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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)**

### **MAJOR TRANSACTION FINANCE LEASE ARRANGEMENT**

#### **FINANCE LEASE ARRANGEMENT**

Reference is made to the announcement of the Company dated 24 September 2023 in relation to the Previous Finance Lease Arrangement.

The Board announces that on 4 January 2024 (after trading hours of the Stock Exchange), the Charterer and Seacon Shipping, both of which are indirect wholly-owned subsidiaries of the Company, and the Owner entered into the Finance Lease Arrangement, pursuant to which (i) Seacon Shipping agreed to sell the Vessel to the Owner for a consideration of USD30,000,000 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**

Since both the Finance Lease Arrangement and the Previous Finance Lease Arrangement were entered into with wholly-owned subsidiaries of Bank of Beijing Financial Leasing Co., Ltd., the Finance Lease Arrangement shall be aggregated with the Previous Finance Lease Arrangement for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Finance Lease Arrangement, when aggregated with the Previous Finance Lease Arrangement, exceeds 25% but is less than 75%, the Finance Lease Arrangement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder has a material interest in the Finance Lease Arrangement. As such, no Shareholder is required to abstain from voting if a general meeting of the Company is to be convened for the approval of the Finance Lease Arrangement. The Company has obtained an irrevocable and unconditional written approval for the Finance Lease Arrangement from the Closely Allied Group who together held 288,750,000 Shares (representing 57.75% of the issued share capital of the Company as at the date of this announcement). Accordingly, in accordance with Rule 14.44 of the Listing Rules, the Shareholders' approval requirement in respect of the Finance Lease Arrangement has been satisfied in lieu of a general meeting of the Company.

### **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further details of the Finance Lease Arrangement; and (ii) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 24 January 2024.

### **INTRODUCTION**

Reference is made to the announcement of the Company dated 24 September 2023 in relation to the Previous Finance Lease Arrangement.

The Board announces that on 4 January 2024 (after trading hours of the Stock Exchange), the Charterer and Seacon Shipping, both of which are indirect wholly-owned subsidiaries of the Company, and the Owner entered into the Finance Lease Arrangement, pursuant to which (i) Seacon Shipping agreed to sell the Vessel to the Owner for a consideration of USD30,000,000 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.

### **FINANCE LEASE ARRANGEMENT**

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

#### ***Date***

4 January 2024 (after trading hours of the Stock Exchange)

#### ***Parties***

Seacon Shipping, as seller under the Memorandum of Agreement and the Charterer, 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 40,000 dwt type double hull bulk carrier under construction and expected to be delivered to the Group on or before 12 January 2024. The market value of the Vessel as at 25 December 2023 is USD37,500,000 as appraised by an independent valuer. 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. If the Vessel is not delivered under the Bareboat Charter by 12 June 2024, then the Bareboat Charter shall immediately terminate and be cancelled and the Memorandum of Agreement shall be null and void.

### ***Consideration***

USD30,000,000, which is payable by the Owner to Seacon Shipping in cash in two (2) instalments as follows, subject to the terms and conditions of the Memorandum of Agreement:

- (1) USD21,420,000 is payable on the Prepositioning Date; and
- (2) the remaining balance is payable on or after the Delivery Date.

The consideration was determined after arm's length negotiations between the Owner and the Group taking into account the acquisition cost of the Vessel and the financing needs of the Group.

### ***Charter period***

120 months commencing from the Delivery Date

### ***Charter hire***

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

- (1) a fixed hire ("**Fixed Hire**") of USD450,000 payable on each Hire Payment Date; and
- (2) a variable hire ("**Variable Hire**") calculated using the following formula payable on each Hire Payment Date:

$$A \times B \times C$$

whereby:

A = the Outstanding Principal 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, which is determined after arm's length negotiations between the Owner and the Charterer with reference to the usual interest rate in other existing or previous financial lease arrangements of the Company.

### **Purchase option**

With at least three (3) months' prior written notice, the Charterer has the option to purchase the Vessel at the applicable Purchase Option Price, subject to the conditions set out in the Bareboat Charter.

### **Purchase obligation**

The Charterer shall be obliged to or cause its nominee to purchase the Vessel on the date falling one hundred and twenty (120) months commencing from the Delivery Date at the applicable Purchase Obligation Price.

### **Ancillary documents**

In connection with the Finance Lease Arrangement, the following ancillary documents (the "**Ancillary Documents**"), among others, have been or will be 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 which may have a duration of twelve (12) months or more (including any option to renew or extend) in respect of the Vessel;
- (2) a deed of undertaking to be executed by each of the approved manager in favour of the Owner; and
- (3) a deed of charge over the shares in the Charterer to be executed by Seacon Shipping in its capacity as chargor in favour of the Owner.

## **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 Documents, the Company shall immediately on demand pay that amount as if it were the principal obligor; and
- (3) if any obligation guaranteed by the Company is or becomes unenforceable, invalid or illegal, indemnify the Owner immediately on demand against any cost, loss or liability incurred by the Owner 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 Documents.

