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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 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 17 April 2024 in respect of leasing of the Vessel for a term of minimum thirty-three 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\$26.64 million (equivalent to approximately HK\$207.77 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 25% but are less than 100%, the leasing of the Vessel under the Charterparty 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 leasing of the Vessel under the Charterparty is expected to be despatched to the Shareholders on or before 9 May 2024 in accordance with 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 17 April 2024 in respect of leasing of the Vessel for a term of minimum thirty-three months commencing on the date of delivery of the Vessel to the Lessee which is expected to be delivered between 1 January 2025 to 31 March 2025.

THE CHARTERPARTY

The principal terms of the Charterparty are set out below:

Ship owner (Lessor):	Olam Maritime Freight Pte. Ltd.
Charterer (Lessee):	Jinhui Marine Inc.
Vessel:	A vessel of deadweight approximately 207,672 metric tons bulk carrier, named as M.V. "TRUE NEPTUNE", built in 2017 and registered in the Republic of Liberia
Hire period:	Minimum 33 months up to maximum 36 months
Hire rate:	Daily hire rate of US\$31,500 (approximately HK\$245,700) with 3.75% address commission
Payment terms:	15 days in advance
Total minimum hire payment under the Charterparty:	Approximately US\$26.64 million, equivalent to approximately HK\$207.77 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\$26.64 million (equivalent to approximately HK\$207.77 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 6.62% 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, Olam Maritime Freight Pte. Ltd., is a company incorporated in Singapore and its principal activities are shipping and freight transportation. The Lessor is wholly owned by Olam Group Limited, a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited (SGX-ST) (Stock code: VC2). Olam Group Limited is a leading food and agri-business supplying food, ingredients, feed and fibre to customers worldwide with value chain spans over sixty countries and includes farming, origination, processing and distribution operations.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Lessor, Olam Group Limited and its ultimate beneficial owner 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\$26.64 million (equivalent to approximately HK\$207.77 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 25% but are less than 100%, the leasing of the Vessel under the Charterparty 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 leasing of the Vessel under the Charterparty 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 Charterparty other than through its shareholding interest in the Company and Jinhui Shipping. No Shareholder is required to abstain from voting on the Charterparty if the Company were to convene a general meeting for the approval of the Charterparty, and the Charterparty has been approved by written shareholders' approvals from Fairline and Timberfield.

A circular containing, amongst other things, further information relating to the Charterparty is expected to be despatched to the Shareholders on or before 9 May 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:

“Board”	the board of Directors;
“Charterparty”	the charterparty dated 17 April 2024 entered into between the Lessor and the Lessee in respect of the leasing of the Vessel;
“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);
“Jinhui Shipping Shares”	ordinary shares of US\$0.05 each in the share capital of Jinhui Shipping;
“Lessee”	Jinhui Marine Inc., a company incorporated in the Republic of Panama;
“Lessor”	Olam Maritime Freight Pte. Ltd., a company incorporated in Singapore;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Shareholder(s)”	Shareholder(s) of the Company;
“Shares”	ordinary shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vessel”	a vessel of deadweight approximately 207,672 metric tons bulk carrier, named as M.V. “TRUE NEPTUNE”, built in 2017 and registered in the Republic of Liberia;

“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, 17 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.