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JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

MAJOR TRANSACTION ACQUISITION OF VESSELS

As disclosed in the Company's announcement on 9 July 2021, the First Purchaser, an approximately 55.69% indirectly owned subsidiary of the Company, entered into the First Agreement with the First Vendor in respect of the acquisition of the First Vessel on 9 July 2021. The purchase price of the First Vessel is US\$15,180,000 (approximately HK\$118,404,000). The First Vessel will be delivered by the First Vendor to the First Purchaser between 15 September 2021 and 20 October 2021. Under the Listing Rules, the acquisition of the First Vessel, on a standalone basis, constitutes a discloseable transaction for the Company.

On 20 August 2021, the Second Purchaser, an approximately 55.69% indirectly owned subsidiary of the Company, entered into the Second Agreement with the Second Vendor in respect of the acquisition of the Second Vessel. The purchase price of the Second Vessel is US\$17,000,000 (approximately HK\$132,600,000). The Second Vessel will be delivered by the Second Vendor to the Second Purchaser between 20 October 2021 and 30 November 2021. Under the Listing Rules, the acquisition of the Second Vessel, on a standalone basis, constitutes a discloseable transaction for the Company.

Since the First Vendor and the Second Vendor are both owned by a common ultimate beneficial owner, pursuant to Rule 14.22 of the Listing Rules, the acquisition of the First Vessel and the Second Vessel under the First Agreement and the Second Agreement shall be aggregated for determining the percentage ratios under Rule 14.07 of the Listing Rules. As one or more applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the aggregated amount of the considerations under the First Agreement and the Second Agreement are more than 25% but less than 100%, the Acquisition of the Vessels constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules. A circular containing, amongst other things, further information relating to the Acquisition of the Vessels is expected to be despatched to the Shareholders on or before 15 September 2021 in accordance with the Listing Rules.

THE ACQUISITION OF THE VESSELS

As disclosed in the Company's announcement on 9 July 2021, the First Purchaser, an approximately 55.69% indirectly owned subsidiary of the Company, entered into the First Agreement with the First Vendor in respect of the acquisition of the First Vessel on 9 July 2021. The purchase price of the First Vessel is US\$15,180,000 (approximately HK\$118,404,000). The First Vessel will be delivered by the First Vendor to the First Purchaser between 15 September 2021 and 20 October 2021.

On 20 August 2021, the Second Purchaser, an approximately 55.69% indirectly owned subsidiary of the Company, entered into the Second Agreement with the Second Vendor in respect of the acquisition of the Second Vessel. The purchase price of the Second Vessel is US\$17,000,000 (approximately HK\$132,600,000). The Second Vessel will be delivered by the Second Vendor to the Second Purchaser between 20 October 2021 and 30 November 2021.

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

Information on the Group and the purchasers

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are international ship chartering and ship owning.

The First Purchaser is a ship owning company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 55.69% owned subsidiary of the Company as at date of this announcement. The principal activities of the First Purchaser are ship owning and chartering.

The Second Purchaser is a ship owning company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 55.69% owned subsidiary of the Company as at date of this announcement. The principal activities of the Second Purchaser are ship owning and chartering.

Vendors

The First Vendor is BELFRI AS, a company incorporated in Norway. Its principal activities are purchase, sale and operation of ships.

The Second Vendor is BELCARGO AS, a company incorporated in Norway. Its principal activities are sale and operation of ships and other shipping activities.

Both the First Vendor and the Second Vendor are owned by BELSHIPS ASA, a company incorporated in Norway and listed on the Oslo Stock Exchange with principal activities of providing shipping transportation services in a global market.

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

Vessels

The First Vessel is a Supramax of deadweight 55,866 metric tons, built in year 2007.

The Second Vessel is a Supramax of deadweight 58,729 metric tons, built in year 2008.

Considerations

Under the First Agreement, the purchase price for the First Vessel is US\$15,180,000 (approximately HK\$118,404,000) and is payable by the First Purchaser as follows:

- (1) an initial deposit of US\$2,277,000 (approximately HK\$17,761,000) was paid by the First Purchaser on 14 July 2021; and
- (2) the balance of US\$12,903,000 (approximately HK\$100,643,000) will be payable by the First Purchaser on the delivery of the First Vessel which will take place between 15 September 2021 and 20 October 2021.

