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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)

(1) DISCLOSEABLE TRANSACTION FINANCE LEASE ARRANGEMENT

AND

(2) FURTHER INFORMATION ON PREVIOUS FINANCE LEASE ARRANGEMENT

(1) FINANCE LEASE ARRANGEMENT

The Board announces that on 18 December 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 USD14,000,000 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.

(2) FURTHER INFORMATION ON PREVIOUS FINANCE LEASE ARRANGEMENT

Reference is made to the announcement of the Company dated 12 December 2023 in relation to the Previous Finance Lease Arrangement.

The Company would like to provide further information on the Previous Finance Lease Arrangement in this announcement.

INTRODUCTION

The Board announces that on 18 December 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 USD14,000,000 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.

Reference is made to the announcement of the Company dated 12 December 2023 in relation to the Previous Finance Lease Arrangement.

The Company would like to provide further information on the Previous Finance Lease Arrangement in this announcement.

(1) FINANCE LEASE ARRANGEMENT

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

Date

18 December 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, an oil/chemical tanker built in year 2012 by Taizhou Sanfu Ship Engineering Co. Ltd with 11,271 gross tonnage.

As disclosed in the Announcement, the Charterer has entered into the Former Agreement to purchase the Vessel from the Original Seller. Pursuant to the Former Agreement, the Vessel is expected to be delivered to the Group between 20 November 2023 and 20 December 2023. The Vessel will, subject to the terms and conditions of the Memorandum of Agreement, be sold and delivered by the Charterer to the Owner immediately following the sale and delivery of the Vessel by the Original Seller to the Charterer under the Former Agreement.

As disclosed in the Announcement, the market value of the Vessel as at 26 October 2023 is USD14,000,000 as appraised by an independent valuer which was engaged by the Group.

If the Vessel is not delivered under the Memorandum of Agreement on or prior to 29 February 2024, then the Bareboat Charter shall be terminated and cancelled and all rights and obligations of the parties under the Bareboat Charter shall cease to have any effect.

Please refer to the Announcement for the revenue and the net profits or loss (before and after taxation) attributable to the Vessel for the years ended 31 December 2021 and 2022.

As disclosed in the Announcement, the acquisition of the Vessel by the Charterer from the Original Seller is subject to the condition that the Charterer shall, as soon as practicable after the delivery of the Vessel, charter the Vessel to a subsidiary of Union Maritime Limited. As such, the Charterer intends to sub-charter the Vessel in accordance with such condition as set out in the Former Agreement.

Consideration

USD14,000,000, which is payable as follows:

- (i) USD2,100,000, the payment obligation of which shall be set-off against the payment of the Advance Charterhire by the Charterer under the Bareboat Charter; and
- (ii) USD11,900,000 is payable by the Owner no later than one business day prior to the expected date of delivery of the Vessel into an escrow account.

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 USD14,000,000.

The consideration of the Vessel will be paid into the escrow account and directly released to the Original Owner for settlement of the purchase price of the Vessel under the Former Agreement.

Charter period

96 months commencing from the Delivery Date

Charter hire

The Advance Charterhire and the Charterhire payable by the Charterer to the Owner under the Bareboat Charter consists of:

- (1) the Advance Charterhire of USD2,100,000 payable on the Delivery Date;
- (2) the Fixed Charterhire in an amount equal to:
 - (i) in the case of each Payment Date other than the last Payment Date, one-thirty-two (1/32) of the difference between the Finance Principal and the Balloon Amount; and
 - (ii) in the case of the last Payment Date, the aggregate of (i) the one-thirty-second (1/32) of the difference between the Finance Principal and the Balloon Amount; and (ii) the Balloon Amount.
- (3) the Variable Charterhire in an amount calculated by applying the applicable Interest Rate on the Charterhire Principal Balance as at the date falling immediately prior to such Payment Date for:
 - (i) in the case of each Payment Date other than the last Payment Date, the Hire Period ending on such Payment Date; and
 - (ii) in the case of the last Payment Date, the Hire Period ending on the Maturity 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 usual interest rates in financial lease arrangements recently entered by the Group.

In consideration of the Owner entering into the Charter, the Charterer shall also pay to the Owner or its nominee a non-refundable arrangement fee equivalent to 0.5% of the Finance Principal.

Purchase option

Subject to the terms and conditions set out in the Bareboat Charter, after the first anniversary of the Delivery Date, with at least 60 days prior notice from the Charterer to the Owner, the Charterer may purchase the Vessel at the Purchase Option Price.

Purchase obligation

On the Maturity Date, the Charterer shall be obliged to purchase from the Owner all of the Owner's beneficial and legal right, title and interest in the Vessel and all belonging to the Vessel, by paying the purchase obligation price of USD1 and all other amounts due and payable under the Bareboat Charter to the Owner.

