



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 9 September 2022 for the acquisition of two Supramaxes, each at a consideration of US\$25,375,000.

THE ACQUISITION

The First Purchaser and the Second Purchaser entered into the First Agreement and the Second Agreement respectively with the Vendor on 9 September 2022 to acquire the First Vessel and the Second Vessel respectively, each at a consideration of US\$25,375,000. The total consideration of the First Vessel and the Second Vessel is US\$50,750,000. The First Vessel will be delivered to the First Purchaser between 15 September 2022 and 30 December 2022 and the Second Vessel will be delivered to the Second Purchaser between 15 September 2022 and 30 November 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.

Vendor

The Vendor is Ratu Shipping Co., S.A., a company incorporated in the Republic of Panama. Its principal activities are mainly involved in business of ownership, chartering and operation of vessels.

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

Vessels

The First Vessel is a Supramax of deadweight 63,518 metric tons, built in year 2014 by builder/yard: Jiangsu Hantong Ship Heavy Industry Co., Ltd. The 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 First Vessel will be delivered to the Group on a free from charter basis.

The Second Vessel is a Supramax of deadweight 63,469 metric tons, built in year 2014 by builder/yard: Jiangsu Hantong Ship Heavy Industry Co., Ltd. The 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. The Second Vessel will be delivered to the Group on a free from charter basis.

Considerations

Under the First Agreement, the purchase price for the First Vessel is US\$25,375,000 and is payable by the First Purchaser as follows:

- (1) an initial deposit of US\$2,537,500 will be payable by the First Purchaser (i) within three banking days from the date of signing the First Agreement; or (ii) on the date at which the confirmation from the escrow agent confirming the account is ready to receive the initial deposit, whichever is the latest; and
- (2) the balance of US\$22,837,500 will be payable by the First Purchaser on the delivery of the First Vessel which will take place between 15 September 2022 to 30 December 2022.

Under the Second Agreement, the purchase price for the Second Vessel is US\$25,375,000 and is payable by the Second Purchaser as follows:

- (1) an initial deposit of US\$2,537,500 will be payable by the Second Purchaser (i) within three banking days from the date of signing the Second Agreement; or (ii) on the date at which the confirmation from the escrow agent confirming the account is ready to receive the initial deposit, whichever is the latest; and
- (2) the balance of US\$22,837,500 will be payable by the Second Purchaser on the delivery of the Second Vessel which will take place between 15 September 2022 to 30 November 2022.

The purchase prices for the First Vessel and the Second Vessel will be payable by cash in United States Dollars. The purchase prices of the First Vessel and the Second Vessel were 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, valuations from independent valuer and on the basis of arm's length negotiations with the 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. In the process of gathering the market intelligence from shipbrokers, we receive market information on the sale and purchase market of second hand vessels on a daily basis from international shipbrokers. We also discuss with international shipbrokers frequently to gather market intelligence on what vessels are being put on sale, which owners are looking to buy or sell their vessels on a worldwide basis.

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.

REASONS FOR THE ACQUISITION OF THE VESSELS

The Group's principal activities are international ship chartering and ship owning. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate. Despite the recent improvement in shipping market, we continue to seek to fine tune the quality of our fleet, in particularly in terms of seeking to lower the overall age profile of our fleet. We try to strike as good as possible, the balance of additional maintenance costs that is associated with the aging of a vessel, the expected revenue generating ability and cargo flexibility when compared to younger vessels, the potential asset value appreciation of an asset, as well as the importance of ensuring we are financially nimble by monetizing suitable assets. We believe in being prepared at all times for future possible opportunities of redeployment of capital into other more suitable assets that may arise going forward while keeping leverage at comfortable levels. We will continuously monitor the market as well as our operations going forward and look out for opportunities to maintain a reasonably modern and competitive fleet, not ruling out any future disposal or acquisition of vessels and will make such decisions on an ad hoc basis to maintain a high financial flexibility and operational competitiveness.

The Group currently owns twenty five dry bulk vessels which include two Post-Panamaxes and twenty three grabs fitted Supramaxes. Total carrying capacity will be increased by 126,987 metric tons to 1,611,755 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 9 September 2022 entered into between the Vendor and the First Purchaser in respect of the acquisition of the First Vessel;
“First Purchaser”	Jinheng Marine Inc., a wholly-owned subsidiary of the Company;
“First Vessel”	a deadweight 63,518 metric tons bulk carrier “WESTERN SANTOS” registered in the Republic of Panama/Philippines;
“Group”	the Company and its subsidiaries;
“Post-Panamaxes”	vessels of deadweight approximately between 90,000 metric tons to 100,000 metric tons;
“Second Agreement”	the memorandum of agreement dated 9 September 2022 entered into between the Vendor and the Second Purchaser in respect of the acquisition of the Second Vessel;
“Second Purchaser”	Jinchao Marine Inc., a wholly-owned subsidiary of the Company;
“Second Vessel”	a deadweight 63,469 metric tons bulk carrier “HANTON TRADER I” registered in the Republic of Panama/Philippines;
“Supramax(es)”	dry cargo vessel(s) of deadweight approximately 50,000 metric tons;
“Vendor”	Ratu Shipping Co., S.A., a company incorporated in the Republic of Panama; and
“Vessels”	the First Vessel and the Second Vessel.

By Order of the Board
Ng Kam Wah Thomas
Managing Director

9 September 2022