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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)

SUBSCRIPTIONS OF NEW SHARES UNDER THE GENERAL MANDATE

The Board is pleased to announce that, on 25 September 2023 (after trading hours), the Company (as issuer) entered into eight Subscription Agreements with eight Subscribers in respect of the Subscription of an aggregate of 62,500,000 Subscription Shares at the Subscription Price of HK\$1.60 per Share. Each of the Subscribers is an independent private investor.

The issue of the Subscription Shares will not be subject to the approval by the Shareholders and the Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM.

Given that completion of the Subscriptions is subject to conditions and the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS

Each of the Subscription Agreements is on substantially the same terms (other than the number of Subscription Shares) and the principal terms of the Subscription Agreements are as follows:

Date: 25 September 2023 (after trading hours)

Parties and number of Subscription Shares:

Subscription Agreement	Parties	No. of Subscription Shares	Consideration (HK\$)
A	(1) Company (2) Subscriber A	6,250,000	10,000,000
B	(1) Company (2) Subscriber B	6,250,000	10,000,000
C	(1) Company (2) Subscriber C	12,500,000	20,000,000
D	(1) Company (2) Subscriber D	12,500,000	20,000,000
E	(1) Company (2) Subscriber E	4,375,000	7,000,000
F	(1) Company (2) Subscriber F	6,250,000	10,000,000
G	(1) Company (2) Subscriber G	12,500,000	20,000,000
H	(1) Company (2) Subscriber H	1,875,000	3,000,000
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	Total	62,500,000	100,000,000

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Subscribers is an Independent Third Party.

Subscription Shares

The 62,500,000 Subscription Shares in aggregate represent (i) approximately 5.08% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date save for the issue of the Subscription Shares). The aggregate nominal value of the Subscription Shares will be HK\$625,000.

Rights of the Subscription Shares

The Subscription Shares will be fully paid and rank pari passu with all other issued Shares in all respects as at the date of issue.

The Subscription Price

The Subscription Price is HK\$1.60 per Share, which represents:

- (i) a discount of approximately 19.60% to the closing price of HK\$1.99 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (ii) a discount of approximately 19.60% to the average of the closing prices of approximately HK\$1.99 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The Subscription Price was negotiated on an arm's length basis between the Company and each of the Subscribers and was determined with reference to recent market prices of the Shares and the prevailing market conditions.

Condition Precedent for the Subscriptions

Completion is conditional upon the fulfilment or waiver of the following conditions:

- (i) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and the permission to deal in, the Subscription Shares; and
- (ii) the listing status of the Company on the Stock Exchange not having been revoked or cancelled, and the Shares remaining trading on the Stock Exchange (except for trading halt(s) not exceeding twenty (20) consecutive trading days (or such other relevant period as may be agreed by the Subscriber in writing) or trading halt(s) relating to Subscription and all transactions contemplated under the Subscription Agreement); and the Stock Exchange or the SFC not having indicated that the listing status of the Company will be suspended, cancelled or revoked at any time after Completion.

If the above conditions are not fulfilled or waived (the condition (ii) can be waived by the Subscribers) on 31 October 2023 (or such other date as may be agreed in writing between the Company and the Subscribers), the Subscription Agreements will be terminated. In that case, the Subscribers' obligation to subscribe for and the Company's obligation to issue, allot and deliver the Subscription Shares shall terminate.

The Payment of the Total Subscription Price

The Total Subscription Price shall be paid by the Subscribers on the Completion Date.

Completion

Subject to the fulfilment or waiver (where applicable) of the conditions precedent, the Completion shall take place within five Business Days after the fulfilment or waiver (where applicable) of the conditions precedent (or such other date as the parties thereto may agree). For the avoidance of doubt, Completion by a Subscriber is not inter-conditional upon Completion by the other Subscribers.

Lock-up Undertakings

Each of the Subscribers unconditionally and irrevocably undertake to the Company that he/she/it will not:

- (i) for the period commencing on the Completion Date and ending on the date which is 20 months from the Completion Date, sell, offer, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, whether directly or indirectly, any of the Subscription Shares; or
- (ii) enter into a swap or other arrangement that would have (i) the same economic consequences as paragraph (a) above or (ii) the effect of transferring to another party any of the economic benefits of ownership of the Subscription Shares, for the purpose of hedging its economic or beneficial ownership in, or holdings of, the Subscription Shares.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The issue of the Subscription Shares will not be subject to the approval by the Shareholders and the Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Company is authorized to issue is 246,000,000 Shares, representing 20% of the number of issued Shares as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is incorporated in Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of manpower outsourcing and ancillary services, provision of dormitory services, and provision of IT services and construction ancillary services for the building and construction industry and provision of minimally invasive surgery solution and medical products and related services.

