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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 BAREBOAT CHARTER IN RELATION TO A VESSEL

BAREBOAT CHARTER

The Board announces that on 23 October 2023, the Charterer, an indirect wholly-owned subsidiary of the Company, and the Owner entered into the Bareboat Charter, pursuant to which the Owner agreed to charter the Vessel to the Charterer.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Bareboat Charter exceeds 5% but is less than 25%, the Bareboat Charter 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 23 October 2023, the Charterer, an indirect wholly-owned subsidiary of the Company, and the Owner entered into the Bareboat Charter, pursuant to which the Owner agreed to charter the Vessel to the Charterer.

BAREBOAT CHARTER

The principal terms of the Bareboat Charter are as follows:

Date

23 October 2023

Parties

The Charterer and the Owner

The Vessel

The Vessel is an oil/chemical tanker named “Chem Lyra” registered under the law and flag of Liberia.

Charter period

60 months commencing from the Delivery Date, which is expected to be 1 November 2023.

Charter-hire

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

- (1) an extra upfront charter-hire (“**Extra Upfront Charter-hire**”) of USD49,450 payable on the first Payment Date of each calendar year;
- (2) a fixed charter-hire (“**Fixed Charter-hire**”) of approximately USD484,200 payable on each Payment Date other than the last Payment Date, which is calculated in accordance with the following formula:

$$(A-B)/19$$

whereby:

A = Finance Principal

B = Balloon Amount

The Balloon Amount is payable on the last Payment Date.

The total amount of the Fixed Charter-hire payable over the Charter Period is USD11,500,000, being the Fixed Charter-hire payable on each Payment Date multiplied by 19 plus the Balloon Amount.

(3) a variable charter-hire (“**Variable Charter-hire**”, together with the Fixed Charter-hire, the “**Charter-hire**”) payable on each Payment Date, being the applicable Interest Rate on the Charter-hire Principal Balance.

Purchase option

Subject to the terms and conditions set out in the Bareboat Charter, with at least sixty (60) days’ prior notice from the Charterer to the Owner, the Charterer may purchase the Vessel for the Purchase Option Price (the “**Purchase Option**”).

Purchase obligation

The Charterer shall be obliged to purchase the Vessel on the date falling sixty (60) months commencing from the Delivery Date by paying the Purchase Obligation Price.

Aggregate Payments

The estimated aggregate amount of all charter-hire payments and the Purchase Obligation Price under the Bareboat Charter is approximately USD14,639,530 (the “**Aggregate Payments**”), which is calculated based on the assumption that the applicable Reference Rate is approximately 5.41%, being the term secured overnight financing rate (“**SOFR**”) for a period of three (3) months as of 20 October 2023.

The amount of Aggregate Payments was determined after arm’s length negotiations between the Owner and the Charterer taking into account the market value of the Vessel as at 19 September 2023 of USD13,750,000 as appraised by the Independent Valuer, the interest payable by the Company in the finance leasing transactions for other vessels of the Company, and the quotation provided by another company in relation to a bareboat charter for a vessel of similar type and size.

The Independent Valuer has prepared the valuation by collating shipbrokers’ price estimates and/or ideas and market knowledge, and then seeking to validate such price estimates and/or ideas, where possible and appropriate, with details held on its database, information in relevant works of reference in its possession and particulars given to it for the preparation of the valuation. The Independent Valuer has also assumed that the Vessel is in good and seaworthy condition and would be delivered free from all debts, registered encumbrances and maritime liens. The market value of the Vessel is estimated on the basis of prompt charterfree delivery and as between a willing seller and a willing buyer for cash payment under normal commercial terms.

Security documents

In connection with the Bareboat Charter, the following documents have been or will be entered into:

- (1) a deed of assignment to be executed by the Charterer in favour of the Owner (the “**Deed of Assignment**”) in relation to the Charterer’s rights and interest in and to, among other things, the earnings, insurances and requisition compensation in respect of the Vessel; and
- (2) a deed of charge over the shares of the Charterer executed by its sole shareholder, Seacon Shipping Pte. Ltd., an indirect wholly owned subsidiary of the Company, in favour of the Owner (the “**Share Security**”, together with the Deed of Assignment, the “**Security Documents**”),

to secure the obligations and liabilities and the performance by the Charterer to the Owner under or in connection with the Leasing Documents.

Guarantee

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

- (1) guarantee to the Owner the due payment of all amounts payable by each Obligor under each Leasing Document to which it is a party;
- (2) guarantee to the Owner the punctual performance by each Obligor of all its obligations under or in connection with any Leasing Document to which it is a party;
- (3) undertake with the Owner to pay to the Owner, immediately on the Owner’s demand as if it was the principal obligor, any such amount which is not paid by any Obligor when due and payable under or in connection with the Leasing Documents (or any of them); and
- (4) undertake to fully indemnify, as an independent and primary obligation, the Owner immediately on its demand in respect of all documented claims, expenses, liabilities, costs and losses which are made or brought against or incurred by the Owner as a result of or in connection with any obligation or liability of each Obligor under the Leasing Documents and/or any obligation or liability guaranteed by the Company being or becoming unenforceable, invalid, void or illegal; and the amount payable by the Company under this indemnity will not exceed the amount it would have had to pay under the Guarantee if the amount claimed had been recoverable on the basis of a guarantee.

