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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 A VESSEL**

23 November 2023

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Appendix I - Financial Information	10
Appendix II - Unaudited Pro Forma Financial Information of the Group	12
Appendix III - Valuation Certificate of the Vessel	18
Appendix IV - General Information	20

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context indicates otherwise:

“Acquisition of the Vessel”	the acquisition of the Vessel under the Agreement;
“Agreement”	the memorandum of agreement dated 27 September 2023 entered into between the Vendor and the Purchaser in respect of the acquisition of the Vessel;
“associates”	has the same meaning ascribed to it under the Listing Rules;
“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 the Latest Practicable Date, 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;
“Latest Practicable Date”	17 November 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	Jinrui Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“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;
“Vendor”	Vega Maritime FZC, a company incorporated in the United Arab Emirates;
“Vessel”	a deadweight 63,435 metric tons bulk carrier “JIN RUI”, formerly named as “HANTON TRADER III”, registered in Hong Kong;
“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.

LETTER FROM THE BOARD



JINHUI HOLDINGS COMPANY LIMITED 金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

Directors:

Ng Siu Fai (*Chairman*)
Ng Kam Wah Thomas (*Managing Director*)
Ng Ki Hung Frankie
Ho Suk Lin
Cui Jianhua *
Tsui Che Yin Frank *
William Yau *

Registered office:

26th Floor
Yardley Commercial Building
1-6 Connaught Road West
Hong Kong

* *Independent Non-executive Director*

23 November 2023

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION ACQUISITION OF A VESSEL

INTRODUCTION

The Directors refer to the announcement of the Company dated 27 September 2023 in relation to the acquisition of a vessel pursuant to the memorandum of agreement.

As disclosed in the Company's announcement on 27 September 2023, 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 27 September 2023. The purchase price of the Vessel is US\$20,433,000 (approximately HK\$159,377,400). The Vessel was delivered by the Vendor to the Purchaser on 31 October 2023.

The purpose of this circular is to give you further information in relation to the acquisition of the Vessel under the Agreement.

LETTER FROM THE BOARD

THE ACQUISITION OF THE VESSEL

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 the Latest Practicable Date. The principal activities of the Purchaser are ship owning and chartering.

Vendor

The Vendor is Vega Maritime FZC, a company incorporated in the United Arab Emirates. It is a Norwegian/Middle East based company with principal activities of ship owning and operation. Vega Maritime FZC is privately owned and is equally-owned by Mr. Kenneth Fjeld and Mr. GV Surajh. Both are the ultimate beneficial owners of Vega Maritime FZC.

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

Vessel

The Vessel is a Supramax of deadweight 63,435 metric tons, built in year 2014 by builder/yard: Jiangsu Hantong Ship Heavy Industry 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. 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\$20,433,000 (approximately HK\$159,377,400) and is payable by the Purchaser as follows:

- (1) an initial deposit of US\$2,043,300 (approximately HK\$15,937,700) was paid by the Purchaser on 28 September 2023; and
- (2) the balance of US\$18,389,700 (approximately HK\$143,439,700) was paid by the Purchaser on 31 October 2023 upon delivery of the Vessel.

The purchase price for the Vessel was paid 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.

LETTER FROM THE BOARD

In the course of negotiating the consideration of the Vessel, as the Company cannot access the book value of the Vessel from the Vendor, the Group engaged Braemar Valuations Limited (“Braemar Valuations”), an independent valuer and shipbroking company, to provide a formal valuation certificate in respect of the Vessel. In respect of the valuation of the Vessel, the Company has reviewed the valuation certificate and discussed with Braemar Valuations about the valuation approach and methodology adopted in the valuation of the Vessel. As advised by Braemar Valuations, the market approach is adopted in the valuation of the Vessel where Braemar Valuations has considered the factors including (i) the quality and reputation of the shipbuilder; (ii) the configurations and specifications of the Vessel; (iii) the country where the Vessel was 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. In terms of valuation by an independent valuer, Braemar Valuations has considered the international shipbrokers shipping reports, shipping publications and data from other market intelligence providers. Braemar Valuations has taken into account transaction prices paid for comparable vessels of similar size and specifications, built between 2013-2014 in available recent market transactions, which fall between approximately US\$20 million and US\$21.6 million during the third quarter of 2023 for Ultramax/Supramax vessels.

