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JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

DISCLOSEABLE TRANSACTION 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 26 April 2024 in respect of leasing of the Vessel for a term of minimum twenty months, commencing on the date of delivery of the Vessel to the Lessee.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 Leases, the Company will recognize the unaudited value of the right-of-use assets 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 assets is estimated to be approximately US\$9.02 million (equivalent to approximately HK\$70.33 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 Leases.

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 assets recognized by the Group exceed 5% but are less than 25%, the leasing of the Vessel under the Charterparty constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of 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 26 April 2024 in respect of leasing of the Vessel for a term of minimum twenty months, commencing on the date of delivery of the Vessel to the Lessee. The date of delivery of the Vessel is expected to be between 1 May 2024 to 30 June 2024.

THE CHARTERPARTY

The principal terms of the Charterparty are set out below:

Ship owner (Lessor): Xinghe Shipping Pte. Ltd.

Charterer (Lessee): Jinhui Marine Inc.

Vessel: a vessel of deadweight approximately 61,473 metric tons bulk carrier, named as M.V. "XING HE HAI", built in 2016 and registered in Singapore

Hire period: Minimum 20 months up to maximum 23 months

Hire rate: Daily hire rate of US\$16,250 (approximately HK\$126,750) with 3.75% address commission

Payment terms: 15 days in advance

Total minimum hire payment under the Charterparty: Approximately US\$9.02 million, equivalent to approximately HK\$70.33 million (based on minimum hire period, net of address commission)

THE RIGHT-OF-USE ASSETS

The unaudited value of the right-of-use assets to be recognized by the Company under the terms of the Charterparty amounts to approximately US\$9.02 million (equivalent to approximately HK\$70.33 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 Leases. A discount rate of approximately 6.71% 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 assets 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, Xinghe Shipping Pte. Ltd., is a company incorporated in Singapore and its principal activities are chartering of ships and boats with crew.

The Lessor is wholly owned by Fortune Ocean Shipping Pte. Ltd., a company incorporated in Singapore with major business activities of ship operating and chartering. The ultimate beneficial owners of the Lessor are Mr. Sun Xingtao and Mr. Chen Jimei, each owning an equal share.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Lessor, Fortune Ocean Shipping Pte. Ltd. and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CHARTERPARTY

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 terms and conditions of the Charterparty have been agreed on commercial terms following arm's length negotiations between parties with reference to the prevailing market conditions and expectations of market outlook. In addition, when determining the hire rate, the prevailing market hire rates with comparable type of vessels in the market and the historical average daily time charter equivalent rates earned by the Group were taken into consideration.

Most importantly, comparison has been made between the pricing structure of chartering a vessel with purchasing the same vessel directly. In view of rising vessel prices, the aggregate of the daily running cost, depreciation, cost of interest, cost of principal repayment, insurance and other maintenance costs is high for running a vessel. Besides, the cost of borrowing is increasing under the inflationary environment. Locking in a long-term contract with minimal hire actually has the benefit of bypassing inflationary pressure and other cost variation which the Company have to bear if we purchase a vessel.

The Directors consider that the lease of the Vessel 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, bring chartering freight and hire income to the Group and enhance the Group's income and cashflow from core shipping business.

In order to remain competitive in the 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 of smaller and older vessels and replace with newer vessels or charter-in of vessels with larger carrying capacity; 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, and 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. Upon delivery of the Vessel, the Vessel is chartered out to customers for the transportation of dry bulk commodities to receive and generate chartering freight and hire income for the Group.

LISTING RULES IMPLICATION

In accordance with HKFRS 16 Leases, the Company will recognize the unaudited value of the right-of-use assets 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 assets is estimated to be approximately US\$9.02 million (equivalent to approximately HK\$70.33 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 Leases.

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 assets recognized by the Group exceed 5% but are less than 25%, the leasing of the Vessel under the Charterparty constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of 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;
“Charterparty”	the charterparty entered into between the Lessor and the Lessee in respect of the leasing of the Vessel on 26 April 2024;
“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);
“Lessee”	Jinhui Marine Inc., a company incorporated in the Republic of Panama;
“Lessor”	Xinghe Shipping Pte. Ltd., a company incorporated in Singapore;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vessel”	a vessel of deadweight approximately 61,473 metric tons bulk carrier, named as M.V. “XING HE HAI”, built in 2016 and registered in Singapore;
“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, 26 April 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.