

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.



Seacon Shipping Group Holdings Limited

洲際船務集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2409)

DISCLOSEABLE TRANSACTION FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGEMENT

The Board announces that on 24 September 2023 (after trading hours of the Stock Exchange), the Charterer, an indirect wholly-owned subsidiary of the Company, and the Owner entered into the Finance Lease Arrangement, pursuant to which (i) the Charterer agreed to sell the Vessel to the Owner for a consideration of USD21,250,000 under the Memorandum of Agreement; (ii) the Owner agreed to charter the Vessel to the Charterer under the Bareboat Charter; and (iii) the Company entered into the Deed of Guarantee in favour of the Owner.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 24 September 2023 (after trading hours of the Stock Exchange), the Charterer, an indirect wholly-owned subsidiary of the Company, and the Owner entered into the Finance Lease Arrangement, pursuant to which (i) the Charterer agreed to sell the Vessel to the Owner for a consideration of USD21,250,000 under the Memorandum of Agreement; (ii) the Owner agreed to charter the Vessel to the Charterer under the Bareboat Charter; and (iii) the Company entered into the Deed of Guarantee in favour of the Owner.

FINANCE LEASE ARRANGEMENT

The principal terms of the Finance Lease Arrangement are as follows:

Date

24 September 2023 (after trading hours of the Stock Exchange)

Parties

The Charterer, as seller under the Memorandum of Agreement and as charterer under the Bareboat Charter

The Owner, as buyer under the Memorandum of Agreement and as owner under the Bareboat Charter

Subject matter

The Vessel, a 13,500 dwt general cargo ship under construction and expected to be delivered on or before 26 September 2023. As the Vessel is still under construction, no profit was generated by the Vessel for the two financial years immediately preceding the Finance Lease Arrangement.

Consideration

The consideration of USD21,250,000, after deducting the Advance Hire payable by the Charterer to the Owner under the Bareboat Charter, is payable by the Owner to the Charterer on the Delivery Date.

The consideration was determined after arm's length negotiations between the Owner and the Charterer taking into account the acquisition cost of the Vessel of JPY2,410,000,000 (equivalent to USD16,388,000).

Charter period

120 months commencing from the Delivery Date

Charter hire

The charter hire payable by the Charterer to the Owner consists of:

- (1) an advance hire ("**Advance Hire**") of USD4,250,000 payable upfront on or before the Delivery Date;

- (2) a fixed hire (“**Fixed Hire**”) of USD275,000 payable on each Hire Payment Date, which is calculated in accordance with the following formula:

$$(A-B)/40$$

whereby:

A	=	Funding Amount
B	=	End Hire
40	=	The number of Hire Period during the Charter Period

The total amount of the Fixed Hire payable over the Charter Period is USD11,000,000, being the Fixed Hire payable on each Hire Payment Date multiplied by 40. The Company is of the view that the total amount of the Fixed Hire is fair and reasonable as it is equal to the consideration payable by the Owner under the Memorandum of Agreement after deducting the End Hire;

- (3) a variable hire (“**Variable Hire**”) payable on each Hire Payment Date, which is calculated in accordance with the following formula:

$$A \times B \times C$$

whereby:

A	=	the Bareboat Charter Balance immediately prior to the relevant Hire Payment Date
B	=	the Interest Rate
C	=	a fraction whose denominator is 360 and numerator is the number of days which will elapse from that Hire Payment Date (including that date) until, in respect of the Hire Payment Date of the final Hire Period during the Charter Period, the last day of such Hire Period (including that day), and, in respect of all other Hire Payment Dates, the next Hire Payment Date (not including that date)

The Company is of the view that the Interest Rate applicable to the Hire Period of the Finance Lease Arrangement is fair and reasonable based on the verbal quotations provided by other finance lease companies for finance lease arrangements in relation to the Vessel, as well as by comparing with the usual interest rate in other existing or previous financial lease arrangements of the Company; and

- (4) unless (i) the Purchase Option Price or (ii) the Termination Sum has been, in each case, paid in full in accordance with the terms of the Bareboat Charter, and in addition to any Fixed Hire and Variable Hire, the End Hire payable on the final Hire Payment Date.

Purchase option

Subject to the terms and conditions set out in the Bareboat Charter, with at least three (3) months prior notice from the Charterer to the Owner, the Charterer may purchase the Vessel for the Purchase Option Price (the “**Purchase Option**”).

Purchase obligation

Unless (a) Total Loss has occurred; (b) the Termination Sum has been paid in full in accordance with the terms of the Bareboat Charter; or (c) the Purchase Option has been exercised in accordance with the terms of the Bareboat Charter, the Charterer shall be obliged to purchase the Vessel or cause their nominee to purchase the Vessel on the date falling 120 months commencing from the Delivery Date for the Purchase Obligation Price.