Having assessed all the above factors, Braemar Valuations reached the opinion of the evaluation of the Vessel, which Braemar Valuations believed would reflect the market value of the Vessel at the date of the valuation. According to Braemar Valuations, the market value of the Vessel as at 26 September 2023 was US\$20,500,000 (approximately HK\$159,900,000). The valuation certificate of the Vessel issued by Braemar Valuations is included in Appendix III to this circular.

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.

We then came up with some options on each of the available for sale vessel that fits or is a close fit to the criteria of the Group’s business operations, types of customers and/or cargoes the Group target. Such information focuses on the physical conditions of the relevant vessels and these are the particulars that the Group considers in making a purchase decision.

It is currently expected that approximately 60% 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.

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.

LETTER FROM THE BOARD

REASONS FOR THE ACQUISITION OF THE VESSEL

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. 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 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 newer vessels with larger carrying capacity and longer asset lives. The Company currently has not entered into any negotiation or plan for acquisition or disposal of vessels. We will make such decisions on an ad hoc basis to maintain a high financial flexibility and operational competitiveness.

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 and consider the purchase price of the Vessel is reasonable. The Group currently owns twenty four modern grabs fitted Supramaxes including the Vessel with existing carrying capacity of 1,383,971 metric tons.

The Vessel was delivered to the Purchaser on 31 October 2023 and is chartered out to third parties to receive charter hire and generate recurring chartering freight and hire income 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.

In face of the increasing uncertainties from the external environment, the Group will continue to stay alert to any unforeseen changes to market and carry out any investment decisions cautiously, with a view to create sustainable return to Shareholders in long term.

Possible financial effects of the Acquisition of the Vessel

Upon the completion of the Acquisition of the Vessel, it is expected that the Group's non-current assets will be increased by approximately HK\$159.38 million, being the recognition of the Vessel as property, plant and equipment, and the Group's total liabilities will be increased by approximately HK\$95.63 million, being approximately 60% of the total consideration paid for the Vessel from bank financing, and the Group's current assets will be decreased by approximately HK\$63.75 million, being the remaining consideration paid for the Vessel from bank balances and cash.

LETTER FROM THE BOARD

The Vessel will generate recurring chartering freight and hire income which will be recorded as revenue of the Group and the relevant shipping related expenses and depreciation will be recorded as expenses of the Group. Save as disclosed herein, the Acquisition of the Vessel will not have any material impact on earnings, the total assets, total liabilities and net asset value of the Group.

LISTING RULES IMPLICATION

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 Vessel exceed 25% but are less than 100%, the Acquisition of the Vessel 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 Vessel 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. 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. 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 Vessel 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 Vessel if the Company were to convene a general meeting for the approval of the Acquisition of the Vessel, and the Acquisition of the Vessel had been approved by written shareholders' approvals from Fairline and Timberfield.

As stated in the preceding paragraphs, the Directors are of the view that the Acquisition of the Vessel and transaction contemplated thereunder is in the ordinary course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and the terms for the Acquisition of the Vessel is fair and reasonable. Although a general meeting would not be convened by the Company to approve the Acquisition of the Vessel and the transaction contemplated thereunder, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Acquisition of the Vessel and the transaction contemplated thereunder.

LETTER FROM THE BOARD

CERTAIN INFORMATION REQUIRED UNDER THE LISTING RULES

According to Rule 14.67(6)(b)(i) of the Listing Rules, on an acquisition of revenue generating assets (other than a business or company) with an identifiable income stream or assets valuation, the Company is required to include in the circular a profit and loss statement and valuation (where available) for the three preceding financial years on the identifiable net income stream in relation to such assets which must be reviewed by the auditor or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records.

