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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

MAJOR TRANSACTION ACQUISITION OF VESSELS

The Board is pleased to announce that, the First Purchaser and the Second Purchaser, both are approximately 55.69% indirectly owned subsidiaries of the Company, entered into the First Agreement and the Second Agreement respectively with the First Vendor and the Second Vendor on 22 December 2021 to acquire the First Vessel and the Second Vessel respectively, each at a consideration of US\$17,250,000 (approximately HK\$134,550,000). The total consideration of the First Vessel and the Second Vessel is US\$34,500,000 (approximately HK\$269,100,000). The First Vessel and the Second Vessel will be delivered to the First Purchaser and the Second Purchaser both during the period between 15 February 2022 to 30 March 2022.

Since the First Vendor and the Second Vendor are both owned by a common ultimate beneficial owner, pursuant to Rule 14.22 of the Listing Rules, the acquisition of the First Vessel and the Second Vessel under the First Agreement and the Second Agreement shall be aggregated for determining the percentage ratios under Rule 14.07 of the Listing Rules. As one or more applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition of the Vessels exceed 25% but are less than 100%, the Acquisition of the Vessels constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules. A circular containing, amongst other things, further information relating to the Acquisition of the Vessels is expected to be despatched to the Shareholders on or before 13 January 2022 in accordance with the Listing Rules.

THE ACQUISITION OF THE VESSELS

The Board is pleased to announce that, the First Purchaser and the Second Purchaser, both are approximately 55.69% indirectly owned subsidiaries of the Company, entered into the First Agreement and the Second Agreement respectively with the First Vendor and the Second Vendor on 22 December 2021 to acquire the First Vessel and the Second Vessel respectively, each at a consideration of US\$17,250,000 (approximately HK\$134,550,000).

The total consideration of the First Vessel and the Second Vessel is US\$34,500,000 (approximately HK\$269,100,000). The First Vessel and the Second Vessel will be delivered to the First Purchaser and the Second Purchaser both during the period between 15 February 2022 to 30 March 2022.

The First Agreement and the Second Agreement are separate and not inter-conditional of each other.

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 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 First Purchaser are ship owning and chartering.

The Second 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 Second Purchaser are ship owning and chartering.

Vendors

The First Vendor is KMARIN NO. 3B S.A., a company incorporated in the Republic of Panama. Its principal activities are shipping and ship investment.

The Second Vendor is KMARIN NO. 3A S. A., a company incorporated in the Republic of Panama. Its principal activities are shipping and ship investment.

Both the First Vendor and the Second Vendor are owned by HI GOLD OCEAN NO. 3 SHIP INVESTMENT COMPANY, a company incorporated in South Korea and listed on the Korea Exchange with principal activities are ship investments and energy transporting company that owns and manages vessels as a contractual party of shipbuilding, chartering, ship finance and technical management.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the First Vendor, the Second Vendor, and HI GOLD OCEAN NO. 3 SHIP INVESTMENT COMPANY and its ultimate beneficial owners are Independent Third Parties.

Vessels

The First Vessel is a Supramax of deadweight 56,361 metric tons, built in year 2012 by builder/yard: Jiangsu New Hantong Ship Heavy Industry Co., Ltd. The First 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 Second Vessel is a Supramax of deadweight 56,469 metric tons, built in year 2012 by builder/yard: Jiangsu New Hantong Ship Heavy Industry Co., Ltd. The Second 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 Vessels are to 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\$17,250,000 (approximately HK\$134,550,000) and is payable by the First Purchaser as follows:

- (1) an initial deposit of US\$1,725,000 (approximately HK\$13,455,000) will be payable by the First Purchaser within three banking days after the date that (i) the signing of the First 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\$15,525,000 (approximately HK\$121,095,000) will be payable by the First Purchaser on the delivery of the First Vessel which will take place between 15 February 2022 to 30 March 2022.

The purchase price for the First Vessel will be payable by cash in United States Dollars. The purchase price of the First 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 First Vendor.

Under the Second Agreement, the purchase price for the Second Vessel is US\$17,250,000 (approximately HK\$134,550,000) and is payable by the Second Purchaser as follows:

- (1) an initial deposit of US\$1,725,000 (approximately HK\$13,455,000) will be payable by the Second Purchaser within three banking days after the date that (i) the signing of the Second 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\$15,525,000 (approximately HK\$121,095,000) will be payable by the Second Purchaser on the delivery of the Second Vessel which will take place between 15 February 2022 to 30 March 2022.

The purchase price for the Second Vessel will be payable by cash in United States Dollars. The purchase price of the Second 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 Second Vendor.

In the course of negotiating the purchase price of the Vessels, the Company has obtained indicative valuations of the Vessels from Arrow Asia Shipbrokers Ltd. ("Arrowship"), an independent shipbroking group. Arrowship was the ship broker for the Acquisition of the Vessels. The Group engaged Arrow Valuations, an independent valuer and an affiliate of Arrowship, to provide a formal valuation certificate in respect of the Vessels. In respect of the valuation of the Vessels, the Company has reviewed the valuation certificate and discussed with Arrow Valuations about the valuation approach and methodology adopted in the valuation of the Vessels. As advised by Arrow Valuations, the market approach is adopted in the valuation of the Vessels where Arrow Valuations has considered the factors including (i) the quality and reputation of the shipbuilder; (ii) the configurations and specifications of the Vessels; (iii) the country where the Vessels were built; (iv) recent market activities including comparison with recent sales by age/size/quality of shipyard; and (v) the prices of similar vessels which are for sale but unsold.

