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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

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 21 February 2024. The purchase price of the Vessel is US\$31,122,450 (approximately HK\$242,755,000). The Vessel will be delivered by the Vendor to the Purchaser between 1 April 2024 and 15 June 2024.

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. A circular containing, amongst other things, further information relating to the Acquisition of the Vessel is expected to be despatched to the Shareholders on or before 13 March 2024 in accordance with the Listing Rules.

THE ACQUISITION OF THE VESSEL

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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 Vincent ACL Ltd, a company incorporated in the Republic of the Marshall Islands with principal activities of ship owning and chartering.

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

Vessel

The Vessel is a Panamax of deadweight 81,567 metric tons, built in year 2019 by 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\$31,122,450 (approximately HK\$242,755,000) and is payable by the Purchaser as follows:

- (1) an initial deposit of US\$3,112,245 (approximately HK\$24,275,000) will be payable by the Purchaser (i) within three banking days from the date of signing the Agreement; or (ii) on the date at which the confirmation from the escrow agent confirming the account is ready to receive the initial deposit, whichever is the latest; and
- (2) the balance of US\$28,010,205 (approximately HK\$218,480,000) will be payable by the Purchaser on the delivery of the Vessel which will take place between 1 April 2024 and 15 June 2024.

The purchase price for the Vessel will be payable by cash in United States Dollars. The purchase price of the Vessel was determined by reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of built in the market, valuation from independent valuer and on the basis of arm's length negotiations with the Vendor.

In the course of negotiating the consideration of the Vessel, the Group has obtained indicative valuation of the Vessel from Braemar Valuations Limited ("Braemar Valuations"), an independent valuer, 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. 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 20 February 2024 was US\$31.5 million (approximately HK\$245.7 million).

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 70% of the purchase price of the Vessel will be funded by bank financing and the remaining will be funded by internal resources of the Group.

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

REASONS FOR THE ACQUISITION OF THE VESSEL

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

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. We will make such decisions on an ad hoc basis to maintain high financial flexibility and operational competitiveness.

The Vessel is a Panamax 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 operates twenty four vessels, of which twenty

two are owned vessels and two are chartered-in vessels. As at date of this announcement, in order to further enhance the quality of our fleet, we have contracted to acquire a Capesize as announced by the Company on 2 February 2024. After the completion of the delivery of the Capesize and the Vessel, the Group's fleet will consist of twenty six vessels, including twenty four owned vessels and two chartered-in vessels, with total carrying capacity of 1,708,568 metric tons.

Upon the completion of the acquisition of the Vessel, the Vessel will be chartered out to third parties for the transportation of dry bulk commodities to receive charter hire and to 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.

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 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 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 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 Vessel is expected to be despatched to the Shareholders on or before 13 March 2024 in accordance with 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 21 February 2024 entered into between the Vendor and the Purchaser in respect of the acquisition of the Vessel;
“Board”	the board of Directors;
“Capesize”	dry bulk vessel of deadweight approximately 120,000 metric tons or above;
“Company”	Jinhui 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);
“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;
“Panamax”	dry bulk vessel of deadweight approximately between 70,000 metric tons to 90,000 metric tons;
“Purchaser”	Jinli Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Shareholder(s)”	shareholder(s) of the Company;
“Shares”	ordinary shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Vincent ACL Ltd, a company incorporated in the Republic of the Marshall Islands;

“Vessel” a deadweight 81,567 metric tons bulk carrier “VINCENT TRADER” registered in the Republic of Panama and Philippines;

“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, 21 February 2024

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.