For the preparation of the profit and loss statement on the identifiable net income stream in relation to the Vessel in strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules, full access to the underlying books and records of the Vendor covering the relevant period is required. However, despite request made by the Company with the Vendor, the Vendor has not agreed to grant permission for the Group and/or the Company's auditor to gain full access to the relevant underlying books and records of the Vendor nor have they agreed to provide the Group with the above specific information in relation to the Vessel for public disclosure. Besides, the Vendor is not public listed company, its accounts, books and accounting records are not available to the public. Without the aforesaid full access to the underlying books and records of the Vessel granted by the Vendor, it would not be possible for the Company to properly compile a profit and loss statement for the Vessel's net income stream for the relevant period for inclusion in the circular as required under Rule 14.67(6)(b)(i) of the Listing Rules. The Company has therefore applied to the Stock Exchange for, and was granted by the Stock Exchange, a waiver from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules. The Company believes that Shareholders will not be prejudiced even if they are not provided with the information under Rule 14.67(6)(b)(i). Given that the dry bulk shipping market is highly volatile, the income and expenses of dry bulk vessels fluctuate depending on a number of external factors. A principal factor which affects the amount of income generated by a vessel is the prevailing market conditions. Besides, the historical results of operations of the Vessel only indicate the performance of the Vessel under Vendor's management, Vendor's charter contracts and operating practices and prevailing market conditions which are not necessarily indicative of its future potential results. The future earnings of a vessel largely depend on the spot rate under the dry bulk future market conditions and management of the ship owner, the type of commodity trade, customer base engaged and skills in deploying the vessels to maximize utilization with minimal disruptions. Hence, the previous financial performance of the Vessel would provide no benchmark of its performance under the Company's use. On this basis, it is submitted that inclusion of the historical results of operations of the Vessel would present limited value to the Shareholders. The Directors are of the view that the omission of the profit and loss statement on the identifiable net income stream of the Vessel in strict compliance with the requirements of Rule 14.67(6)(b)(i) of the Listing Rules would not render this circular materially incomplete or misleading or deceptive.

LETTER FROM THE BOARD

As alternative disclosure, the Company engaged Braemar Valuations for the valuation of the Vessel and the valuation certificate issued by Braemar Valuations is included in the Appendix III to this circular. As Braemar Valuations is an independent professional valuer, the Company believes the inclusion of the valuation report in the circular would provide additional information to the Shareholders in assessing the transaction. The valuation certificate would provide an objective view on the market value of the Vessel and provide sufficient information for the Shareholders to make an informed assessment of the Acquisition of the Vessel.

Your attention is also drawn to the appendices to this circular.

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

(1) FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.jinhuiship.com>):

- Annual report of the Company for the year ended 31 December 2020 (pages 68 to 137)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041500725.pdf>
- Annual report of the Company for the year ended 31 December 2021 (pages 70 to 145)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042701782.pdf>
- Annual report of the Company for the year ended 31 December 2022 (pages 84 to 161)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400586.pdf>
- Interim report of the Company for the six months ended 30 June 2023 (pages 24 to 46)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0914/2023091400600.pdf>

(2) INDEBTEDNESS

As at the close of business on 30 September 2023, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding bank borrowings which were secured loans of approximately HK\$785 million.

The bank borrowings comprised secured term loans of approximately HK\$582 million and secured revolving loans of approximately HK\$203 million. All outstanding bank borrowings and credit facilities were guaranteed by the Company or Jinhui Shipping.

As at 30 September 2023, the Group's credit facilities were secured by certain of the Group's property, plant and equipment with an aggregate net book value of approximately HK\$1,405 million, investment properties with an aggregate carrying amount of approximately HK\$326 million, financial assets at fair value through profit or loss of approximately HK\$98 million and deposits in banks amounting to approximately HK\$10 million. Shares of six ship owning subsidiaries, being members of the Group, were pledged together with the assignment of chartering income of twelve subsidiaries to secure credit facilities utilized by the Group.

As at 30 September 2023, the Group had lease liabilities of approximately HK\$203 million. All outstanding lease liabilities was unsecured and unguaranteed.

As at 30 September 2023, save as aforesaid and apart from intra-group liabilities, none of the companies in the Group had any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loan or indebtedness in the nature of borrowings, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits, or any guarantees or other material contingent liabilities.

(3) FINANCIAL AND TRADING PROSPECTS

The Group has continued to carry on the businesses of investment holding, ship chartering, ship owning and ship operating during the current financial year, and the Directors expect that with cash and marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

The reopening of the world after COVID has encouraged a short term economic boost but soon lost steam. The previous general expectation of a slower global economy growth has somewhat materialized. Transportation of commodities will undergo profound and complex changes given the variables that affect our business are a combination of industry specific, economical, as well as geopolitically driven. When we look purely at the industry fundamentals, the supply of new vessels remain low. The industry outlook continues to point towards a relatively healthy freight market for our business operations. Demand for commodities is expected to remain robust. Logistics of the transportation of goods and commodities continue to experience bottlenecks and disruptions are likely to continue to be present in the foreseeable future depending on countries and regions.