Ancillary documents

In connection with the Finance Lease Arrangement, the following ancillary documents (the “**Ancillary Documents**”) have been entered into:

- (1) a deed of assignment to be executed by the Charterer in favour of the Owner in relation to certain of the Charterer’s rights and interest in and to, among other things, the earnings, insurances, requisition compensation and any sub-charter with a duration (taking into account any option to renew or extend) of twelve (12) months or more in respect of the Vessel to secure the payment of the liabilities and the performance by the Charterer of all of its obligations under or arising out of the Transaction Documents;
- (2) a charge over the shares of the Charterer to be executed by the Chargor in favour of the Owner; and
- (3) a deed of undertaking to be executed by the approved manager in favour of the Owner.

The nature of the Ancillary Documents is to provide security for the liabilities incurred by the Obligors to the Owner in connection with any of the Transaction Documents.

Guarantee

The Company has entered into the Deed of Guarantee in favour of the Owner, pursuant to which the Company agreed to, among other things:

- (1) guarantee to the Owner punctual performance by the Charterer of all the Charterer’s obligations under the Transaction Documents;

- (2) undertake with the Owner that whenever the Charterer does not pay any amount when due under or in connection with any Transaction Document, the Company shall immediately on demand pay that amount as if it was the principal obligor; and
- (3) agree with the Owner that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Owner immediately on demand against any cost, loss or liability it incurs as a result of the Charterer not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Transaction Document on the date when it would have been due.

The Company has further agreed to indemnify the Owner on demand against any cost, loss or liability incurred by any of them as a result of:

- (1) any failure by the Charterer to comply with its obligations under the Bareboat Charter;
- (2) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
- (3) the taking, holding, protection or enforcement of the Transaction Documents;
- (4) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Owner by the Transaction Documents or by law;
- (5) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Transaction Documents; or
- (6) acting as Owner under the Transaction Documents (otherwise than by reason of the Owner's gross negligence or wilful misconduct),

together in each case with interest on the amount demanded from the date of demand until the date of payment.

REASONS AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Group has historically financed the acquisition of controlled vessels and its operations through finance lease arrangements. The Finance Lease Arrangement enables the Group to obtain additional working capital as well as financing for the acquisition of vessels, which is in line with the ongoing strategy of the Group to optimize its vessel fleet by gradually phasing out its older controlled vessels and replacing them with newer vessels and expand its controlled vessel fleet. The Directors believe that through such fleet optimization, the Group will be able to enhance its competitiveness in the maritime shipping industry and to cope with the market demand for its shipping services.

According to the Hong Kong Financial Reporting Standards, the Finance Lease Arrangement is accounted for as financing arrangements and therefore would not give rise to any gain or loss. It is expected that the total assets of the Group will increase to reflect the cash to be received from the proceeds of the Finance Lease Arrangement and the total liabilities of the Group will increase to reflect the repayment obligations of the Group under the Finance Lease Arrangement.

In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Finance Lease Arrangement are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company, the Group and the Charterer

The Company is an exempted company incorporated under the laws of the Cayman Islands and its Shares are listed on the Main Board of the Stock Exchange (stock code: 2409). The Group is principally engaged in the provision of shipping services and ship management services.

The Charterer is a company incorporated in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company. The Charterer is principally engaged in vessel holding and the provision of chartering services.

The Owner

The Owner is a company established in the PRC with limited liability. It is principally engaged in financial leasing business. The Owner is wholly-owned by Bank of Beijing Financial Leasing Co., Ltd. (北銀金融租賃有限公司), which is owned as to approximately 82.26% by Bank of Beijing Co., Ltd. (北京銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601169).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Owner and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

USE OF PROCEEDS

The net proceeds from the Finance Lease Arrangement will be used to finance potential acquisition of vessels and as general working capital of the Group. As at the date of this announcement, the Company has not identified any potential targets of vessels for acquisition.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Advance Hire”	has the meaning ascribed to it in the section headed “Finance Lease Arrangement — Charter hire”
“Ancillary Documents”	has the meaning ascribed to it in the section headed “Finance Lease Arrangement — Ancillary documents”
“Bareboat Charter”	the bareboat charter entered into between the Charterer and the Owner in respect of the charter of the Vessel under the Finance Lease Arrangement
“Bareboat Charter Balance”	the amount of the Funding Amount which remains outstanding at any relevant time, as may be reduced by payments of Fixed Hire made by the Charterer to the Owner
“Board”	the board of Directors
“Chargor”	Seacon Shipping Pte. Ltd., a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“Charterer”	Seacon Yokohama Ltd, a company incorporated in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company
“Charter Period”	120 months commencing from the Delivery Date
“Company”	Seacon Shipping Group Holdings Limited (洲際船務集團控股有限公司), an exempted company incorporated under the laws of the Cayman Islands and its Shares are listed on the Main Board of the Stock Exchange (stock code: 2409)
“Deed of Guarantee”	the deed of guarantee entered into by the Company in favour of the Owner in relation to the Finance Lease Arrangement

