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JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

DISCLOSEABLE TRANSACTION ACQUISITION OF A VESSEL

The Board is pleased to announce that, the Purchaser, an approximately 55.69% indirectly owned subsidiary of the Company, entered into the Agreement with the Vendor in respect of the acquisition of the Vessel on 5 October 2021. The purchase price of the Vessel is US\$15,750,000 (approximately HK\$122,850,000). The Vessel will be delivered by the Vendor to the Purchaser between 15 October 2021 and 3 December 2021.

Under the Listing Rules, the Acquisition of the Vessel constitutes a discloseable transaction for the Company.

THE ACQUISITION

The Purchaser entered into the Agreement with the Vendor on 5 October 2021 for the acquisition of the Vessel at a purchase price of US\$15,750,000 (approximately HK\$122,850,000). The Vessel will be delivered by the Vendor to the Purchaser between 15 October 2021 and 3 December 2021.

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 Jinhui Shipping, which is in turn an approximately 55.69% 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 Tesoro Transport Inc., a company incorporated in the Marshall Islands. Its principal activities are ship owning and trading.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Vendor and its shareholder(s) and ultimate beneficial owners are Independent Third Parties.

Vessel

The Vessel is a Supramax of deadweight 53,350 metric tons, built in year 2007 by builder: Shanghai Shipyard Co., Ltd. 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.

Consideration

Under the Agreement, the purchase price for the Vessel is US\$15,750,000 (approximately HK\$122,850,000) and is payable by the Purchaser as follows:

- (1) an initial deposit of US\$3,150,000 (approximately HK\$24,570,000) will be payable by the Purchaser within three banking days after the date that (i) the signing of the 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\$12,600,000 (approximately HK\$98,280,000) will be payable by the Purchaser on the delivery of the Vessel which will take place between 15 October 2021 and 3 December 2021.

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, 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.

We look at recently traded value of vessels which are similar to the ones we are interested in purchasing, making adjustment depending on any expected difference in quality as well as timing of delivery, as well as referencing the overall market sentiment which is reflected in the Baltic Dry Index, an important economic indicator reflecting the supply and demand trends of global shipping market.

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. Similar to assets that has a second hand market, the factors to be considered in the analysis of recently concluded sale and purchase transactions, will be the timing of availability of the vessel to the new buyer, whether the shipyard that produce a vessel is reputable, whether a vessel is well maintained, and much most importantly is the expectation of the outlook of the industry in terms of potential revenue generating ability going forward.

The Directors consider that the purchase price 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

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 Directors believe that the Acquisition of the Vessel will enable the Group to optimize the fleet profile through this ongoing management of asset portfolio.

The Company's senior management has many years of operating in the dry bulk shipping industry, going through multiple cycles seeing ups and downs. The Company has vast experience and a deep knowhow from operating different class of vessels as well as contracting new vessels made by different shipyards, we have developed knowledge of how various parts of a vessel are made and how their quality differ, from the hull, deck, equipment such as onboard cranes, the pros and cons of engines made by different makers perform, the difference in quality of a second hand ship owned by different owners. All these experiences collected over the past years give us this industry knowhow.

When considering whether to acquire a pre-owned vessel for its ship chartering business, the Company's management would focus its decision on the physical conditions of the vessel that include the configurations, made, technical specifications, design, structures and fittings, main propulsion and manoeuvring and other key operation systems, quality and reputation of the shipbuilder, country where the vessel was made, age, deadweight/draft, holds/hatches, and cargo capacity, etc. The vessel's present operating parameter, maintenance of its hull and machinery are also main factors to consider.

The Vessel is a grabs fitted Supramax for the transportation of dry bulk commodities. The Directors and senior management have been reviewing the individual specification, maintenance quality and conditions of the Vessel. Taking into account the purchase price and the quality of the Vessel, the Directors consider the purchase price of the Vessel is reasonable.

The Company's management also takes into account when deciding whether to purchase a pre-owned vessel is the market conditions and sentiment. The Company reviewed the prevailing market conditions of the shipping industry and believes that an increase in the Group's fleet size is in the best interest of the Company and its shareholders as a whole given the outlook of the market.

Upon the completion of the acquisition of the Vessel, the Vessel will be chartered out to customers for the transportation of dry bulk commodities to receive charterhire and to generate steady chartering freight and hire income stream for the Group. The Company believes that the Acquisition of the Vessel will allow the Group to generate more operating income and increase the returns of the Company in the future. The Group currently owns twenty two dry bulk vessels which include two Post-Panamaxes and twenty grabs fitted Supramaxes. Total carrying capacity will be increased by 53,350 metric tons to 1,412,518 metric tons after the completion of the acquisition of the Vessel.

It is currently expected that the purchase price of the Vessel will be funded by internal resources of the Group.

LISTING RULES IMPLICATION

As one or more applicable percentage ratios (as defined in the Listing Rules) for the Acquisition of the Vessel exceed 5% but are less than 25%, the Acquisition of the Vessel constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification to Stock Exchange and publication of announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition of the Vessel”	the acquisition of the Vessel under the Agreement;
“Agreement”	the memorandum of agreement dated 5 October 2021 entered into between the Vendor and the Purchaser in respect of the acquisition of the Vessel;
“Board”	the board of Directors;
“Company”	Jinhui Holdings Company Limited, a company incorporated in Hong Kong, whose shares are listed on the Hong Kong Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	person(s) (and in case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates within the meaning of the Listing Rules;

“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a limited liability company incorporated in Bermuda and an approximately 55.69% owned subsidiary of the Company as at date of this announcement, whose shares are listed on the Oslo Stock Exchange (stock code: JIN);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Post-Panamaxes”	vessels of deadweight approximately between 90,000 metric tons to 100,000 metric tons;
“Purchaser”	Jinshun Shipping Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supramax(es)”	dry cargo vessel(s) of deadweight approximately 50,000 metric tons;
“Vendor”	Tesoro Transport Inc., a company incorporated in the Marshall Islands;
“Vessel”	a deadweight 53,350 metric tons bulk carrier “TESORO” registered in the Marshall Islands;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong; and
“US\$”	United States Dollars, the lawful currency of the United States of America, and for the purpose of illustration only, translated into HK\$ at the rate of US\$1.00 = HK\$7.80.

By Order of the Board
Jinhui Holdings Company Limited
Ng Siu Fai
Chairman

Hong Kong, 5 October 2021

As at date of this announcement, the Executive Directors of the Company are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of the Company are Cui Jianhua, Tsui Che Yin Frank and William Yau.