With expected moderate global dry bulk fleet growth in the next few years due to minimal new ship ordering and potentially increased scrapping as the fleet ages and decarbonization regulations tighten, new vessel orders are expected to be low. Looking ahead, this potentially highly favorable demand and supply dynamics is expected to continue, where our fleet is well positioned to benefit.

We believe the newly acquired vessel can increase the carrying capacity of our fleet profile, bring chartering freight and hire income to the Group and enhance the Group's income and cashflow from core shipping business. We remain alert to the increasingly frequent economic, geo-political, or other unforeseen surprises that can trigger volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We currently have no capital expenditure commitment in relation to newbuilding contracts, and will continue to focus on taking sensible and decisive actions to maintain a strong financial position.

(4) WORKING CAPITAL

The Directors are of the opinion that after taking into account its internal resources, the existing available credit facilities, the indebtedness statement of the Group as set out in the section headed "(2) INDEBTEDNESS" above and the Acquisition of the Vessel, the Group has sufficient working capital for its present requirements for the next twelve-month period from date of this circular.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Introduction

The unaudited pro forma financial information (the “Unaudited Pro Forma Financial Information”), comprising the unaudited pro forma consolidated statement of financial position of the Company and its subsidiaries (collectively the “Group”) and related notes, has been prepared in accordance with Rule 4.29 of the Listing Rules for the purposes of illustrating the effect of the Acquisition of the Vessel as if it had been completed on 30 June 2023.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2023, which has been extracted from the published interim report of the Company for the six months ended 30 June 2023, after making pro forma adjustments relating to the Acquisition of the Vessel, as if it had been completed on 30 June 2023.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the Group’s financial position following the completion of the Acquisition of the Vessel. Further, the Unaudited Pro Forma Financial Information of the Group does not purport to predict the future financial position of the Group after the completion of the Acquisition of the Vessel.

The Unaudited Pro Forma Financial Information of the Group after the Acquisition of the Vessel should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this circular and other financial information included elsewhere in this circular.

Unaudited Pro Forma Consolidated Statement of Financial Position

	As at 30 June 2023	Pro forma adjustments	<i>Notes (ii)</i>	Pro forma total
	<i>HK\$’000</i>	<i>HK\$’000</i>		<i>HK\$’000</i>
	<i>Notes (i)</i>			
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	2,909,898	159,377	<i>(a)</i>	3,069,275
Right-of-use assets	163,426			163,426
Investment properties	361,640			361,640
Financial assets at fair value through OCI	97,581			97,581
Intangible assets	<u>822</u>			<u>822</u>
	<u>3,533,367</u>			<u>3,692,744</u>

APPENDIX II
**UNAUDITED PRO FORMA
FINANCIAL INFORMATION OF THE GROUP**

	As at 30 June 2023 <i>HK\$'000</i> <i>Notes (i)</i>	Pro forma adjustments <i>HK\$'000</i>	<i>Notes (ii)</i>	Pro forma total <i>HK\$'000</i>
Current assets				
Inventories	15,573			15,573
Loan receivables	12,304			12,304
Trade and other receivables	145,188			145,188
Financial assets at fair value through profit or loss	194,064			194,064
Tax recoverable	1,328			1,328
Pledged deposits	3,951			3,951
Bank balances and cash	<u>238,811</u>	(63,751)	<i>(b)</i>	<u>175,060</u>
	<u>611,219</u>			<u>547,468</u>
Current liabilities				
Trade and other payables	101,255			101,255
Secured bank loans	308,701	3,896	<i>(b)</i>	312,597
Lease liabilities	<u>25,161</u>			<u>25,161</u>
	<u>435,117</u>			<u>439,013</u>
Non-current liabilities				
Secured bank loans	444,275	91,730	<i>(b)</i>	536,005
Lease liabilities	<u>135,430</u>			<u>135,430</u>
	<u>579,705</u>			<u>671,435</u>
Net assets	<u><u>3,129,764</u></u>			<u><u>3,129,764</u></u>
EQUITY				
Equity attributable to shareholders of the Company				
Issued capital	381,639			381,639
Reserves	<u>1,396,467</u>			<u>1,396,467</u>
	1,778,106			1,778,106
Non-controlling interests	<u>1,351,658</u>			<u>1,351,658</u>
Total equity	<u><u>3,129,764</u></u>			<u><u>3,129,764</u></u>

Notes:

- (i) The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2023 as set out in the published interim report of the Company for the six months ended 30 June 2023.

