



## JINHUI SHIPPING AND TRANSPORTATION LIMITED

### **JIN - LEASING A VESSEL UNDER THE CHARTERPARTY**

The Board of Jinhui Shipping and Transportation Limited announces that a wholly-owned subsidiary of the Company entered into the Charterparty with the Lessor on 26 April 2024 in respect of leasing of the Vessel for a term of minimum twenty months, commencing on the date of delivery of the Vessel to the Lessee. The date of delivery of the Vessel is expected to be between 1 May 2024 to 30 June 2024.

#### **THE CHARTERPARTY**

The principal terms of the Charterparty are set out below:

Ship owner (Lessor):	Xinghe Shipping Pte. Ltd.
Charterer (Lessee):	Jinhui Marine Inc.
Vessel:	a vessel of deadweight approximately 61,473 metric tons bulk carrier, named as M.V. "XING HE HAI", built in 2016 and registered in Singapore
Hire period:	Minimum 20 months up to maximum 23 months
Hire rate:	Daily hire rate of US\$16,250 with 3.75% address commission
Payment terms:	15 days in advance
Total minimum hire payment under the Charterparty:	Approximately US\$9.02 million, based on minimum hire period, net of address commission

## **THE RIGHT-OF-USE ASSETS**

The unaudited value of the right-of-use assets to be recognized by the Company under the terms of the Charterparty amounts to approximately US\$9.02 million, which is the present value of total minimum hire payment at the inception of the lease terms of the Charterparty in accordance with IFRS 16 and HKFRS 16 Leases. A discount rate of approximately 6.71% has been applied to compute the present value of total minimum hire payment at the inception of the lease terms of the Charterparty. The hire payments will be settled from the internal resources of the Group. The final amount of the right-of-use assets to be recorded by the Group will be subject to audit.

## **INFORMATION ON THE GROUP, THE LESSEE AND THE LESSOR**

### **The Group**

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are international ship chartering and ship owning.

### **Lessee**

The Lessee is a ship chartering company and a wholly-owned subsidiary of the Company as at date of this announcement.

### **Lessor**

The Lessor, Xinghe Shipping Pte. Ltd., is a company incorporated in Singapore and its principal activities are chartering of ships and boats with crew.

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

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CHARTERPARTY**

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.

The terms and conditions of the Charterparty have been agreed on commercial terms following arm's length negotiations between parties with reference to the prevailing market conditions and expectations of market outlook. In addition, when determining the hire rate, the prevailing market hire rates with comparable type of vessels in the market and the historical average daily time charter equivalent rates earned by the Group were taken into consideration.

Most importantly, comparison has been made between the pricing structure of chartering a vessel with purchasing the same vessel directly. In view of rising vessel prices, the aggregate of the daily running cost, depreciation, cost of interest, cost of principal repayment, insurance and other maintenance costs is high for running a vessel. Besides, the cost of borrowing is increasing under the inflationary environment. Locking in a long-term contract with minimal hire actually has the benefit of bypassing inflationary pressure and other cost variation which the Company have to bear if we purchase a vessel.

The Directors consider that the lease of the Vessel represents an opportunity for the Group to increase the carrying capacity with a modern ship via means other than outright acquisition of vessels, improving the fleet profile of the Group with minimal immediate capital expenditure, bring chartering freight and hire income to the Group and enhance the Group's income and cashflow from core shipping business.

In order to remain competitive in the 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 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 of smaller and older vessels and replace with newer vessels or charter-in of vessels with larger carrying capacity; and will make such decisions on an ad hoc basis to maintain a high financial flexibility and operational competitiveness.

The Directors consider that the terms and conditions of the Charterparty were concluded based on arm's length negotiations under normal commercial terms, and consider such terms and conditions are fair and reasonable and believe that the lease of the Vessel is in the interests of the Company and its shareholders as a whole. Upon delivery of the Vessel, the Vessel is chartered out to customers for the transportation of dry bulk commodities to receive and generate chartering freight and hire income for the Group.

## **DEFINITIONS**

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

“Board”	the board of Directors;
“Charterparty”	the charterparty entered into between the Lessor and the Lessee in respect of the leasing of the Vessel on 26 April 2024;
“Company”	Jinhui Shipping and Transportation Limited;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board;
“Lessee”	Jinhui Marine Inc., a company incorporated in the Republic of Panama;

“Lessor” Xinghe Shipping Pte. Ltd., a company incorporated in Singapore;  
and

“Vessel” a vessel of deadweight approximately 61,473 metric tons bulk  
carrier, named as M.V. “XING HE HAI”, built in 2016 and registered  
in Singapore.

By Order of the Board  
**Ng Kam Wah Thomas**  
*Managing Director*  
26 April 2024