



JINHUI SHIPPING AND TRANSPORTATION LIMITED

JIN - INSIDE INFORMATION ACQUISITION OF TWO VESSELS

The Board of Jinhui Shipping and Transportation Limited announces that two wholly-owned subsidiaries of the Company entered into two shipbuilding contracts on 28 June 2024 for the acquisition of two vessels, each at a contract price of US\$34,000,000.

THE ACQUISITION OF TWO VESSELS

On 28 June 2024, the First Purchaser and the Second Purchaser entered into the First Shipbuilding Contract and the Second Shipbuilding Contract respectively with the Seller, pursuant to which the Seller agreed to build and sell the First Vessel and the Second Vessel respectively, each at a contract price of US\$34,000,000. The total contract price of the First Vessel and the Second Vessel is US\$68,000,000. The First Vessel and the Second Vessel will be delivered to the First Purchaser and the Second Purchaser on or before 31 December 2026 and 30 November 2027 respectively.

The First Shipbuilding Contract and the Second Shipbuilding Contract are separate and not inter-conditional of each other. The First Shipbuilding Contract and the Second Shipbuilding Contract are negotiated with the Seller under the same vessel specifications and contract prices although the delivery dates of the First Vessel and the Second Vessel are differed. The delivery times of the First Vessel and the Second Vessel are arranged in accordance to the availability of berth space and building schedule of the Seller's shipyard.

Information on the Group, the First Purchaser and the Second Purchaser

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 is a ship owning company and a wholly-owned subsidiary of the Company as at date of this announcement. The principal activities of the First Purchaser are ship owning and chartering.

The Second Purchaser is a ship owning company and a wholly-owned subsidiary of the Company as at date of this announcement. The principal activities of the Second Purchaser are ship owning and chartering.

Seller

The Seller is Jiangsu Hantong Ship Heavy Industry Co. Ltd., a company incorporated in the People’s Republic of China and has been established over 20 years. The principal activities of the Seller are shipbuilding, floating productions storages developments, designs, and manufacturing businesses. The Seller has successfully delivered more than 100 vessels, including oil tankers, bulk carriers, cargo carriers etc., to clients throughout the world.

To the best of the Board’s knowledge, information and belief having made all reasonable enquiry, the Seller 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 Shipbuilding Contracts

The principal terms of the First Shipbuilding Contract are set out below:

- Date: 28 June 2024

- Parties: The First Purchaser and the Seller

- Assets to be acquired: The First Vessel

- Contract price: Subject to certain provisions for adjustment to the contract price of the First Vessel contained in the First Shipbuilding Contract relating to, amongst other things, delay in delivery of the First Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the contract price for the First Vessel is US\$34,000,000 and is payable by the First Purchaser in five installments as follows:
 - (1) the first installment in the sum of US\$3,400,000 shall become due and payable within seven banking days after receipt of the Refund Guarantee, covering the first installment to fourth installment;
 - (2) the second installment in the sum of US\$3,400,000 shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the cutting of the first steel plate of the First Vessel has taken place;
 - (3) the third installment in the sum of US\$3,400,000 shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the keel-laying of the First Vessel has taken place;
 - (4) the fourth installment in the sum of US\$3,400,000 shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the launching of the First Vessel has taken place; and

- (5) the last installment in the sum of US\$20,400,000 shall become due and payable concurrently with delivery of the First Vessel on or before 31 December 2026.

Expected delivery date: On or before 31 December 2026

- Other conditions:
- (1) In the event the First Shipbuilding Contract is terminated, rescinded or cancelled by the First Purchaser in accordance with the specific clause of First Shipbuilding Contract, the Seller shall refund to the First Purchaser in United States Dollars the full amount of all sums already paid by the First Purchaser together with interest. As security to the First Purchaser, the Seller shall deliver to the First Purchaser a Refund Guarantee to be issued by specified bank to guarantee the refund of such payments.
 - (2) The First Shipbuilding Contract is conditional upon the passing of ordinary resolutions by the shareholders approving the acquisition of First Vessel in the general meeting of Jinhui Holdings.