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

Under the Second Agreement, the purchase price for the Second Vessel is US\$17,000,000 (approximately HK\$132,600,000) and is payable by the Second Purchaser as follows:

- (1) an initial deposit of US\$2,550,000 (approximately HK\$19,890,000) will be payable by the Second Purchaser within three banking days after the date that (i) the signing of the Second Agreement; and (ii) the confirmation from the escrow agent confirming the account is ready to receive the initial deposit; and
- (2) the balance of US\$14,450,000 (approximately HK\$112,710,000) will be payable by the Second Purchaser on the delivery of the Second Vessel which will take place between 20 October 2021 and 30 November 2021.

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

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. However, as each vessel is never identical, we will take into account the individual specification, maintenance quality and conditions of each individual vessel to consider its purchase.

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

GUARANTEE BY JINHUI SHIPPING

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

REASONS FOR THE ACQUISITION OF VESSELS

The Group's principal activities are international ship chartering and ship owning. The First Vessel and the Second Vessel are grabs fitted Supramaxes for the transportation of dry bulk commodities. The Directors and senior management have been reviewing the individual specification, maintenance quality and conditions of the First Vessel and the Second Vessel and consider the purchase prices of the First Vessel and the Second Vessel are reasonable and are expected to generate steady stream of income for the Group. The Group currently owns twenty dry bulk vessels which include two Post-Panamaxes and eighteen grabs fitted Supramaxes. Total carrying capacity will be increased by 114,595 metric tons to 1,359,168 metric tons after the completion of the acquisition of the First Vessel and the Second Vessel.

It is currently expected that the purchase prices of the First Vessel and the Second Vessel will be funded by internal resources of the Group.

LISTING RULES IMPLICATION

As one or more applicable percentage ratios (as defined in the Listing Rules) for the Acquisition of the Vessels exceed 25% but are less than 100%, the Acquisition of the Vessels constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

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

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

A circular containing, amongst other things, further information relating to the Acquisition of the Vessels is expected to be despatched to the Shareholders on or before 15 September 2021 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 Vessels”	the acquisition of the First Vessel under the First Agreement and the acquisition of the Second Vessel under the Second Agreement;
“Board”	the board of Directors;
“Company”	Jinhui Holdings Company Limited, a company incorporated in Hong Kong, whose shares are listed on the Hong Kong Stock Exchange;
“Directors”	the directors of the Company;
“First Agreement”	the memorandum of agreement dated 9 July 2021 entered into between the First Vendor and the First Purchaser in respect of the acquisition of the First Vessel;
“First Purchaser”	Jinan Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“First Vendor”	BELFRI AS, a company incorporated in Norway;
“First Vessel”	a deadweight 55,866 metric tons bulk carrier “BELFRI” registered in Norway;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	person(s) (and in case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates within the meaning of the Listing Rules;
“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a limited liability company incorporated in Bermuda and an approximately 55.69% owned subsidiary of the Company as at date of this announcement, whose shares are listed on the Oslo Stock Exchange (stock code: JIN);
“Jinhui Shipping Shares”	ordinary shares of US\$0.05 each in the share capital of Jinhui Shipping;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Post-Panamaxes”	vessels of deadweight approximately between 90,000 metric tons to 100,000 metric tons;
“Second Agreement”	the memorandum of agreement dated 20 August 2021 entered into between the Second Vendor and the Second Purchaser in respect of the acquisition of the Second Vessel;
“Second Purchaser”	Jinrong Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Second Vendor”	BELCARGO AS, a company incorporated in Norway;

“Second Vessel”	a deadweight 58,729 metric tons bulk carrier “BELCARGO” registered in Norway;
“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;
“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 August 2021

As at date of this announcement, the Executive Directors of the Company are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of the Company are Cui Jianhua, Tsui Che Yin Frank and William Yau.