INFORMATION ON THE SUBSCRIBERS

Each of the Subscribers is an independent private investor. The brief information of the background of the Subscribers is set out below:

Subscriber	Background of the Subscriber
Subscriber A	Subscriber A is an individual with extensive experience in investment in capital market and automobile accessories industry
Subscriber B	Subscriber B is an individual with extensive experience in investment in capital market and furniture industry
Subscriber C	Subscriber C is an individual with extensive experience in investment in capital market and medical devices industry
Subscriber D	Subscriber D is an individual with extensive experience in investment in capital market and property development and tourism industry
Subscriber E	Subscriber E is an individual with extensive experience in investment in capital market
Subscriber F	Subscriber F is an individual with extensive experience in investment in capital market
Subscriber G	Subscriber G is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The largest controlling shareholder of Subscriber G is a company established in the People's Republic of China with limited liability and principally engaged in property investment, which is wholly owned by an individual with extensive experience in investment in capital market
Subscriber H	Subscriber H is an individual with extensive experience in investment in capital market

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Subscribers is an Independent Third Party.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date:

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Full Fortune International Co., Ltd. (Note)	632,500,000	51.42%	632,500,000	48.94%
Subscribers	–	–	62,500,000	4.84%
Other public Shareholders	597,500,000	48.58%	597,500,000	46.22%
Total	<u>1,230,000,000</u>	<u>100%</u>	<u>1,292,500,000</u>	<u>100%</u>

Note: The entire issued share capital of Full Fortune International Co., Ltd. is beneficially owned by Mr. Chen Guobao, the Chairman and an executive Director.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

As disclosed in the annual report of the Company for the year ended 31 December 2022, there were an aggregate of HK\$53,500,000 unutilised amount of net proceeds raised from the initial public offering of the Shares in 2017, all of which have been ear-marked for specific purposes as disclosed in the annual report. The Board considers the Company should grasp the opportunities to raise fund for its business expansion.

Other than the provision of manpower outsourcing and ancillary services in Singapore, the Group is also actively developing its business of provision of minimally invasive surgery solution and medical products and related services in the People's Republic of China. The business expansion requires the Company to increase its capital, with an aim to improving and enhancing its profitability. The Company is of the view that (i) save for some minimal professional fees, the Subscriptions will not result in interest costs or other expenses; (ii) the Subscriptions will ensure that the Company can obtain funds of a certain amount within a short time; and (iii) issuance of new Shares by the consideration of cash will improve the financial position of the Company, such as increasing the liquidity, lowering the gearing ratio and enhancing the risk resistance capacity in a whole. In addition, the Subscription Price and the quantity of the Subscriptions were made with a reference to the prevailing and recent market prices and trading volume of the Shares.

The Board believes that the Subscription Agreements are made on normal commercial terms, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscriptions will be HK\$100 million. The net proceeds from the Subscriptions (after deducting all applicable costs and expenses of the Subscriptions) will be approximately HK\$99 million and a net issue price of approximately HK\$1.584 per Subscription Share. The Group intends to use the proceeds from the Subscriptions for (i) expanding the Group's business in the medical industry; (ii) expanding the Group's business in manpower outsourcing and ancillary services; and (iii) general working capital.

	Approximate allocation <i>(in HK\$ million)</i>	Expected time of usage
Expanding the Group's business in the medical industry	69	On or before December 2024
Expanding the Group's business in manpower outsourcing and ancillary services	15	On or before December 2024
General working capital	15	On or before December 2024
Total	<u>99</u>	

As disclosed in the annual report of the Company for the year ended 31 December 2022 and the interim results announcement of the Company for the six months ended 30 June 2023, the Group continuously expands its distribution network, continuously develops new products and promotes resource integration, so as to further consolidate and strengthen the Group's position in the medical industry to cope with the increasing demand for medical devices due to, amongst others, expanding ageing population, the improved living standards of the people and the economic growth of China. The Group considers to seize the development opportunities and enhance the competitiveness in the increasingly fierce market competition, the Group will continue to strengthen its development by broadening the product lines and advancing the research and development capabilities. The Group will also keep expanding its distribution network, continuously develop new products and promote resource integration, so as to further consolidate and strengthen its position in the medical industry.

The Group intends to use the proceeds from the Subscriptions to expand its business in the medical industry by, among other things, developing and introducing medical-related products and devices and services such as minimally invasive surgical instruments, disposable electronic soft lenses, an integrated surgical system and minimally invasive surgery-related services, and actively promoting marketing, expanding product sales and increasing the market share in the Group's industry-leading fluorescence endoscope products.

In respect of expansion of the Group's business in manpower outsourcing and ancillary services, in addition to diversification of businesses of the Group, the Board considers to expand its existing business into the Asia Pacific Region, including China. The Board also considers to provide value-added services, such as skills training and quality improvement to the labour forces on top of the manpower outsourcing services.

Given that completion of the Subscriptions is subject to conditions and the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“AGM”	the annual general meeting of the Company held on 28 June 2023
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday, public holiday or any day on which tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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 Subscriptions
“Completion Date”	the date of Completion
“Directors”	directors of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then number of the issued Shares as at the date of the AGM
“Group”	the Company and its subsidiaries
“Independent Third Parties”	party(ies) which is independent of and not connected with the Company and its connected persons (as defined under the Listing Rules) and not otherwise a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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
“Subscribers”	eight subscribers under the Subscription Agreements
“Subscription Agreements”	eight subscription agreements dated 25 September 2023 and entered into between the Company (as issuer) and the Subscribers
“Subscription Price”	HK\$1.60 per Subscription Share
“Subscription Shares”	an aggregate of 62,500,000 new Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements
“Subscriptions”	the subscriptions of the Subscription Shares by the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“Total Subscription Price”	the total subscription price for the Shares to be subscribed by each of the Subscribers under each of the Subscription Agreements
“%”	per cent.

By order of the Board
Jinhai International Group Holdings Limited
Chen Guobao
Chairman

Hong Kong, 25 September 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.