No adjustment has been made to reflect any operating results or other transactions of the Group entered into subsequent to 30 June 2023.

- (ii) Notes to the pro forma adjustments

(a) The increase in property, plant and equipment represents the consideration for the Vessel of US\$20,433,000 (approximately HK\$159,377,400).

(b) Approximately 60% of the consideration amount of US\$12,259,800 (approximately HK\$95,626,000) will be paid from bank financing, thus the Group's total liabilities will be increased and the remaining amount of US\$8,173,200 (approximately HK\$63,751,400) will be paid from the internal resources of the Group, thus reducing the bank balances and cash of the Group.

(B) ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from our reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF JINHUI HOLDINGS COMPANY LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jinhui Holdings Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2023 and related notes as set out on pages 12 to 14 of the Company’s circular dated 23 November 2023 (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 12 to 14 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of vessel (the “Acquisition of the Vessel”) on the Group’s financial position as at 30 June 2023 as if the Acquisition of the Vessel had taken place at 30 June 2023. As part of this process, information about the Group’s financial position has been extracted by the Directors from the unaudited consolidated interim financial statements of the Company for the six months ended 30 June 2023, on which no review report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition of the Vessel at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Hong Kong, 23 November 2023

The following is the full text of the valuation certificate received from Braemar Valuations Limited, an independent valuer and shipbroking company, in connection with its opinion on the market value of the Vessel as of 26 September 2023 prepared for the purpose of incorporation in this circular. Braemar Valuations Limited is as one of the world's leading advisors in shipbroking, chartering and risk management and deliver solutions and support for its customers around the world in shipbroking industry.

JINHUI HOLDINGS COMPANY LIMITED**CERTIFICATE OF VALUATION****MV "HANTON TRADER III" (IMO NO. 9691436)**

From our examination of the current entries in the appropriate Reference Sources, it appears that the vessel was built in 2014, by Jiangsu Hantong HI, China, is of about 36,278 tons gross register and about 21,607 tons nett register, is classed with BV, having one deck, is shown as capable of carrying about 63,435 metric tons deadweight, is fitted with a MAN-B&W 5S60ME-C8.2 engine and Ballast Water Treatment System.

We should make it clear that we have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records, but we have assumed for the purposes of this valuation, that the vessel is in good and seaworthy condition.

After careful consideration, we are of the opinion that the charterfree market value of the above vessel as at 26th September 2023 between willing Buyer and willing Seller basis delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever is:-

US\$ 20,500,000.00

(Say: United States Dollars Twenty Million Five Hundred Thousand)

The figure mentioned above relates solely to our opinion of the market value of the above vessel as at 26th September 2023 and should not be taken to apply at any other date. In addition no assurance can be given that the valuation will be sustained or is realisable in an actual transaction.

We believe that the above valuation and particulars are reasonably accurate, but all statements made above are statements of opinion and are not to be taken as representations of fact. This valuation is for general information and has not been produced for any specific purpose. No assurance is given as to the suitability of the valuation for use in relation any specific project or transaction. Any party contemplating entering a transaction should satisfy themselves by inspection of the vessel or otherwise as to the correctness of the statements and assumptions which the valuation contains.

This valuation is provided solely for the private use of the addressee and cannot be published, circulated or provided to any third party without the express written agreement of Braemar Valuations Limited. No responsibility can be accepted for any use by any third party and you will indemnify Braemar Valuations Limited and all associated companies for any loss or damage including all legal expenses arising out of any allegation of reliance on this valuation by such a third party.

Additionally this valuation is not to be used in a public document or a fund-raising document without our prior written consent.

It must be appreciated that ship values can be very volatile, unstable and irregular. Information on comparable transactions and market demand can also be very limited. The worldwide Covid-19 outbreak has introduced further uncertainty. These circumstances should be considered by anyone contemplating entering a transaction.