Having assessed all the above factors, Arrow Valuations reached the opinion of the Vessels' evaluation which Arrow Valuations believed would reflect the market value of the Vessels at the date of the valuation. According to Arrow Valuations, the market value of the First Vessel as at 22 December 2021 was US\$17,250,000 (approximately HK\$134,550,000) and the market value of the Second Vessel as at 22 December 2021 was US\$17,250,000 (approximately HK\$134,550,000).

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.

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.

GUARANTEE BY JINHUI SHIPPING

Jinhui Shipping, the intermediate holding company of the First Purchaser and the Second Purchaser, agrees to provide performance guarantees to the First Vendor and the Second Vendor in accordance with the terms of the First Agreement and the Second Agreement respectively.

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. The Directors believe that the Acquisition of the Vessels 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 & 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 First Vessel and the Second Vessel are grabs fitted Supramaxes for the transportation of dry bulk commodities. The Directors and senior management have been reviewing the individual specification, maintenance quality and conditions of the First Vessel and the Second Vessel. Taking into account the purchase price and the quality of the First Vessel and the Second Vessel, the Directors consider the purchase prices of the First Vessel and the Second Vessel are 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 decision of the Acquisition of the Vessels is driven by supply and demand for dry bulk vessels and based on arm's length negotiations with the Vendors. The Company is of the view that due to the economy recovery from the COVID-19 pandemic and increase in the demand for dry bulk vessels, the Vessels will be in high demand. This was a crucial factor in the Group's decision to purchase the Vessels. 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 First Vessel and the Second Vessel, the Vessels will be chartered out to customers for the transportation of dry bulk commodities to receive charter hire and to generate steady chartering freight and hire income stream for the Group. The Company believes that the Acquisition of the Vessels will allow the Group to generate more operating income and increase the returns of the Company in the future. The Group currently owns twenty four dry bulk vessels which include two Post-Panamaxes and twenty two grabs fitted Supramaxes. Total carrying capacity will be increased by 112,830 metric tons to 1,525,348 metric tons after the completion of the acquisition of the First Vessel and the Second Vessel.

The Directors consider that the purchase prices of the First Vessel and the Second Vessel are fair and reasonable. The Directors believe that the Acquisition of the Vessels is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

Since the First Vendor and the Second Vendor are both owned by a common ultimate beneficial owner, pursuant to Rule 14.22 of the Listing Rules, the acquisition of the First Vessel and the Second Vessel under the First Agreement and the Second Agreement shall be aggregated for determining the percentage ratios under Rule 14.07 of the Listing Rules. As one or more applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition of the Vessels exceed 25% but are less than 100%, the Acquisition of the Vessels constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

Under Rule 14.44 of the Listing Rules, shareholders' approval for the Acquisition of the Vessels may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (1) no shareholder is required to abstain from voting if the company were to convene a general meeting for the approval of the transactions; and (2) written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction.

Fairline Consultants Limited ("Fairline") and Timberfield Limited ("Timberfield") are closely allied group of shareholders who hold 205,325,568 Shares and 136,883,712 Shares respectively, and together hold 342,209,280 Shares which represent approximately 64.53% of the total issued shares of the Company and voting rights in general meetings of the Company as at date of this announcement. Fairline and Timberfield also hold 407,858 Jinhui Shipping Shares and 260,000 Jinhui Shipping Shares respectively, and together hold 667,858 Jinhui Shipping Shares which represent approximately 0.61% of the total issued shares of Jinhui Shipping as at date of this announcement. Mr. Ng Siu Fai, Chairman and executive director of the Company, is the major shareholder and beneficial owner of Fairline. Mr. Ng Kam Wah Thomas, Managing Director and executive director of the Company, is the sole beneficial owner of Timberfield. Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers and the two founders of the Group. Fairline and Timberfield are not interested in the Acquisition of the Vessels other than through its shareholding interest in the Company and Jinhui Shipping. No Shareholder is required to abstain from voting on the Acquisition of the Vessels if the Company were to convene a general meeting for the approval of the Acquisition of the Vessels, and the Acquisition of the Vessels has been approved by written shareholders' approvals from Fairline and Timberfield.

A circular containing, amongst other things, further information relating to the Acquisition of the Vessels is expected to be despatched to the Shareholders on or before 13 January 2022 in accordance with the Listing Rules.

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 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; |
| “First Agreement” | the memorandum of agreement dated 22 December 2021 entered into between the First Vendor and the First Purchaser in respect of the acquisition of the First Vessel; |
| “First Purchaser” | Jinbi Marine Inc., a wholly-owned subsidiary of Jinhui Shipping; |
| “First Vendor” | KMARIN NO. 3B S.A., a company incorporated in the Republic of Panama; |
| “First Vessel” | a deadweight 56,361 metric tons bulk carrier “PACIFIC BLESS” registered in the Republic of Panama; |
| “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); |
| “Jinhui Shipping Shares” | ordinary shares of US\$0.05 each in the share capital of Jinhui Shipping; |
| “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; |
| “Second Agreement” | the memorandum of agreement dated 22 December 2021 entered into between the Second Vendor and the Second Purchaser in respect of the acquisition of the Second Vessel; |

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| “Second Purchaser” | Jinmao Marine Inc., a wholly-owned subsidiary of Jinhui Shipping; |
| “Second Vendor” | KMARIN NO. 3A S.A., a company incorporated in the Republic of Panama; |
| “Second Vessel” | a deadweight 56,469 metric tons bulk carrier “PACIFIC CROWN” registered in the Republic of Panama; |
| “Shareholder(s)” | Shareholder(s) of the Company; |
| “Shares” | ordinary shares of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Supramax(es)” | dry cargo vessel(s) of deadweight approximately 50,000 metric tons; |
| “Vendors” | the First Vendor and the Second Vendor; |
| “Vessels” | the First Vessel and the Second vessel; |
| “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, 22 December 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.