



## JINHUI SHIPPING AND TRANSPORTATION LIMITED

### **JIN - INSIDE INFORMATION**

#### **ACQUISITION OF VESSELS**

The Board of Jinhui Shipping and Transportation Limited announces that two wholly-owned subsidiaries of the Company entered into two memorandums of agreement on 22 December 2021 for the acquisition of two Supramaxes, each at a consideration of US\$17,250,000.

#### **THE ACQUISITION**

The First Purchaser and the Second Purchaser entered into the First Agreement and the Second Agreement respectively with the First Vendor and the Second Vendor on 22 December 2021 to acquire the First Vessel and the Second Vessel respectively, each at a consideration of US\$17,250,000. The total consideration of the First Vessel and the Second Vessel is US\$34,500,000. The First Vessel and the Second Vessel will be delivered to the First Purchaser and the Second Purchaser both during the period between 15 February 2022 to 30 March 2022.

#### **Information on the Group and the purchasers**

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 Purchaser and the Second Purchaser are ship owning companies and wholly-owned subsidiaries of the Company as at date of this announcement. The principal activities of the First Purchaser and the Second Purchaser are ship owning and chartering.

#### **Vendors**

The First Vendor is KMARIN NO. 3B S.A., a company incorporated in the Republic of Panama. Its principal activities are shipping and ship investment.

The Second Vendor is KMARIN NO. 3A S. A., a company incorporated in the Republic of Panama. Its principal activities are shipping and ship investment.

Both the First Vendor and the Second Vendor are owned by HI GOLD OCEAN NO. 3 SHIP INVESTMENT COMPANY, a company incorporated in South Korea and listed on the Korea Exchange with principal activities are ship investments and energy transporting company that owns and manages vessels as a contractual party of shipbuilding, chartering, ship finance and technical management.

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

### **Vessels**

The First Vessel is a Supramax of deadweight 56,361 metric tons, built in year 2012 by builder/yard: Jiangsu New Hantong Ship Heavy Industry Co., Ltd. The First Vendor warrants that the First Vessel, at the time of delivery, is free from all charters, encumbrances, mortgages and maritime liens or any other debts.

The Second Vessel is a Supramax of deadweight 56,469 metric tons, built in year 2012 by builder/yard: Jiangsu New Hantong Ship Heavy Industry Co., Ltd. The Second Vendor warrants that the Second Vessel, at the time of delivery, is free from all charters, encumbrances, mortgages and maritime liens or any other debts.

### **Considerations**

Under the First Agreement, the purchase price for the First Vessel is US\$17,250,000 and is payable by the First Purchaser as follows:

- (1) an initial deposit of US\$1,725,000 will be payable by the First Purchaser within three banking days after the date that (i) the signing of the First Agreement; and (ii) the confirmation from the escrow agent confirming the account is ready to receive the initial deposit; and
- (2) the balance of US\$15,525,000 will be payable by the First Purchaser on the delivery of the First Vessel which will take place between 15 February 2022 to 30 March 2022.

The purchase price for the First Vessel will be payable by cash in United States Dollars. The purchase price of the First 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 Vendor.

Under the Second Agreement, the purchase price for the Second Vessel is US\$17,250,000 and is payable by the Second Purchaser as follows:

- (1) an initial deposit of US\$1,725,000 will be payable by the Second Purchaser within three banking days after the date that (i) the signing of the Second Agreement; and (ii) the confirmation from the escrow agent confirming the account is ready to receive the initial deposit; and
- (2) the balance of US\$15,525,000 will be payable by the Second Purchaser on the delivery of the Second Vessel which will take place between 15 February 2022 to 30 March 2022.

The purchase price for the Second Vessel will be payable by cash in United States Dollars. The purchase price of 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 with the Second Vendor.

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, we will take into account the individual specification, maintenance quality and conditions of each individual vessel to consider its purchase.

The Directors consider that the purchase prices of the First Vessel and the Second Vessel are fair and reasonable and the Acquisition of the Vessels is in the interests of the Company and its shareholders as a whole.

### **GUARANTEE BY THE COMPANY**

The Company agrees to provide performance guarantees to the First Vendor and the Second Vendor in accordance with the terms of the First Agreement and the Second Agreement respectively.

### **REASONS FOR THE ACQUISITION OF THE VESSELS**

The Group's principal activities are international ship chartering and ship owning. The First Vessel and the Second Vessel are grabs fitted Supramaxes for the transportation of dry bulk commodities. The Directors and senior management have been reviewing the individual specification, maintenance quality and conditions of the First Vessel and the Second Vessel and consider the purchase prices of the First Vessel and the Second Vessel are reasonable and the Acquisition of the Vessels will allow the Group to generate more operating income and increase the returns of the Company in the future. The Group currently owns twenty four dry bulk vessels which include two Post-Panamaxes and twenty two grabs fitted Supramaxes. Total carrying capacity will be increased by 112,830 metric tons to 1,525,348 metric tons after the completion of the acquisition of the First Vessel and the Second Vessel.

It is currently expected that approximately 50% of the purchase prices of the First Vessel and the Second Vessel will be funded by bank financing and the remaining will be funded by internal resources of the Group.

### **DEFINITIONS**

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

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|------------------------------|--|
| “Acquisition of the Vessels” | the acquisition of the First Vessel under the First Agreement and the acquisition of the Second Vessel under the Second Agreement; |
| “Board”                      | the board of Directors;  |
| “Company”                    | Jinhui Shipping and Transportation Limited;  |

“Directors”	the directors of the Company;
“First Agreement”	the memorandum of agreement dated 22 December 2021 entered into between the First Vendor and the First Purchaser in respect of the acquisition of the First Vessel;
“First Purchaser”	Jinbi Marine Inc., a wholly-owned subsidiary of the Company;
“First Vendor”	KMARIN NO. 3B S.A., a company incorporated in the Republic of Panama;
“First Vessel”	a deadweight 56,361 metric tons bulk carrier “PACIFIC BLESS” registered in the Republic of Panama;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Post-Panamaxes”	vessels of deadweight approximately between 90,000 metric tons to 100,000 metric tons;
“Second Agreement”	the memorandum of agreement dated 22 December 2021 entered into between the Second Vendor and the Second Purchaser in respect of the acquisition of the Second Vessel;
“Second Purchaser”	Jinmao Marine Inc., a wholly-owned subsidiary of the Company;
“Second Vendor”	KMARIN NO. 3A S.A., a company incorporated in the Republic of Panama;
“Second Vessel”	a deadweight 56,469 metric tons bulk carrier “PACIFIC CROWN” registered in the Republic of Panama;
“Supramax(es)”	dry cargo vessel(s) of deadweight approximately 50,000 metric tons; and
“Vessels”	the First Vessel and the Second Vessel.

By Order of the Board  
**Ng Kam Wah Thomas**  
*Managing Director*

22 December 2021