Ancillary documents

In connection with the Finance Lease Arrangement, the following Ancillary Documents have been or will be entered into:

- (1) an escrow agreement to be made by the Owner, the Charterer, the Original Seller and the designated escrow agent setting out the terms of appointment of the escrow agent and the manner in which the escrow agent will hold and release the Finance Principal;
- (2) the General 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, in or in connection with the earnings, insurances, requisition compensation 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;
- (3) the Share Charge over the shares of the Charterer executed by the Chargor in favour of the Owner;
- (4) a subordination agreement executed by the Charterer, the Chargor and the Owner, pursuant to which the liabilities and obligations of the Charterer to the Chargor shall be postponed and subordinated to the liabilities and obligations of the Charterer to the Owner under the Leasing Documents; and
- (5) 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 Charterer 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 the due payment of all amounts payable and the punctual performance by the Charterer and the Chargor of all its obligations under or in connection with any Leasing Document to which it is a party;

- (2) 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 of the Charterer and the Chargor when due and payable under or in connection with the Leasing Documents; and
- (3) undertake to fully indemnify 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 the Charterer and the Chargor under the Leasing Documents and/or any obligation or liability guaranteed by the Company being or becoming unenforceable, invalid, void or illegal.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Group has historically financed the acquisition of controlled vessels and its operations through the finance lease arrangement. The Finance Lease Arrangement enable the Group to obtain additional working capital as well as financing for the acquisition of the Vessel, which is in line with the ongoing strategy of the Group to 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 are accounted for as financing arrangement 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.

USE OF PROCEEDS

The net proceeds from the Finance Lease Arrangement will be used to finance the acquisition of the Vessel.

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 incorporated under the laws of Hong Kong with limited liability. It is principally engaged in financial leasing business. The Owner is indirectly wholly-owned by CIMC Capital Ltd.* (中集融資租賃有限公司), which is held as to (i) approximately 39.43% by Shenzhen Capital Operation Group Co., Ltd.* (深圳市資本運營集團有限公司) (“**Shenzhen Capital**”); (ii) approximately 45.43% by China International Marine Containers (Group) Co., Ltd.* (中國國際海運集裝箱(集團)股份有限公司) (“**CIMC**”); (iii) approximately 13.89% by Shenzhen Energy Group Co., Ltd.* (深圳市能源集團有限公司) (“**Shenzhen Energy**”); and (iv) approximately 1.25% by Tianjin Kairuikang Corporation Management Consultancy Investment Partnership (Limited Partnership)* (天津凱瑞康企業管理諮詢合夥企業(有限合夥)).

Shenzhen Energy is held as to 75% by Shenzhen Capital. Shenzhen Capital is wholly-owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of the Shenzhen Municipality (深圳市人民政府國有資產監督管理委員會). CIMC is a company dual listed on the main board of the Shenzhen Stock Exchange (stock code: 000039) and the main board of the Stock Exchange (stock code: 2039).

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

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.

(2) FURTHER INFORMATION ON PREVIOUS FINANCE LEASE ARRANGEMENT

The Company would like to provide further information on the Previous Finance Lease Arrangement:

1. as disclosed in the Announcement, the acquisition of the Previous Vessel by the Previous Vessel Charterer is subject to the condition that the Previous Vessel Charterer shall, as soon as practicable after the delivery of the Previous Vessel, charter the Previous Vessel to a subsidiary of Union Maritime Limited. As such,

the Previous Vessel Charterer intends to sub-charter the Previous Vessel in accordance with such condition as set out in the Previous Vessel Former Agreement;

2. the consideration of the Previous Vessel will be paid into the escrow account and directly released to the Previous Vessel Original Seller for settlement of purchase price of the Previous Vessel under the Previous Vessel Former Agreement; and
3. that there is an inadvertent typographical error on page 6 of the announcement of the Company dated 12 December 2023: “The Second 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)...” should be “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)...”.

Save as disclosed above, all information in the announcement of the Company dated 12 December 2023 remain unchanged.

