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Jinhai International Group Holdings Limited

今海國際集團控股有限公司

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 2225)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF 60% EQUITY INTEREST IN ANHUI JINHAI

THE EQUITY TRANSFER AGREEMENT

On 8 November 2023 (after trading hours), Jinhai Technology (as the transferor) entered into the Equity Transfer Agreement with Wuhan Hanxi (as the transferee) and Anhui Jinhai, pursuant to which Jinhai Technology has agreed to sell and Wuhan Hanxi has agreed to purchase, the Sale Equity, representing 60% equity interest in Anhui Jinhai, for a total consideration of RMB6,200,000.

Following the Completion, the Group will no longer hold any interests in Anhui Jinhai, Anhui Jinhai will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As Wuhan Hanxi is a substantial shareholder of Anhui Jinhai, Wuhan Hanxi is a connected person of the Company at the subsidiary level. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios in respect of the Disposal exceeds 5% but all are less than 25% and the total consideration is less than HK\$10,000,000, the Disposal is subject to the announcement requirement but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since (i) Wuhan Hanxi is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) all the independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, and that the terms of the Disposal are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Disposal is subject to the announcement requirement but is exempt from the circular and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

INTRODUCTION

On 8 November 2023 (after trading hours), Jinhai Technology (as the transferor) entered into the Equity Transfer Agreement with Wuhan Hanxi (as the transferee) and Anhui Jinhai, pursuant to which Jinhai Technology has agreed to sell and Wuhan Hanxi has agreed to purchase, the Sale Equity, representing 60% equity interest in Anhui Jinhai, for a total consideration of RMB6,200,000.

THE EQUITY TRANSFER AGREEMENT

The principal terms and conditions of the Equity Transfer Agreement are set out as follows:

Date

8 November 2023 (after trading hours)

Parties

- (1) Wuhan Hanxi (as transferee);
- (2) Jinhai Technology (as transferor); and
- (3) Anhui Jinhai (as the subject company).

Subject Matter

Subject to the terms and conditions under the Equity Transfer Agreement, Jinhai Technology has agreed to sell, and Wuhan Hanxi has agreed to purchase, the Sale Equity, representing 60% equity interest in Anhui Jinhai.

Consideration and Payment Terms

The consideration of the Sale Equity is RMB6,200,000.

The consideration shall be payable by Wuhan Hanxi to Jinhai Technology in the following manner:

- (i) RMB3,100,000, being 50% of the total consideration, shall be payable by Wuhan Hanxi to Jinhai Technology within 3 working days after the signing of the Equity Transfer Agreement; and
- (ii) RMB3,100,000, being the remaining 50% of the total consideration, shall be payable by Wuhan Hanxi to Jinhai Technology within 15 working days from the date when the Sale Equity is registered in the name of Wuhan Hanxi and all Completion Matters under the Equity Transfer Agreement have been completed.

Basis of Consideration

The consideration was determined after arm's length negotiations between Jinhai Technology and Wuhan Hanxi, with reference to the relevant subscription of capital contribution of the Sale Equity by Jinhai Technology in the amount of RMB6,000,000.

Completion Matters

The following Completion Matters shall be completed within 15 working days from the entering of the Equity Transfer Agreement:

- (i) The procedures for registration of changes (including changes in company name, shareholders, legal representative and directors, etc.) as a result of the transfer of the Sale Equity under the Equity Transfer Agreement with the industrial and commercial registration authority have been completed, and the Sale Equity has been registered under the name of Wuhan Hanxi.
- (ii) The delivery of the online banking material, official seal, business licence and other relevant certificates and documents to Wuhan Hanxi.
- (iii) The articles of association of Anhui Jinhai has been amended as agreed, and the same has been filed with the industrial and commercial registration authority in accordance with the relevant laws and regulations.

INFORMATION ON THE GROUP AND JINHAI TECHNOLOGY

The Group is a Singapore-based service provider and mainly provides manpower outsourcing and ancillary services to building and construction contractors in Singapore. To a lesser extent, the Group also provides dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore and provision of minimally invasive surgery solution and medical products and related services in China.

Jinhai Technology is a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company. The business scope of Jinhai Technology pursuant to its business licence includes, amongst others, the provision, development, consultation and promotion of technical solutions services and the sale of electronic equipment for office use and computer hardware and software.

INFORMATION ON ANHUI JINHAI

Anhui Jinhai, an indirect non wholly-owned subsidiary of the Company as at the date of this announcement and immediately prior to Completion, is a limited liability company established in the PRC and held as to 60% by Jinhai Technology, 10% by Wuhan Hanxi, 20% by Mr. He Daping (何大平), 5% by Mr. Hu Tao (胡涛) and 5% by Mr. Shen Jie (沈傑), respectively. The business scope of Anhui Jinhai pursuant to its business licence includes, amongst others, research and development of new material technology; manufacturing of graphite and carbon products; sales of graphene materials; sales of graphite and carbon products; technical services, development, consultation, exchange, transfer, and promotion of technology.