For and on behalf of
BRAEMAR VALUATIONS LIMITED

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long positions*(i) Directors' interests in Shares*

Name	Number of shares in the Company held and capacity			Total	Percentage of total issued Shares
	Beneficial owner	Interest of spouse	Interest of controlled corporation		
Ng Siu Fai	25,203,000	15,140,000	205,325,568	245,668,568	46.33%
			<i>Note 1</i>		
Ng Kam Wah Thomas	5,909,000	—	136,883,712	142,792,712	26.93%
			<i>Note 2</i>		
Ng Ki Hung Frankie	3,000,000	—	—	3,000,000	0.57%
Ho Suk Lin	3,850,000	—	—	3,850,000	0.73%
Cui Jianhua	960,000	—	—	960,000	0.18%
Tsui Che Yin Frank	1,000,000	—	—	1,000,000	0.19%
William Yau	441,000	—	—	441,000	0.08%

Note 1: Mr. Ng Siu Fai is deemed to be interested in 205,325,568 shares of the Company held by his 51% owned company, Fairline Consultants Limited.

Note 2: Mr. Ng Kam Wah Thomas is deemed to be interested in 136,883,712 shares of the Company held by his wholly owned company, Timberfield Limited.

(ii) *Directors' interests in associated corporation*

Name	Number of Jinhui Shipping Shares held and capacity			Total	Percentage of total issued Jinhui Shipping Shares
	Beneficial owner	Interest of spouse	Interest of controlled corporation		
Ng Siu Fai	4,141,830	1,079,196	61,249,098	66,470,124	60.84%
			<i>Note 1</i>		
Ng Kam Wah Thomas	864,900	—	260,000	1,124,900	1.03%
			<i>Note 2</i>		

Notes:

1. Mr. Ng Siu Fai is deemed to be interested in 61,249,098 shares of Jinhui Shipping through his interests in 51% of the issued capital of Fairline Consultants Limited as Fairline Consultants Limited was the beneficial owner of 407,858 shares of Jinhui Shipping and, through Fairline Consultants Limited's controlling interests in the Company, is also deemed to be interested in 60,841,240 shares of Jinhui Shipping held by the Company.
2. Mr. Ng Kam Wah Thomas is deemed to be interested in 260,000 shares of Jinhui Shipping through his wholly owned company, Timberfield Limited.

All the interests stated above represent long positions. No short positions were recorded in the register maintained by the Company under Section 352 of the SFO as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

- (b) As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group not determinable by the Company within one year without payment of compensation (other than statutory compensation).
- (c) As at the Latest Practicable Date, none of the Directors or their respective associates has any interests in any company or business which competes or may compete with the businesses of the Group.
- (d) As at the Latest Practicable Date, none of the Directors has or has had direct or indirect interest in any assets acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group since the date to which the latest published audited annual financial statements of the Group were made up.
- (e) There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) have, or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions

Name of shareholders	Number of shares in the Company held and capacity			Total	Percentage of total issued shares of the Company
	Beneficial owner	Interest of spouse	Interest of controlled corporation		
Wong Yee Man Gloria	15,140,000	230,528,568	–	245,668,568	46.33%
		<i>Note 1</i>			
Ng Chi Lam Michael	–	–	205,325,568	205,325,568	38.72%
			<i>Note 2</i>		
Fairline Consultants Limited	205,325,568	–	–	205,325,568	38.72%
Timberfield Limited	136,883,712	–	–	136,883,712	25.81%
Bian Ximing	–	–	29,378,000	29,378,000	5.54%
			<i>Note 3</i>		
Zhongcai Merchants Investment Group Co., Ltd.	–	–	29,378,000	29,378,000	5.54%
			<i>Note 4</i>		
Zhongcai (Holdings) Limited	26,949,000	–	–	26,949,000	5.08%

Notes:

- Ms. Wong Yee Man Gloria is deemed to be interested in 230,528,568 shares of the Company through the interests of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).
- Mr. Ng Chi Lam Michael is deemed to be interested in 205,325,568 shares of the Company through his interests in 49% of the issued capital of Fairline Consultants Limited (as disclosed hereinabove).
- Mr. Bian Ximing is deemed to be interested in 29,378,000 shares of the Company through his interests in 65.32% of the issued capital of Zhongcai Merchants Investment Group Co., Ltd. (as disclosed in Note 4 below).
- Zhongcai Merchants Investment Group Co., Ltd. is deemed to be interested in 29,378,000 shares of the Company through its subsidiaries, Zhongcai (Holdings) Limited and Hong Kong Zhongcai Finance Investment Limited, which are the beneficial owners of 26,949,000 shares and 2,429,000 shares of the Company respectively.

Save as disclosed herein, as at the Latest Practicable Date, the Company has not been notified of any person (other than Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Group were made up.

LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

EXPERTS AND CONSENTS

The qualification of the experts who have given opinions and advice in this circular is as follows:

Name	Qualification
Braemar Valuations Limited	Professional valuer
Grant Thornton Hong Kong Limited	Certified Public Accountants

Braemar Valuations Limited is one of the world's leading advisors in shipbroking, chartering and risk management and deliver solutions and support for its customers around the world in shipbroking industry.

Grant Thornton Hong Kong Limited is a firm of certified public accountants in Hong Kong.

As at the Latest Practicable Date, each of Braemar Valuations Limited and Grant Thornton Hong Kong Limited had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and had no direct or indirect interest in any assets acquired or disposed of by or leased to any members of the Group or was proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company was made up.

Each of Braemar Valuations Limited and Grant Thornton Hong Kong Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its expert's statement included in the form and context in which they respectively appear.

MATERIAL CONTRACTS

The following contracts have been entered into by members of the Group (marked with an "*" below) within two years preceding the date of this circular and each of which is or may be material:

- (1) an agreement dated 5 October 2021 entered into between Jinshun Shipping Inc.* and Tesoro Transport Inc. regarding the acquisition of the vessel at a consideration of US\$15,750,000;

- (2) an agreement dated 22 December 2021 entered into between Jinbi Marine Inc.* and KMARIN NO. 3B S.A. regarding the acquisition of the vessel at a consideration of US\$17,250,000;
- (3) an agreement dated 22 December 2021 entered into between Jinmao Marine Inc.* and KMARIN NO. 3A S.A. regarding the acquisition of the vessel at a consideration of US\$17,250,000;
- (4) an agreement dated 8 March 2022 entered into between Jincheng Maritime Inc.* and Perfect Shipping Co., Limited regarding the disposal of the vessel at a consideration of US\$13,900,000;
- (5) an agreement dated 28 March 2022 entered into between Jinping Marine Inc.* and Ratu Shipping Co., S.A. regarding the acquisition of the vessel at a consideration of US\$25,500,000;
- (6) a charterparty dated 20 May 2022 entered into between Goldbeam Shipping Inc.* and THC International S.A. regarding the leasing of the vessel for a term of seven years in which the value of right-of-use asset recognized by the Company amounted to approximately US\$24.6 million;
- (7) an agreement dated 9 September 2022 entered into between Jinheng Marine Inc.* and Ratu Shipping Co., S.A. regarding the acquisition of the vessel at a consideration of US\$25,375,000;
- (8) an agreement dated 9 September 2022 entered into between Jinchao Marine Inc.* and Ratu Shipping Co., S.A. regarding the acquisition of the vessel at a consideration of US\$25,375,000;
- (9) an agreement dated 18 October 2022 entered into between Jinmei Marine Inc.* and Bardar Corporation regarding the disposal of the vessel at a consideration of US\$17,250,000;
- (10) an agreement dated 18 October 2022 entered into between Jinlang Marine Inc.* and Bursa Oceanways Inc. regarding the disposal of the vessel at a consideration of US\$17,250,000;
- (11) an agreement dated 24 October 2022 entered into between Jinyao Marine Inc.* and Xinfeng (HK) Shipping Co., Limited regarding the disposal of the vessel at a consideration of US\$13,300,000;
- (12) an agreement dated 20 September 2023 entered into between Jinfeng Marine Inc.* and ETL Shipping (PTE.) LTD. regarding the disposal of the vessel at a consideration of US\$8,080,000; and
- (13) an agreement dated 27 September 2023 entered into between Jinrui Marine Inc.* and Vega Maritime FZC regarding the acquisition of the vessel at a consideration of US\$20,433,000.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.jinhuiship.com>) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Agreement;
- (b) the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (c) the letter from Grant Thornton Hong Kong Limited in respect of the unaudited pro forma financial information of the Group;
- (d) the valuation certificate prepared by Braemar Valuations Limited in relation to the Vessel, the text of which is set out in Appendix III to this circular;
- (e) the written consents referred to in the paragraph headed “Experts and Consents” in this appendix; and
- (f) the written approval dated 27 September 2023 given by Fairline Consultants Limited and Timberfield Limited in relation to the Acquisition of the Vessel.

GENERAL

- (a) The secretary of the Company is Ms. Ho Suk Lin, a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.
- (b) The registered office, also the head office, of the Company is situated at 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong.
- (c) The principal share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.