DEFINITIONS

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

“Advance Chaterhire”	the advance charterhire payable by the Charterer to the Owner under the Bareboat Charter
“Ancillary Documents”	the ancillary documents entered by the relevant parties in connection with the Finance Lease Arrangement
“Announcement”	the announcement of the Company dated 7 November 2023 regarding the acquisition of the Vessel
“Balloon Amount”	an amount equal to 19.78% of the Finance Principal
“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
“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
“Charter Period”	96 months commencing from the Delivery Date

“Charterer”	Golden Jasmine Ships Ltd., a company incorporated in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company
“Charterhire”	the Fixed Charterhire and the Variable Charterhire payable by the Charterer to the Owner under the Bareboat Charter
“Charterhire Principal Balance”	on any relevant date, the Finance Principal minus the aggregate Fixed Charterhire which have been paid by the Charterer and received by the Owner as at such 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
“Finance Lease Arrangement”	the finance lease arrangement in relation to the Vessel
“Finance Principal”	USD11,900,000
“Fixed Charterhire”	the fixed charterhire payable by the Charterer to the Owner under the Bareboat Charter
“Former Agreement”	the agreement dated 7 November 2023 entered between the Charterer and the Original Seller in respect of the purchase of the Vessel
“General Assignment”	the deed of assignment to be executed by the Charterer in favour of the Owner in connection with the Finance Lease Arrangement
“Group”	the Company and its subsidiaries

“Hire Period”	each consecutive quarterly period falling during the Charter Period, provided that: (a) the Hire Period during the Charter Period shall commence on (and include) the Delivery Date and end on (and include) the Payment Date; and (b) each subsequent Hire Period during the Charter Period (apart from the final Hire Period) shall commence on (and include) the date falling immediately after the last day of the previous Hire Period; (c) any Hire Period that would otherwise extend past a Payment Date shall instead end on (and include) that Payment Date; and (d) the final Hire Period during the Charter Period shall end on (and include) the Maturity Date
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest Rate”	the aggregate of (a) a margin of 2.65% 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 two (2) United States Government securities business days prior to the day of such Hire Period and for a period of three (3) months, or as otherwise determined pursuant to the Bareboat Charter
“Liberia”	the Republic of Liberia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Leasing Documents”	means the Bareboat Charter, the Memorandum of Agreement, the Deed of Guarantee, the Ancillary Documents, and any other documents designated as a Leasing Document by the Owner and the Charterer (and any document assigned and/or secured thereunder), in each case, as amended and/or supplemented from time to time
“Maturity Date”	the date falling 96 months after the Delivery Date
“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
“Original Seller”	B Emerald Limited, a private company incorporated in the United Kingdom with limited liability
“Owner”	CIMC Solar Limited, a company incorporated under the laws of Hong Kong with limited liability

“Payment Date”	<ul style="list-style-type: none"> (i) the last day of the third calendar month after the Delivery Date; (ii) each date falling at quarterly intervals during the Charter Period after the date described in (i) above; and (iii) the Maturity Date
“Previous Finance Lease Arrangement”	the finance lease arrangement in relation to the Previous Vessel, the details of which were disclosed in the announcement of the Company dated 12 December 2023
“Previous Vessel”	an oil/chemical tanker, “ENFORD”
“Previous Vessel Charterer”	Golden Iris Ships Ltd., a company incorporated in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company
“Previous Vessel Former Agreement”	the agreement dated 7 November 2023 entered between the Previous Vessel Charterer and the Previous Vessel Original Seller in respect of the purchase of the Previous Vessel
“Previous Vessel Original Seller”	B Crystal Limited, a private company incorporated in the United Kingdom with limited liability
“PRC”	the People’s Republic of China
“Purchase Option Date”	the date on which the Charterer exercises the Purchase Option
“Purchase Option Fee”	an amount of up to 1% of the Charterhire Principal Balance payable by the Charterer to the Owner upon the exercise of the Purchase Option
“Purchase Option Price”	<p>the aggregate of:</p> <ul style="list-style-type: none"> (a) Charterhire Principal Balance as at the Purchase Option Date; (b) the applicable Purchase Option Fee as at such Purchase Option Date; (c) any due and payable but unpaid Charterhire as at the Purchase Option Date;

- (d) all documented breakfunding costs and expenses incurred or payable by the Owner 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 Owner, in each case when a repayment or prepayment under the Bareboat Charter does not fall on a Payment Date;
- (e) all costs and expenses incurred by the Owner as a result of the Charterer’s exercise the purchase option under the Bareboat Charter including without limitation any legal costs; and
- (f) all other amounts due and outstanding under the Bareboat Charter and other Transaction Documents together with any applicable interest thereon (including without limitation any default interest accrued on (a) to (e) above)

“Security Documents”	the General Assignment, the Share Charge and any other security documents granted as security for the obligations of the Charterer under or in connection with the Bareboat Charter
“Share Charge”	the charge over the shares of the Charterer executed by the Chargor in favour of the Owner
“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
“Transaction Documents”	in respect of a Finance Lease Arrangement, any of the Leasing Documents and any sub-charter of the Vessel
“USD”	United States dollars, the lawful currency of the United States of America
“Variable Charterhire”	the variable charterhire payable by the Charterer to the Owner under the Bareboat Charter

“Vessel” an oil/chemical tanker, “KENRICK” (to be renamed “Golden Jasmine”)
“%” per cent

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

Hong Kong, 18 December 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*