



JINHUI SHIPPING AND TRANSPORTATION LIMITED

JIN - INSIDE INFORMATION

ACQUISITION OF A VESSEL

The Board of Jinhui Shipping and Transportation Limited announces that a wholly-owned subsidiary of the Company entered into a memorandum of agreement on 2 July 2024 for the acquisition of a Capesize at a purchase price of US\$24,000,000.

THE ACQUISITION

The Purchaser entered into the Agreement with the Vendor on 2 July 2024 for the acquisition of the Vessel at a purchase price of US\$24,000,000. The Vessel will be delivered by the Vendor to the Purchaser between 1 September 2024 and 31 December 2024.

Information on the Group and the 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 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 Purchaser are ship owning and chartering.

Vendor

The Vendor is a company incorporated in the Republic of Panama with principal activities of shipowners business.

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.

Vessel

The Vessel is a Capesize of deadweight 178,021 metric tons, built by Shanghai Waigaoqiao Shipbuilding Co., Ltd. in 2008. The Vendor warrants that the Vessel, at the time of delivery, is free from all charters, encumbrances, mortgages and maritime liens or any other debts. The Vessel will be delivered to the Group on a free from charter basis.

Consideration

Under the Agreement, the purchase price for the Vessel is US\$24,000,000 and is payable by the Purchaser as follows :

- (1) an initial deposit of US\$4,800,000 will be payable by the Purchaser within three banking days after the date that (i) signing of the Agreement and the escrow agent 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\$19,200,000 will be payable by the Purchaser on the delivery of the Vessel which will take place between 1 September 2024 and 31 December 2024.

The purchase price for the Vessel will be payable by cash in United States Dollars. The purchase 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 and year of built in the market, valuation 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. During the course of determine the purchase price of the Vessel, the Company has also considered the general conditions of the Vessel, the classification record of the Vessel, the age and size, the shipyard where the Vessel was originally built and the date for next drydocking inspection. However, as each vessel is never identical, management has based on the experiences and market knowledge to consider.

The Directors consider that the purchase price of the Vessel is fair and reasonable and the acquisition of the Vessel is in the interests of the Company and its shareholders as a whole.

REASONS FOR THE ACQUISITION OF THE VESSEL

The Group's principal activities are international ship chartering and ship owning. Despite the recent development in the shipping market, the Directors continuously review the prevailing market conditions of the shipping industry and continue to seek to fine tune the quality of our fleet and adjust the Group's fleet profile as appropriate. The Directors believe that the acquisition of the Vessel will enable the Group to optimize the fleet profile through this ongoing management of asset portfolio.

Dry bulk shipping market is a highly volatile market. Market conditions can change rapidly due to factors like global economic conditions, supply and demand dynamics, and geopolitical events. 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 of smaller and older vessels and replace with vessels with larger carrying capacity and longer asset lives. We will make such decisions on an ad hoc basis to maintain high financial flexibility and operational competitiveness.

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.

It is currently expected that approximately 70% of the purchase price of the Vessel will be funded by bank financing and the remaining will be funded by internal resources of the Group.

GENERAL

The Company is an approximately 55.69% owned subsidiary of Jinhui Holdings. The acquisition of the Vessel has been approved by written approval from Fairline Consultants Limited and Timberfield Limited, a closely allied group of shareholders of Jinhui Holdings together hold approximately 64.53% of the total issued shares of Jinhui Holdings and voting rights in general meetings of Jinhui Holdings, according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

DEFINITIONS

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

“Agreement”	the memorandum of agreement dated 2 July 2024 entered into between the Vendor and the Purchaser in respect of the acquisition of the Vessel;
“Board”	the board of Directors;
“Capesize”	dry bulk vessel of deadweight approximately 120,000 metric tons or above;
“Company”	Jinhui Shipping and Transportation Limited;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Jinhui Holdings”	Jinhui Holdings Company Limited, a company incorporated in Hong Kong, whose shares are listed on the Hong Kong Stock Exchange Limited (stock code: 137);
“Purchaser”	Jinmei Marine Inc., a wholly-owned subsidiary of the Company;
“Vendor”	White Reefer Line Corp., a company incorporated in the Republic of Panama; and
“Vessel”	a deadweight 178,021 metric tons bulk carrier “OCEAN COURTESY” registered in the Republic of the Marshall Islands.

By Order of the Board
Ng Kam Wah Thomas
Managing Director

2 July 2024