Set out below is a summary of the consolidated financial information on Anhui Jinhai for the two years ended 31 December 2022:

	For the years ended 31 December	
	2021	2022
	(unaudited)	(audited)
	S\$	S\$
Net loss for the year before tax	(10,720)	(122,840)
Net loss for the year after tax	(10,720)	(122,840)

The audited total assets and net asset value of Anhui Jinhai as at 31 December 2022 was approximately S\$4,766,860 and S\$1,625,531, respectively.

INFORMATION ON WUHAN HANXI

Wuhan Hanxi is a company incorporated in the PRC with limited liability. The business scope of Wuhan Hanxi pursuant to its business licence includes, amongst others, the research and development, production and sales of graphene materials and products; development, transfer, consultation and services of graphene-related technologies.

FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

Following the Completion, the Group will no longer hold any interests in Anhui Jinhai, Anhui Jinhai will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the Group's financial statements.

Based on the difference between the consideration of RMB6,200,000 and the carrying amount of the net assets of Anhui Jinhai attributable to the consolidated financial statements of the Group as at 31 December 2022, and after deduction of the estimated direct cost and other tax expenses in relation to the Disposal in the amount of approximately RMB200,000, the Group is expected to record a gain on the Disposal of approximately RMB200,000 (equivalent to approximately S\$37,000).

The exact amount of the gain on the Disposal to be recorded in the consolidated financial statements of the Group for the year ending 31 December 2023 is subject to audit. It will be calculated based on the net asset value of Anhui Jinhai at the date of the Completion, net of any related expenses, and therefore may differ from the estimated amount of the gain set out above.

The Company intends to use the proceeds from the Disposal to strengthen the general working capital of the Group and actively promote the development of the Group's business so as to enhance the Company's core competitiveness and development capabilities.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal will not have material impacts on the operation of the Group and the proceeds from the Disposal can enhance the working capital position of the Group. The Group has, in recent years, been actively exploring and, as and when deemed appropriate, capturing available opportunities to grow its business. As such, the Disposal will help the Group to more effectively utilize the Group's asset resources, realise the value in assets, which is in line with the Group's development strategy.

Having made assessments on the above and considered the prevailing market conditions, the Directors (including all the independent non-executive Directors) are of the view that it would be beneficial for the Company and Shareholders as a whole to dispose of the Sale Equity in Anhui Jinhai pursuant to the terms of the Equity Transfer Agreement. The Board (including all the independent non-executive Directors) is further of the view that the terms of the Equity Transfer Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

APPROVAL OF THE BOARD

The Board has approved the Equity Transfer Agreement and the Disposal. None of the Directors has any material interest in the Equity Transfer Agreement and the Disposal, therefore, none of the Directors is required to abstain from voting on the Board resolutions approving the Equity Transfer Agreement and the Disposal.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As Wuhan Hanxi is a substantial shareholder of Anhui Jinhai, Wuhan Hanxi is a connected person of the Company at the subsidiary level. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios in respect of the Disposal exceeds 5% but all are less than 25% and the total consideration is less than HK\$10,000,000, the Disposal is subject to the announcement requirement but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since (i) Wuhan Hanxi is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) all the independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, and that the terms of the Disposal are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Disposal is subject to the announcement requirement but is exempt from the circular and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement have the meanings set out below:

“Anhui Jinhai”	安徽今海漢烯科技有限公司 (Anhui Jinhai Hanxi Technology Company Limited*), a limited liability company established in the PRC and a non wholly-owned subsidiary of the Company as at the date of this announcement and immediately prior to Completion
“Board”	the board of Directors
“Company”	Jinhai International Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2225)
“Completion”	completion of the Disposal pursuant to the Equity Transfer Agreement
“Completion Matters”	the matters for fulfillment of Completion as set out under the section headed “Completion Matters” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Equity by Jinhai Technology to Wuhan Hanxi pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	an agreement in Chinese dated 8 November 2023 entered into between Jinhai Technology, Wuhan Hanxi and Anhui Jinhai in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jinhai Technology”	今海科技發展(寧波)有限公司 (Jinhai Technology Development (Ningbo) Company Limited*), a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	60% equity interest in Anhui Jinhai, being the subject matter of the Equity Transfer Agreement
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Wuhan Hanxi”	武漢漢烯科技有限公司 (Wuhan Hanxi Technology Company Limited*), a company incorporated in the PRC with limited liability
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent

* For identification purpose only

By Order of the Board
Jinhai International Group Holdings Limited
Chen Guobao
Chairman of the Board and executive Director

Hong Kong, 8 November 2023

As at the date of this announcement, the Board comprises eight Directors, of which three are executive Directors, namely Mr. Chen Guobao, Mr. Wang Zhenfei and Mr. Li Yunping; two are non-executive Directors, namely Mr. Wang Huasheng and Mr. Yu Mingyang; and three are independent non-executive Directors, namely Mr. Yan Jianjun, Mr. Fan Yimin and Ms. Yang Meihua.