The principal terms of the Second Shipbuilding Contract are set out below:

Date: 28 June 2024

Parties: The Second Purchaser and the Seller

Assets to be acquired: The Second Vessel

Contract price: Subject to certain provisions for adjustment to the contract price of the Second Vessel contained in the Second Shipbuilding Contract relating to, amongst other things, delay in delivery of the Second Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the contract price for the Second Vessel is US\$34,000,000 and is payable by the Second Purchaser in five installments as follows:

- (1) the first installment in the sum of US\$3,400,000 shall become due and payable within seven banking days after receipt of the Refund Guarantee, covering the first installment to fourth installment;
- (2) the second installment in the sum of US\$3,400,000 shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the cutting of the first steel plate of the Second Vessel has taken place;
- (3) the third installment in the sum of US\$3,400,000 shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the keel-laying of the Second Vessel has taken place;

- (4) the fourth installment in the sum of US\$3,400,000 shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the launching of the Second Vessel has taken place; and
- (5) the last installment in the sum of US\$20,400,000 shall become due and payable concurrently with delivery of the Second Vessel on or before 30 November 2027.

Expected delivery date: On or before 30 November 2027

- Other conditions:
- (1) In the event the Second Shipbuilding Contract is terminated, rescinded or cancelled by the Second Purchaser in accordance with the specific clause of Second Shipbuilding Contract, the Seller shall refund to the Second Purchaser in United States Dollars the full amount of all sums already paid by the Second Purchaser together with interest. As security to the Second Purchaser, the Seller shall deliver to the Second Purchaser a Refund Guarantee to be issued by specified bank to guarantee the refund of such payments.
 - (2) The Second Shipbuilding Contract is conditional upon the passing of ordinary resolutions by the shareholders approving the acquisition of Second Vessel in the general meeting of Jinhui Holdings.

The total contract price of the First Vessel and the Second Vessel is US\$68,000,000, which will be payable by cash in United States Dollars. It is currently expected that approximately 70% of the total contract price will be funded by bank financing and the remaining will be funded by internal resources of the Group. The contract price of each of the First Vessel and the Second Vessel has been agreed on normal commercial terms and was determined after arm's length negotiations between the First Purchaser and the Second Purchaser with the Seller, taking into account the (i) quotations and delivery schedules provided by other shipyards for the construction of new vessels of similar type and size; and (ii) the quality of services and industry reputation of the Seller.

Delivery

If there is any delay in delivery of the First Vessel or the Second Vessel which continues for a period of 210 days from the thirty-first day after the agreed delivery date, then after such period has expired, the First Purchaser or the Second Purchaser (as the case may be) may at its option rescind the First Shipbuilding Contract or the Second Shipbuilding Contract (as the case may be). The Seller shall thereupon promptly refund to the First Purchaser or the Second Purchaser (as the case may be) in United States Dollars the full amount of all sums received by the Seller together with interest accrued thereon at banking deposit rate from the date of receipt by Seller of such amount to the date of full payment to the First Purchaser or the Second Purchaser (as the case may be) of such amount. The period of 210 days from the thirty-first day after the agreed delivery date is considered as industry practice under the shipbuilding business.

GUARANTEES BY THE COMPANY

The Company shall execute, within 30 days after the signing of the First Shipbuilding Contract and the Second Shipbuilding Contract, guarantees in favour of the Seller pursuant to which the Company agrees to guarantee the full and punctual payment of the contract prices by the First Purchaser and the Second Purchaser in accordance with the terms of the First Shipbuilding Contract and the Second Shipbuilding Contract respectively.

