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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 IN RESPECT OF LEASING A VESSEL UNDER THE CHARTERPARTY

The Board is pleased to announce that, the Lessee, an approximately 55.69% indirectly owned subsidiary of the Company, entered into the Charterparty with the Lessor on 20 May 2022 in respect of leasing of the Vessel for a term of seven years commencing on the date of delivery of the Vessel to the Lessee which is expected to be delivered between 11 June 2022 and 30 June 2022.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 Leases, the Company will recognize the unaudited value of the right-of-use asset on its consolidated statement of financial position in connection with the leasing of the Vessel under the Charterparty. Accordingly, the entering into transaction under the Charterparty will be deemed as an acquisition of right-of-use assets by the Group under the Listing Rules. The unaudited value of the right-of-use asset is estimated to be approximately US\$24.6 million (equivalent to approximately HK\$191.7 million), which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the Charterparty in accordance with HKFRS 16.

As one or more applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Charterparty based on the unaudited value of the right-of-use asset recognized by the Group exceed 25% but are less than 100%, the leasing of the Vessel under the Charterparty 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 leasing of the Vessel under the Charterparty is expected to be despatched to the Shareholders on or before 13 June 2022 in accordance with the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, the Lessee, an approximately 55.69% indirectly owned subsidiary of the Company, entered into the Charterparty with the Lessor on 20 May 2022 in respect of leasing of the Vessel for a term of seven years commencing on the date of delivery of the Vessel to the Lessee which is expected to be delivered between 11 June 2022 and 30 June 2022.

THE CHARTERPARTY

The principal terms of the Charterparty are set out below:

Charterparty date:	20 May 2022
Ship owner (Lessor):	THC International S.A.
Charterer (Lessee):	Goldbeam Shipping Inc.
Vessel:	A Panamax of deadweight approximately 84,000 metric tons bulk carrier which will be named as M.V. "TAHO CIRCULAR" and registered in the Republic of Liberia
Hire period:	Minimum 81 months up to maximum 87 months in charterer's option
Hire rate:	Gross daily hire to be calculated basis the average of the Baltic Panamax Time Charter Routes published by the Baltic Exchange over the previous month of BPI 74K 4TC plus 20%, with 3.75% address commission Minimum daily hire rate of US\$11,500 (approximately HK\$90,000) in case market falls below, with 3.75% address commission Ceiling hire of US\$14,500 (approximately HK\$113,000) per day in case market rises above, with profit sharing with Lessor and Lessee equally in case average market rate rises above US\$14,500 (approximately HK\$113,000), with 3.75% address commission
Payment terms:	15 days in advance
Total minimum hire payment under the Charterparty:	Approximately US\$24.6 million, equivalent to approximately HK\$191.7 million (based on minimum hire period and minimum hire rate, net of address commission)

THE RIGHT-OF-USE ASSET

The unaudited value of the right-of-use asset to be recognized by the Company under the terms of the Charterparty amounts to approximately US\$24.6 million (equivalent to approximately HK\$191.7 million), which is the present value of total minimum hire payment at the inception of the lease terms of the Charterparty in accordance with HKFRS 16. A discount rate of approximately 4.3% 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 asset 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 Jinhui Shipping, which is in turn an approximately 55.69% owned subsidiary of the Company as at date of this announcement.

Lessor

The Lessor, THC International S.A., is a company incorporated in the Republic of Panama and its principal activities are shipowners and operator.

The Lessor is wholly owned by Ta-Ho Maritime Corporation, a company incorporated in Taiwan and is the ultimate beneficial owner of THC International S.A. Its principal activities are mainly engaged in ship owning and shipping agency.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Lessor and its ultimate beneficial owner are Independent Third Parties.

GUARANTEE BY JINHUI SHIPPING

Jinhui Shipping, the intermediate holding company of the Lessee, agrees to provide guarantee to the Lessor to the sums payable and liabilities under the Charterparty.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CHARTERPARTY

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 has been agreed on commercial terms following arm's length negotiations with reference to the prevailing market conditions and expectations of market outlook. The Directors consider that the lease of a Panamax newbuilding 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.

Despite the recent improvement in shipping 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, acquisition or charter-in of vessels 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, the Directors 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.

LISTING RULES IMPLICATION

In accordance with HKFRS 16 Leases, the Company will recognize the unaudited value of the right-of-use asset on its consolidated statement of financial position in connection with the leasing of the Vessel under the Charterparty. Accordingly, the entering into transaction under the Charterparty will be deemed as an acquisition of right-of-use assets by the Group under the Listing Rules.

The unaudited value of the right-of-use asset is estimated to be approximately US\$24.6 million (equivalent to approximately HK\$191.7 million), which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the Charterparty in accordance with HKFRS 16.

As one or more applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Charterparty based on the unaudited value of the right-of-use asset recognized by the Group exceed 25% but are less than 100%, the leasing of the Vessel under the Charterparty 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 leasing of the Vessel under the Charterparty 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 Charterparty other than through its shareholding interest in the Company and Jinhui Shipping. No Shareholder is required to abstain from voting on the Charterparty if the Company were to convene a general meeting for the approval of the Charterparty, and the Charterparty has been approved by written shareholders' approvals from Fairline and Timberfield.

A circular containing, amongst other things, further information relating to the Charterparty is expected to be despatched to the Shareholders on or before 13 June 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:

“Board”	the board of Directors;
“BPI 74K 4TC”	Baltic Exchange Panamax 74 Time Charter Average (4TC);
“Charterparty”	the charterparty dated 20 May 2022 entered into between the Lessor and the Lessee in respect of the leasing of the Vessel;
“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;
“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;
“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;
“Lessee”	Goldbeam Shipping Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Lessor”	THC International S.A., a company incorporated in the Republic of Panama;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Panamax”	vessel of deadweight approximately between 70,000 metric tons to 90,000 metric tons;
“Shareholder(s)”	Shareholder(s) of the Company;
“Shares”	ordinary shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Vessel”	a Panamax of deadweight approximately 84,000 metric tons bulk carrier which will be named as M.V. “TAHO CIRCULAR” and registered in the Republic of Liberia;
“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, 20 May 2022

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.