

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

CONNECTED TRANSACTION IN RESPECT OF THE ACQUISITION OF REMAINING 43% EQUITY INTEREST IN A NON-WHOLLY-OWNED SUBSIDIARY

Reference is made to the Announcements in relation to the formation of Jinhai Medical.

The Board is pleased to announce that on 16 November 2023 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement in relation to the Acquisition, pursuant to which, the Purchaser has agreed to acquire, and the Vendors have agreed to sell, the Target Interest (representing the remaining 43% interest in Jinhai Medical) at the Consideration, in accordance with the terms and conditions of the Sale and Purchase Agreement.

As of the date of this announcement, Jinhai Medical is an indirect non wholly-owned subsidiary of the Company and held as to 57% by Jinhai Technology and 43% by the Vendors. Upon completion of the Acquisition, Jinhai Medical will be an indirect wholly-owned subsidiary of the Company, to be held as to 57% by Jinhai Technology and 43% by the Purchaser.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Liu is a substantial shareholder of Jinhai Medical, and therefore a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 0.1% but all are less than 5%, and the Consideration is more than HK\$3,000,000, the Acquisition 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) Mr. Liu is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Acquisition; and (iii) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, and that the Acquisition is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Acquisition 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

Reference is made to the Announcements in relation to the formation of Jinhai Medical.

The Board is pleased to announce that on 16 November 2023 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement in relation to the Acquisition, pursuant to which, the Purchaser has agreed to acquire, and the Vendors have agreed to sell, the Target Interest (representing the remaining 43% interest in Jinhai Medical) at the Consideration, in accordance with the terms and conditions of the Sale and Purchase Agreement.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

The principal terms and conditions of the Sale and Purchase Agreement are set out as follows:

Date

16 November 2023 (after trading hours)

Parties

- (1) Jinhai Technology Development (Shanghai) Co., Ltd.* (今海科技發展(上海)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company (as Purchaser); and
- (2) (a) Mr. Liu Lei (劉鐳先生), a 38% equity holder and a director of Jinhai Medical as at the date of this announcement; and (b) Ms. Yu Haibo (俞海波女士), a 5% equity holder of Jinhai Medical as at the date of this announcement (as Vendors).

Subject Matter

Subject to the terms and conditions under the Sale and Purchase Agreement, the Vendors agreed to sell, and the Purchaser agreed to purchase, the Target Interest, representing in aggregate the remaining 43% equity interest in Jinhai Medical.

Consideration and basis of determination

The Consideration for the Acquisition is RMB5,560,000 (equivalent to approximately S\$1,049,531). The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors, with reference to the relevant capital contribution of the Target Interest by the Vendors in the aggregate amount of RMB5,560,000.

The Group intends to fund the Consideration by its internal resources.

Completion Matters

The following Completion Matters shall be completed within 15 working days from the entering of the Sale and Purchase Agreement which shall include, amongst others:

- (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 Target Interest under the Sale and Purchase Agreement with the industrial and commercial registration authority have been completed, and the Target Interest has been registered under the name of the Purchaser.
- (ii) The articles of association of Jinhai Medical 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.
- (iii) If requested by the Purchaser, the Vendors shall provide to Jinhai Medical a resignation letter for resignation as a director of Jinhai Medical on the Completion, and Jinhai Medical shall not have any obligation to pay any fees, compensations or other expenses to him/her.
- (iv) If requested by the Purchaser, the Vendors shall provide all relevant licences, seals and banking records of Jinhai Medical as stated in the Sale and Purchase Agreement.

Payment

The consideration shall be paid by the Purchaser to the Vendors' designated accounts or in other manners specified by Vendors prior to the completion of procedures concerning the change of shareholder as set out above.

INFORMATION ON THE GROUP AND THE PURCHASER

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.

The Purchaser is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The business scope of the Purchaser pursuant to its business licence includes, amongst others, professional technology of new materials, technical services, consultation, development and transfer of network and computer technology; wholesale and retail of electronic products, computer software and hardware (save for commodities traded and managed by the state), enterprise management and business information consultation (save for financial information services).

INFORMATION ON JINHAI MEDICAL

Jinhai Medical is a company established in the PRC with limited liability and is principally engaged in the business of endoscope products. As at the date of this announcement and immediately prior to the Acquisition, Jinhai Medical is an indirect non wholly-owned subsidiary of the Company and is held as to 57% by Jinhai Technology, 38% by Mr. Liu and 5% by Ms. Yu, respectively.

