to access cheap funding in both the money and capital markets, and fee driven intermediaries acting as a catalyst backfired hard in 2016, leaving all industry participants a very bitter memory.

Delays, conversions of bulk newbuilding orders to other vessel types, cancellations, and shipyard defaults are leading to much fewer actual deliveries than previously scheduled. Asset based financing, in particular with respect to maritime assets will be harder and more expensive to come by going forward.

We continue to see uncertainties with respect to the global economic outlook, particularly the freight market as well as the financial, commodity and currency markets. This will inevitably introduce volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We will continue to refrain from using freight, bunker, currencies or interest rate derivatives to minimize any unnecessary business risks.

From year 2016 and up to the Latest Practicable Date, the Group had disposed a total of twelve dry bulk vessels (including the four vessels in the Disposal). The total carrying capacity would be reduced to deadweight 1,380,364 metric tons after the Disposal, as compared to 2,076,781 metric tons before the disposal of the twelve dry bulk vessels. The reduction of number of vessels is part of the risk management measures to lower the operational risk in the volatile and tough shipping environment, where freight rate earnings may or may not be able to cover the related running costs. Given the cost side of our business is rather rigid, we believe a readjustment of fleet size to reduce operational risk and store up additional liquidity is a prudent and responsible action of the Company and it is in the interests of the Company and its shareholders as a whole.

We are in a relatively fortunate position where we have no capital expenditure commitment in relation to newbuilding contracts, as well as no charter-in contracts at this juncture. Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position. We will continuously monitor the market as well as our operations going forward and will maintain a young and modern fleet, not ruling out any future disposal or acquisition of vessels and will make such decisions on an ad hoc basis to readjust our fleet size in order to sail through the current storm by placing further emphasis on prudence and stability as our core objectives going forward.

We will intimately monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, secure and maximize income including potential recoveries from outstanding charter disputes, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins in order to remain competitive beyond the current crisis.

We will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios. We will exercise our best efforts to be one of the survivors, a trustworthy partner to those who support us, and be a long term preferred vessel provider to our customers.

(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. The auditor of the Company has also performed work to obtain reasonable assurance on the sufficiency of working capital statement 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 executives of the Company in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and 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

	Number of shares in the Company held and capacity				Percentage of total issued Shares
Name	Beneficial owner	Interest of spouse	Beneficiary of trust	Total	
Ng Siu Fai	19,917,000	15,140,000	342,209,280 *Note*	377,266,280	71.15%
Ng Kam Wah Thomas	5,909,000	–	342,209,280 *Note*	348,118,280	65.65%
Ng Ki Hung Frankie	3,000,000	–	342,209,280 *Note*	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 associated corporation

Name	Number of Jinhui Shipping Shares held and capacity: Beneficial owner	Interest of spouse	Beneficiary of trust	Total	Percentage of total issued Jinhui Shipping Shares
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 specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) 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	No. of Shares	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 *Note*	71.15%

Note: 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).

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 (marked with an "**" below) within two years preceding the date of this circular and each of which is or may be material:

(1) an agreement dated 1 June 2015 entered into between Pantow Profits Limited** and Asiawide Profits Limited regarding the disposal of 75% equity interest in Yee Lee Technology Company Limited at a consideration of HK$32,000,000.

(2) an agreement dated 22 June 2016 entered into between Jinan Marine Inc.** and Al Khalejia Aggregates FZE regarding the disposal of the vessel at a consideration of US$3,400,000;

(3) an agreement dated 27 June 2016 entered into between Jinrong Marine Inc.** and Hesheng Shipping Co., Limited regarding the disposal of the vessel at a consideration of US$3,400,000;

(4) an agreement dated 5 September 2016 entered into between Jinbi Marine Inc.** and Gelico Shipping Co. S.A. regarding the disposal of the vessel at a consideration of US$3,500,000;

(5) an agreement dated 7 September 2016 entered into between Jinhan Marine Inc.** and HSL Melbourne Shipping Limited regarding the disposal of the vessel at a consideration of US$14,560,000;

(6) an agreement dated 7 September 2016 entered into between Jinming Marine Inc.** and BSL Malmo Shipping Limited regarding the disposal of the vessel at a consideration of US$13,940,000;

(7) an agreement dated 24 September 2016 entered into between Jinchao Marine Inc.** and AIGAION Shipholding Company Limited regarding the disposal of the vessel at a consideration of US$12,800,000;

(8) an agreement dated 3 October 2016 entered into between Jinrui Marine Inc.** and Hanse Shipping Co. regarding the disposal of the vessel at a consideration of US$10,600,000;

(9) an agreement dated 8 December 2016 entered into between Fair Group International Limited** and Vantage Asia Limited regarding the disposal of a property at a consideration of HK$94,000,000;

(10) an agreement dated 24 February 2017 entered into between the First Vendor and the First Purchaser regarding the disposal of the First Vessel at a consideration of US$12,800,000;

(11) an agreement dated 24 February 2017 entered into between the Second Vendor and the Second Purchaser regarding the disposal of the Second Vessel at a consideration of US$12,800,000;

(12) an agreement dated 24 February 2017 entered into between the Third Vendor and the Third Purchaser regarding the disposal of the Third Vessel at a consideration of US$11,900,000; and

(13) an agreement dated 24 February 2017 entered into between the Fourth Vendor and the Fourth Purchaser regarding the disposal of the Fourth Vessel at a consideration of US$10,500,000.

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 20 April 2017:

(a) Memorandum and Articles of Association of the Company;

(b) the annual reports of the Company for the two financial years ended 31 December 2014 and 2015 respectively;

(c) the material contracts as disclosed in this circular;

(d) this circular; and

(e) the written approval dated 24 February 2017 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text.