



JINHUI SHIPPING AND TRANSPORTATION LIMITED

JIN - AGREEMENT SIGNED ACQUISITION OF A VESSEL

The Board of Jinhui Shipping and Transportation Limited announces that Jinhai, a wholly-owned subsidiary of the Company, entered into a construction and sale contract on 10 April 2014 to acquire a deadweight 60,000 metric tons type single screw diesel propelled bulk carrier at a contract price of US\$29,100,000.

THE CONTRACT

Information on the Group and the Purchaser

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are ship chartering and ship owning which are carried out internationally.

The Purchaser, Jinhai Marine Inc., is a ship owning company and a wholly-owned subsidiary of the Company as at date of this announcement.

Vendor

The Contractor is a trading firm listed on four stock exchanges in Tokyo, Osaka, Nagoya and Fukuoka. Through its worldwide network, the Contractor engages in diverse business activities including various domestic and overseas transactions and import and export of a wide range of goods and commodities.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Contractor 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.

The Acquisition

Pursuant to the Contract dated 10 April 2014, the Contractor has agreed to procure the Builder to build, launch, equip and complete at the Builder's shipyard in Japan and to sell and deliver the Vessel to Jinhai, and Jinhai has agreed to purchase and take delivery of the Vessel from the Contractor.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Builder 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

Subject to certain provisions for adjustment to reduce the contract price of the Vessel contained in the Contract relating to, amongst other things, delay in delivery of the Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the contract price for the Vessel is US\$29,100,000 and is payable by Jinhai in the following manner:

- (1) the first installment in the sum of US\$2,910,000 will be payable within three business days after signing of the Contract;
- (2) the second installment in the sum of US\$2,910,000 will be payable on 10 April 2015;
- (3) the third installment in the sum of US\$2,910,000 will be payable within three business days after keel-laying of the Vessel;
- (4) the fourth installment in the sum of US\$2,910,000 will be payable within three business days after launching of the Vessel; and
- (5) the last installment in the sum of US\$17,460,000 will be payable upon delivery of the Vessel on or before 31 March 2016.

The contract price 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 in the market, and on the basis of arm's length negotiations with the Contractor. It is currently expected that up to 70% of the contract price will be funded by bank financing and the remaining will be funded by internal resources of the Group.

Delivery

The Contract provides for the delivery of the Vessel on or before 31 March 2016 to Jinhai in Japan. Pursuant to the terms of the Contract, if there is any delay in delivery of the Vessel which continues for a period of 180 days from the thirty-first day after the agreed delivery date, then after such period has expired, Jinhai may at its option rescind the Contract. The Contractor shall thereupon promptly refund to Jinhai, in United States Dollars, the full amount of all sums received by the Contractor together with interest accrued thereon at an agreed rate from the respective dates on which sums were received by the Contractor from Jinhai to the date of remittance by transfer of such refund to Jinhai by the Contractor.

Undertaking by the Builder

The Contract was also signed by the Builder for the purpose of an undertaking on its part to duly perform all the terms and conditions stipulated in the Contract to be performed by a shipbuilder including the undertaking to remedy Jinhai at first priority and free of charge for any defects in the Vessel which are due to defective material, defective construction and / or bad workmanship on the part of the Builder and / or its subcontractors within a period of twelve months after the date of delivery of the Vessel.

GUARANTEE BY THE COMPANY

The Company also executed on 10 April 2014 a guarantee in favour of the Contractor pursuant to which the Company agrees to guarantee the full and punctual payment of the contract price and the prompt and punctual performance by Jinhai in accordance with the terms of the Contract.

REASONS FOR THE ACQUISITION

The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet size as appropriate. The Vessel is proposed to be used for chartering out to gain operating income by Jinhai after delivery. The Directors believe that the Acquisition enables the Group to further complement our owned young and modern fleet of vessels through this ongoing management of asset portfolio. The Group currently owns two modern Post-Panamaxes, two modern Panamaxes, thirty modern grabs fitted Supramaxes, one Handymax and one Handysize. The Directors believe that the Acquisition will not have any material adverse effect on the operations of the Group.

The terms and conditions of the Contract have been agreed on normal commercial terms following arm's length negotiations with reference to the prevailing market values of similar type of vessels. 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:

“Acquisition”	the acquisition of the Vessel under the Contract;
“Board”	the board of Directors;
“Builder”	Oshima Shipbuilding Co., Ltd., a company incorporated in Japan;
“Company”	Jinhui Shipping and Transportation Limited;
“Contract”	the construction and sale contract dated 10 April 2014 entered into between Jinhai and the Contractor in respect of the acquisition of the Vessel;
“Contractor”	Sumitomo Corporation, a company incorporated in Japan;
“Directors”	the directors of the Company;
“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;

“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;
“Purchaser” / “Jinhai”	Jinhai Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Supramax(es)”	dry cargo vessel(s) of deadweight approximately 50,000 metric tons; and
“Vessel”	a deadweight 60,000 metric tons type single screw diesel propelled bulk carrier.

By Order of the Board
Ng Kam Wah Thomas
Managing Director

10 April 2014