REASONS FOR THE ACQUISITION OF TWO VESSELS

The Group's principal activities are international ship chartering and ship owning. Both the First Vessel and the Second Vessel are vessels of deadweight 63,500 metric tons. The Acquisition of Two Vessels is consistent with the Group's ongoing strategy to renew the fleet with modern, larger and high-quality vessels, by gradually phasing out its older vessels and replacing them with newer and younger vessels. The Directors believe that through such fleet optimization, the Group will be able to enhance its competitiveness in the maritime shipping industry and to cope with the market demand for its shipping services. Upon the completion of the Acquisition of Two Vessels, the First Vessel and the Second Vessel will be chartered out to third parties for the transportation of dry bulk commodities to receive charter hire and to generate recurring chartering freight and hire income for the Group. The Directors believe it is an opportune moment to further expand its fleet of vessels in order to increase operating income for the Group. The Group currently operates thirty three vessels, including twenty three owned vessels and ten chartered-in vessels, with total carrying capacity of approximately 2,024,000 metric tons.

In addition, the First Vessel and the Second Vessel are more fuel-efficient and of higher operational efficiency than the other bulk carriers of the Group currently in operation, which meets the latest environmental regulations and prevailing specification requirements in the shipping industry.

The Directors consider that the contract prices of the First Shipbuilding Contract and the Second Shipbuilding Contract are fair and reasonable and have been agreed on normal commercial terms following arm's length negotiations. 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.

GENERAL

The Company is an approximately 55.69% owned subsidiary of Jinhui Holdings. The Acquisition of Two Vessels constitutes a very substantial acquisition for Jinhui Holdings and is conditional upon the passing of ordinary resolutions by the shareholders' approval of Jinhui Holdings in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Fairline Consultants Limited and Timberfield Limited are closely allied group of shareholders of Jinhui Holdings, together holding approximately 64.53% of the total issued shares of Jinhui Holdings and voting rights in general meetings of Jinhui Holdings. Fairline Consultants Limited and Timberfield Limited have given to Jinhui Holdings the written irrevocable approval in relation to the Acquisition of Two Vessels.

DEFINITIONS

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

“Acquisition of Two Vessels”	the acquisition of the First Vessel under the First Shipbuilding Contract and the acquisition of the Second Vessel under the Second Shipbuilding Contract;
“Board”	the board of Directors;
“Company”	Jinhui Shipping and Transportation Limited;
“Directors”	the directors of the Company;
“First Purchaser”	Jinhan Marine Inc., a wholly-owned subsidiary of the Company;
“First Shipbuilding Contract”	the shipbuilding contract entered into between the First Purchaser and the Seller dated 28 June 2024 where the First Purchaser has agreed to purchase the First Vessel from the Seller and the Seller has agreed to design, build, launch, equip and complete the First Vessel, and to sell and deliver the First Vessel at the Seller’s shipyard to the First Purchaser;
“First Vessel”	a deadweight 63,500 metric tons type bulk carrier to be delivered on or before 31 December 2026;
“Jinhui Holdings”	Jinhui Holdings Company Limited, a company incorporated in Hong Kong whose shares are listed on the Hong Kong Stock Exchange (stock code: 137);
“Group”	the Company and its subsidiaries;
“Refund Guarantee(s)”	the guarantee(s) to be issued by the Seller’s bank in favour of each of the First Purchaser and the Second Purchaser respectively whereby the Seller’s bank will guarantee the refund of any sum received by Seller to each of the First Purchaser and the Second Purchaser respectively if the delivery of the First Vessel or the Second Vessel is not effected according to the agreed date of delivery respectively;
“Second Purchaser”	Jinming Marine Inc., a wholly-owned subsidiary of the Company;
“Second Shipbuilding Contract”	the shipbuilding contract entered into between the Second Purchaser and the Seller dated 28 June 2024 where the Second Purchaser has agreed to purchase the Second Vessel from the Seller and the Seller has agreed to design, build, launch, equip and complete the Second Vessel, and to sell and deliver the Second Vessel at the Seller’s shipyard to the Second Purchaser;

“Second Vessel” a deadweight 63,500 metric tons type bulk carrier to be delivered on or before 30 November 2027; and

“Seller” Jiangsu Hantong Ship Heavy Industry Co., Ltd., a company incorporated in the People’s Republic of China.

By Order of the Board

Ng Kam Wah Thomas

Managing Director

28 June 2024