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 in relation to the fees and expenses 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 Guarantee and any other Leasing Document to which it is a party;
- (4) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Owner by the Guarantee, any other Leasing Document to which it is a party or by law;
- (5) any default by the Company in the performance of any of the obligations expressed to be assumed by it in the Leasing Documents;
- (6) any action by the Company which vitiates, reduces the value of, or is otherwise prejudicial to, any Security Interest created or evidenced or expressed to be created or evidenced under the Security Documents; and
- (7) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Guarantee or any other Leasing Document,

and which otherwise relates to the performance of the terms of the Guarantee or the other Leasing Documents.

REASONS FOR AND BENEFITS OF THE BAREBOAT CHARTER

The Bareboat Charter is in line with the ongoing strategy of the Group to expand its controlled vessel fleet by the addition of a oil/chemical tanker, diversifying the Group's controlled fleet while conserving capital flow. The recent geographical tension in the Middle East has driven the shipping demand for oil products, as witnessed by the surge of Baltic Clean Tanker Index since the third quarter of 2023. In addition, the management of the Company is of the view that the market conditions supporting the demand for chemical products will improve, which in turn will drive the global demand of logistics service for chemical products. By increasing the number of oil/chemical tankers, the Group's shipping capacity for oil and chemical products will increase, and the Company will be able to better meet market demand for its shipping services for oil or chemical products, generating additional revenue and creating greater value and returns for the Shareholders.

In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Bareboat Charter, the Guarantee and the Security Documents 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 finance leasing business. The Owner is wholly-owned by Zhejiang Zheyin Financial Leasing Co., Ltd.* (浙江浙銀金融租賃股份有限公司), which is owned as to 51% by CHINA ZHESHANG BANK CO., LTD. (浙商銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601916), 29% by Zhejiang Provincial Financial Holdings Co., Ltd.* (浙江省金融控股有限公司) and 20% by Zhoushan Marine Comprehensive Development and Investment Co., Ltd.* (舟山海洋綜合開發投資有限公司).

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.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Balloon Amount” USD2,300,000

“Bareboat Charter”	the bareboat charter in relation to the Vessel
“Board”	the board of Directors
“Breakfunding Costs”	all documented breakfunding costs and expenses incurred or payable by the Owners to (i) the Owner’s financier or to (ii) any swap counterparty under any swap or hedging arrangements as may be entered into by the Owners
“Charter Period”	60 months commencing from the Delivery Date
“Charter-hire Principal Balance”	Finance Principal minus the aggregate Fixed Charter-hire which have been paid by the Charterers and received by the Owners as at such date
“Charterer”	Golden Orchid Ships Ltd., a company incorporated in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company
“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)
“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
“Finance Principal”	USD11,500,000
“Group”	the Company and its subsidiaries
“Hire Period”	each consecutive quarterly period falling during the Charter Period
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	Clarkson Valuations Limited, an independent valuer principally engaged in the provision of valuation services to the shipping and offshore sectors and a subsidiary of Clarkson PLC, a company listed on the London Stock Exchange (stock code: CKN)

“Interest Rate”	the aggregate of (a) a margin of 2.85% per annum; and (b) the Reference Rate
“Leasing Documents”	the Bareboat Charter, the MOA, the Guarantee, an undertaking to be executed by the approved manager in favour of the Owner, the Security Documents 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
“Liberia”	the Republic of Liberia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOA”	the memorandum of agreement entered into between the Owner and an independent third party, in respect of the sale and purchase of the Vessel to be chartered to the Charterer under the Bareboat Charter, together with an escrow agreement in relation thereto
“Obligors”	together, the Charterer and Seacon Shipping Pte. Ltd., a company limited by shares incorporated in Singapore, which is an indirect wholly owned subsidiary of the Company
“Owner”	Zheyinhangzhou No. 23 (Zhejiang Free Trade Zone) Leasing Company Limited (浙銀航舟二十三號(浙江自貿區)租賃有限公司), a company established in the PRC with limited liability
“Payment Date”	in relation to (a) each Charter-hire instalment other than the last Charter-hire instalment, the 15th day of each calendar month falling at quarterly intervals after the calendar month in which the Delivery Date falls; and (b) the last Charter-hire instalment, the earlier of (i) the date falling sixty (60) months after the Delivery Date and (ii) the 15th day of the calendar month in which the date falling sixty (60) months after the Delivery Date falls
“PRC”	the People’s Republic of China
“Purchase Obligation Price”	an amount equal to USD10,000
“Purchase Option Date”	the date on which the Charterer exercises the Purchase Option on any Payment Date specified in a notice

“Purchase Option Fee”	an amount equal to the lower of (a) the Purchase Obligation Price, and (b) 1% of the applicable Charter-hire Principal Balance as at the relevant Purchase Option Date
“Purchase Option Price”	the aggregate of: <ul style="list-style-type: none"> (a) the Charter-hire Principal Balance; (b) the applicable Purchase Option Fee; (c) any due and payable but unpaid Charter-hire; (d) any Breakfunding Costs; (e) all costs and expenses incurred by the Owners as a result of the Charterers’ exercise the purchase including without limitation any legal costs; and (f) all other amounts due and outstanding under the Bareboat Charter and the other Leasing Documents together with any applicable interest thereon
“Reference Rate”	in relation to a Hire Period, the applicable term SOFR for a period of three (3) months as of the relevant quotation day, or as otherwise determined pursuant to the Bareboat Charter
“Shares”	ordinary shares with a nominal or par value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America

“Vessel” Chem Lyra, an oil/chemical tanker

“%” per cent

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

Hong Kong, 23 October 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*