“Delivery Date”	the date of delivery of the Vessel by the Owner to the Charterer under the Bareboat Charter
“Directors”	the director(s) of the Company
“dwt”	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship’s carrying capacity, including cargoes, bunker, fresh water, crew and provisions
“End Hire”	USD6,000,000
“Finance Lease Arrangement”	the finance lease arrangement in relation to the Vessel
“Fixed Hire”	has the meaning ascribed to it in the section headed “Finance Lease Arrangement — Charter hire”
“Funding Amount”	USD17,000,000
“Group”	the Company and its subsidiaries
“Hire Payment Date”	in relation to (a) the Advance Hire, the date on which the Advance Hire becomes due and payable in accordance with Bareboat Charter; (b) the Fixed Hire and Variable Hire, each of the last date of each Hire Period; and (c) the End Hire, the date on which the End Hire becomes due and payable in accordance with the Bareboat Charter
“Hire Period”	<p>(a) in respect of the first Hire Period, the date commencing from (and including) the Delivery Date up to (but excluding) the 15th day of the calendar month which is three (3) calendar months after the calendar month in which the Delivery Date occurred; and</p> <p>(b) in the case of any subsequent Hire Period, the date commencing from (and including) the 15th day of the calendar month of the preceding Hire Period up to (but excluding) the 15th day of the calendar month which is three (3) calendar months after the calendar month in which the preceding Hire Period is to end,</p> <p>provided that if a Hire Period would otherwise extend beyond the termination of the Bareboat Charter or the expiration of the Charter Period, then such Hire Period shall terminate on the termination of the Bareboat Charter or the expiration of the Charter Period</p>

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest Rate”	the aggregate of (a) a margin of 2% per annum; and (b) in relation to a Hire Period, the applicable term secured overnight financing rate (SOFR) reference rate as of the date falling three (3) United States Government securities business days prior to the first day of such Hire Period and for a period of three (3) months, or as otherwise determined pursuant to the Bareboat Charter
“JPY”	Japanese yen, the lawful currency of Japan
“Liberia”	the Republic of Liberia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Agreement”	the memorandum of agreement entered into between the Charterer and the Owner in respect of the sale and purchase of the Vessel under the Finance Lease Arrangement
“Obligors”	together, the Charterer, the Chargor, the Company, the approved manager and any person that may be party to a Transaction Document from time to time (other than the Owner and the bank designated by the Owner)
“Owner”	Hai sheng No.4 (Tianjin) of BOBFL Co., Ltd* (北銀海昇四號(天津)租賃有限公司), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China
“Purchase Obligation Price”	the amount due and payable by the Charterers to the Owners pursuant to the Charterer’s obligation to purchase the Vessel under the Bareboat Charter, being the aggregate of: <ul style="list-style-type: none"> (a) the amount of the End Hire; (b) all Fixed Hire and Variable Hire due and payable, but unpaid, from the due date for payment thereof up to the date of actual payment; and (c) all other sum due and payable but unpaid by any Obligors under the Transaction Documents together with interest accrued thereon from the due date for payment thereof up to the date of actual payment

“Purchase Option”	has the meaning ascribed to it in the section headed “Finance Lease Arrangement — Purchase option”
“Purchase Option Date”	the date on which the Charterer exercises the Purchase Option
“Purchase Option Fee”	an amount that is calculated by multiplying the then current Bareboat Charter Balance by the percentage applicable to the period in which the Purchase Option Date falls as follows:

Period	Percentage of Bareboat Charter Balance to be utilized for calculating Purchase Option Fee (%)
Commencing on (and inclusive of) the fourth (4th) anniversary of the Delivery Date and ending on (and inclusive of) the day falling immediately before the fifth (5th) anniversary of the Delivery Date	1.5
Commencing on (and inclusive of) the fifth (5th) anniversary of the Delivery Date and ending on (and inclusive of) the day falling immediately before the sixth (6th) anniversary of the Delivery Date	1.25
Commencing on (and inclusive of) the sixth (6th) anniversary of the Delivery Date and ending on (and inclusive of) the day falling immediately before the seventh (7th) anniversary of the Delivery Date	1.00
Commencing on (and inclusive of) the seventh (7th) anniversary of the Delivery Date and ending on (and inclusive of) the day falling immediately before the eighth (8th) anniversary of the Delivery Date	0.75

