JINHUI SHIPPING AND TRANSPORTATION LIMITED

JIN - AGREEMENTS SIGNED
DISPOSAL OF FOUR VESSELS

The Board of Jinhui Shipping and Transportation Limited announces that the Group entered into four memorandums of agreement on 24 February 2017 for the disposal of four Supramaxes for a total consideration of US$48,000,000.

THE DISPOSAL

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. 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. 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. 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. 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.

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, the Second Vendor, the Third Vendor and the Fourth Vendor, are ship owning companies and wholly-owned subsidiaries of the Company as at date of this announcement.

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 are independent third parties 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 First Agreement, the First Vendor agrees to dispose of the First Vessel for a consideration of US$12,800,000 payable by the First Purchaser as follows:

(1) an initial deposit of US$1,280,000 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$11,520,000 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 payable by the Second Purchaser as follows:

(1) an initial deposit of US$1,280,000 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$11,520,000 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 payable by the Third Purchaser as follows:

(1) an initial deposit of US$1,190,000 will be payable by the Third Purchaser within three banking days after the date that (i) the signing of the Third 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$10,710,000 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 payable by the Fourth Purchaser as follows:

(1) an initial deposit of US$1,050,000 will be payable by the Fourth Purchaser within three banking days after the date that (i) the signing of the Fourth 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$9,450,000 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. 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.

Management has based on the experience, market knowledge to consider the acceptance of the bidders' offers after several rounds of negotiation. The total consideration of US$48,000,000 is considered as a favourable deal, the consideration of each of the First Vessel, the Second Vessel, the Third Vessel and the Fourth Vessel, reflected a premium of at least 5% above the sale values achieved by other comparable vessels of similar age and size transacted in the past six months.

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 US$12,893,000. 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 US$6,408,000 and US$12,325,000 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 US$12,893,000. 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 US$6,174,000 and US$11,847,000 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 US$13,470,000. 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 US$6,685,000 and US$8,208,000 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 US$14,521,000. 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 US$6,937,000 and US$8,215,000 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 US$0.4 million, after estimated expenses of approximately US$0.3 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 US$0.4 million, after estimated expenses of approximately US$0.3 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 US$2 million, after estimated expenses of approximately US$0.2 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 US$4 million, after estimated expenses of approximately US$0.2 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 US$6.8 million, after estimated expenses of approximately US$1 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.

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.

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. Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position, maintaining a young and modern fleet, not ruling out a reduction in 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 such terms and conditions are fair and reasonable and believe that the Disposal is in the best long term interests of the Company and its shareholders as a whole.

GENERAL

The Company is an approximately 54.77% owned subsidiary of Jinhui Holdings whose shares are listed on HKEX. The Disposal has been approved by a written approval from Fairline Consultants Limited, the controlling shareholder of Jinhui Holdings holding approximately 64.53% of the total issued shares of Jinhui Holdings and voting rights in general meetings of Jinhui Holdings, according to the listing rules of HKEX.

DEFINITIONS

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

"Board"	the board of Directors;
"Company"	Jinhui Shipping and Transportation Limited;
"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;
"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 the Company;

"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 the Company;
"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;
"HKEX"	The Stock Exchange of Hong Kong Limited;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Jinhui Holdings"	Jinhui Holdings Company Limited, a company listed in HKEX, which holds approximately 54.77% interests in the Company;
"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 the Company;
"Second Vessel"	a deadweight 54,768 metric tons bulk carrier "Jin Mao" registered in Hong Kong;
"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 the Company; and
"Third Vessel"	a deadweight 55,091 metric tons bulk carrier "Jin Heng" registered in Hong Kong.

By Order of the Board

Ng Kam Wah Thomas

Managing Director

24 February 2017

** For identification purpose only*