Upon completion of the Acquisition, Jinhai Medical will be an indirect wholly-owned subsidiary of the Company, to be held as to 57% by Jinhai Technology and 43% by the Purchaser.

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

	For the years ended	
	31 December	
	2021	2022
	(audited)	(audited)
	S\$	S\$
Net loss for the year before tax	(678,379)	(948,453)
Net loss for the year after tax	(678,379)	(948,453)

The unaudited total assets and net asset value of Jinhai Medical as at 30 September 2023 was approximately RMB12,712,523 and RMB10,069,229, respectively (equivalent to approximately S\$2,399,676 and S\$1,900,715, respectively).

The original acquisition costs of the Target Interest paid by the Vendors, being the paid-up capital contributed by the Vendors when Jinhai Medical was established, was approximately RMB5,560,000 (equivalent to approximately S\$1,049,531) in aggregate.

INFORMATION ON THE VENDORS

As at the date of this announcement, Mr. Liu is a 38% equity holder and a director of Jinhai Medical, and Ms. Yu is a 5% equity holder of Jinhai Medical.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As mentioned in the announcements of the Company dated 25 September 2023 and 18 October 2023, the Group is actively developing its business of provision of minimally invasive surgery solution and medical products and related services in the PRC, and the Company intends to use approximately HK\$69 million of the net proceeds from the issue of Shares in expanding the Group's business in the medical industry. For further details, please refer to the announcements of the Company dated 25 September 2023 and 18 October 2023.

The Acquisition will allow the Group to gain full control over the management and operations of Jinhai Medical, which the Board considers that would facilitate better implementation of the operating philosophies and strategies of Jinhai Medical, placing the Group in a favourable position to further extend its business in the field of endoscope products. This, in turn, will strengthen the Group's medical products business in China.

The Sale and Purchase Agreement was arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) are of the view that the Acquisition is on normal commercial terms which are fair and reasonable, and is in the interest of the Company and its Shareholders as a whole. None of the Directors has a material interest in the Acquisition, or was required to abstain from voting on the relevant resolutions of the Board approving the Acquisition.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Liu is a substantial shareholder of Jinhai Medical, and therefore a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 0.1% but all are less than 5%, and the Consideration is more than HK\$3,000,000, the Acquisition 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) Mr. Liu is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Acquisition; and (iii) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, and that the Acquisition is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Acquisition 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:

“Acquisition”	the acquisition by the Purchaser of the Target Interest from the Vendors pursuant to the terms of the Sale and Purchase Agreement
“Announcements”	the Company's announcements dated 2 March 2021 and 16 April 2021 in relation to the formation of Jinhai Medical
“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 Acquisition
“Completion Matters”	the matters for fulfillment of Completion as set out under the section headed “Completion Matters” in this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration payable for the Target Interest under the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Jinhai Medical”	Shanghai Jinhai Medical Technology Co., Ltd.* (上海今海醫療科技有限公司), a limited liability company established in the PRC and an indirect non wholly-owned subsidiary of the Company
“Jinhai Technology”	Jinhai Technology Development (Ningbo) Co., Ltd.* (今海科技發展(寧波)有限公司), a company established 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
“Mr. Liu”	Mr. Liu Lei (劉鐳先生), a director of Jinhai Medical as at the date of this announcement and immediately prior to the Acquisition
“Ms. Yu”	Ms. Yu Haibo (俞海波女士)
“PRC”	the People’s Republic of China
“Purchaser”	Jinhai Technology Development (Shanghai) Co., Ltd.* (今海科技發展(上海)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollar, the lawful currency of Singapore
“Sale and Purchase Agreement”	a sale and purchase agreement in Chinese dated 16 November 2023 entered into between the Purchaser and the Vendors in respect of the Acquisition
“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
“Singapore”	The Republic of Singapore
“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
“Target Interest”	the capital contribution in the total amount of RMB5,560,000 in Jinhai Medical (representing 43% equity interest in Jinhai Medical) presently, legally and beneficially owned by the Vendors
“Vendors”	Mr. Liu and Ms. Yu
“%”	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, 16 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.