**Percentage of
Bareboat Charter
Balance to be utilized
for calculating
Purchase Option Fee
(%)**

Period

Commencing on (and inclusive of) the eighth (8th) anniversary of the Delivery Date and ending on (and inclusive of) the day falling immediately before the ninth (9th) anniversary of the Delivery Date 0.50

Commencing on (and inclusive of) the ninth (9th) anniversary of the Delivery Date and ending on (and inclusive of) the day falling immediately before the tenth (10th) anniversary of the Delivery Date 0.25

“Purchase Option Price”

the amount due and payable by the Charterer to the Owner for the exercise of the Purchase Option, being the aggregate of:

- (a) an amount equal to the then Bareboat Charter Balance;
- (b) the applicable Purchase Option Fee;
- (c) all hire due and payable, but unpaid, under the Bareboat Charter up to (and including) the Purchase Option Date together with interest accrued thereon from the due date for payment thereof up to the date of actual payment;
- (d) all other sum due and payable but unpaid by any Obligors under the Transaction Documents together with interest accrued thereon from the due date for payment thereof up to the date of actual payment;
- (e) all costs, losses, premiums or penalties incurred by the Owner as a result of the receipt by the Owner of any payment under or in relation to the Transaction Documents on a day other than the due date for payment of the sum in question;

- (f) any legal costs incurred by the Owner in respect of the exercise of the Purchase Option; and
- (g) any other costs, losses, liabilities and expenses incurred or suffered by the Owner in connection with any finance document as a result of the Charterer's exercise of the Purchase Option

“Security Documents”	the Ancillary Documents, the Deed of Guarantee and any other document that may at any time be executed by any person guaranteeing, creating, evidencing or perfecting any security interest to secure all or part of the Obligors' obligations under or in connection with the Transaction Documents
“Shareholders”	holders of the Shares
“Shares”	ordinary shares with a nominal or par value of HK\$0.01 each in the share capital of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Sum”	<p>an amount representing the Owner's losses as a result of the early termination of the Bareboat Charter (other than by virtue of the Charterer exercising the Purchase Option) which consists of:</p> <ul style="list-style-type: none"> (a) all hire due and payable, but unpaid, under the Bareboat Charter up to (and including) the relevant termination payment date together with interest accrued thereon from the due date for payment thereof to the date of actual payment; (b) the then applicable Bareboat Charter Balance; (c) all costs, losses, premiums or penalties incurred by the Owner as a result of the receipt by the Owner of any payment under or in relation to the Transaction Documents on a day other than the due date for payment of the sum in question; (d) all sum due and payable but unpaid by any Obligors under the Transaction Documents together with interest accrued thereon from the due date for payment thereof up to the date of actual payment;

- (e) any legal costs incurred by the Owner;
- (f) all liabilities, costs and expenses so incurred in recovering possession of, and in repositioning, berthing, insuring and maintaining the Vessel for carrying out any works or modifications required to cause the Vessel to conform with the redelivery provisions under the Bareboat Charter; and
- (g) any other sums as the Owner may be entitled to under the terms of the Bareboat Charter

“Total Loss”

during the Charter Period,

- (a) the actual or constructive or compromised or agreed or arranged total loss of the Vessel;
- (b) the requisition for title or compulsory acquisition of the Vessel by any governmental agency, unless within 90 days of such requisition, the Vessel is returned to the full control of the Owner and the title to the Vessel is re-vested in the Owner (in each case to the satisfaction of the Owner); and
- (c) the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture of the Vessel (not falling within paragraph (b) above), unless the Vessel is released and returned to the possession of the Owner or the Charterer within 90 days after the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture in question

“Transaction Documents”

the Memorandum of Agreement, the Bareboat Charter, the Security Documents, any sub-charter in respect of the Vessel, any technical, commercial and/or layup management agreements in relation to the Vessel and such other documents as may be designated as such by the Owner and the Charterer from time to time

“USD”

United States dollars, the lawful currency of the United States of America

“Variable Hire”

has the meaning ascribed to it in the section headed “Finance Lease Arrangement — Charter hire”

“Vessel” SEACON YOKOHAMA, a 13,500 dwt general cargo ship under construction

“%” per cent

In this announcement, the translations between USD and JPY were made at the rate of JPY1 to USD0.0068.

By order of the Board
Seacon Shipping Group Holdings Limited
Guo Jinkui
Chairman

Hong Kong, 24 September 2023

As at the date of this announcement, the Board comprises executive Directors of Mr. Guo Jinkui, Mr. Chen Zekai, Mr. He Gang, and Mr. Zhao Yong; and independent non-executive Directors of Mr. Fu Junyuan, Ms. Zhang Xuemei, and Mr. Zhuang Wei.

* *For identification purposes only*