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 FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT**

The Group has historically financed the acquisition of controlled vessels and its operations through finance lease arrangement. 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 are 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 OF THE PARTIES**

### **The Company, the Group, Seacon Shipping 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.

Seacon Shipping is a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company. It is principally engaged in vessel holding and the provision of chartering 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

Since both the Finance Lease Arrangement and the Previous Finance Lease Arrangement were entered into with wholly-owned subsidiaries of Bank of Beijing Financial Leasing Co., Ltd., the Finance Lease Arrangement shall be aggregated with the Previous Finance Lease Arrangement for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Finance Lease Arrangement, when aggregated with the Previous Finance Lease Arrangement, exceeds 25% but is less than 75%, the Finance Lease Arrangement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder has a material interest in the Finance Lease Arrangement. As such, no Shareholder is required to abstain from voting if a general meeting of the Company is to be convened for the approval of the Finance Lease Arrangement. The Company has obtained an irrevocable and unconditional written approval for the Finance Lease Arrangement from the Closely Allied Group who together held 288,750,000 Shares (representing 57.75% of the issued share capital of the Company as at the date of this announcement). The Closely Allied Group comprises the following Shareholders:

<b>Name of the Shareholders</b>	<b>Number of Shares interested</b>	<b>Percentage of shareholding</b>
Jin Qiu Holding Ltd. <sup>(Note 1)</sup>	247,500,000	49.5%
Jin Chun Holding Ltd. <sup>(Note 2)</sup>	11,250,000	2.25%
Jovial Alliance Limited <sup>(Note 2)</sup>	30,000,000	6.0%

*Notes:*

1. The entire share capital of Jin Qiu Holding Ltd. is held by Shining Friends Limited, which is wholly-owned by Tricor Equity Trustee Limited, the trustee of The J&Y Trust, which was established by Mr. Guo Jinkui (as the settlor and protector) as a discretionary trust for the benefit of himself and his family members.
2. Both Jin Chun Holding Ltd. and Jovial Alliance Limited are directly wholly-owned by Mr. Guo Jinkui.



Accordingly, in accordance with Rule 14.44 of the Listing Rules, the Shareholders' approval requirement in respect of the Finance Lease Arrangement has been satisfied in lieu of a general meeting of the Company.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further details of the Finance Lease Arrangement; and (ii) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 24 January 2024.

## **DEFINITIONS**

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

“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
“Charterer”	Seacon Bangkok 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
“Closely Allied Group”	a closely allied group of the Shareholders comprising Jin Qiu Holding Ltd., Jin Chun Holding Ltd. and Jovial Alliance Limited which together held 288,750,000 Shares (representing 57.75% of the issued share capital of the Company as at the date of this announcement)
“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 Seacon Shipping to the Owner under the Memorandum of Agreement and by the Owner to the Charterer under the Bareboat Charter, which shall take place simultaneously
“Director(s)”	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
“Fee Letter”	the letter dated 4 January 2024 between the Charterer and the Owner setting out the interest on the first instalment of USD21,420,000 pursuant to the Memorandum of Agreement, which shall accrue from the Prepositioning Date until (but excluding) the Delivery Date, whereas if the Vessel is not delivered to Seacon Shipping, the interest shall accrue until the said first instalment is returned to the Owner (both dates inclusive) instead, at the Interest Rate payable by Seacon Shipping on the first Hire Payment Date
“Finance Lease Arrangement”	the finance lease arrangement in relation to the Vessel
“Group”	the Company and its subsidiaries
“Hire Payment Date”	the 15th day of each of March, June, September and December in each calendar year after the Delivery Date
“Hire Period”	each and every consecutive three-month period during the Charter Period, and <ul style="list-style-type: none"> <li>(a) in relation to the first Hire Period, the period to start on the Delivery Date and to end on the first coming Hire Payment Date;</li> <li>(b) in relation to each subsequent Hire Period (except for the last Hire Period), a period to start on the date immediately after the preceding Hire Payment Date and to end on the next Hire Payment Date; and</li> <li>(c) in relation to the last Hire Period, the period to start on the date immediately after the preceding Hire Payment Date and to end on the last day of the agreed Charter Period</li> </ul>
“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) the applicable term secured overnight financing rate (SOFR) reference rate as of three US Government Securities business days before the first day of the relevant Hire Period, or as otherwise determined in accordance with the Bareboat Charter

“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 Seacon Shipping and the Owner in respect of the sale and purchase of the Vessel under the Finance Lease Arrangement
“Obligor”	the Charterer, Seacon Shipping, the Company, the approved manager(s) and any person that may be party to a Transaction Document from time to time (other than the Owner and the account bank)
“Outstanding Principal”	an amount equal to the aggregate amount of the USD30,000,000 as may be reduced by the Fixed Hire actually paid to and received by the Owners
“Owner”	HAI SHENG NO.7 (TIANJIN) OF BOBFL CO., LTD, a company organised and existing under the laws of the PRC
“PRC”	the People’s Republic of China
“Prepositioning Date”	no later than three business days prior to the Delivery Date
“Previous Finance Lease Arrangement”	the finance lease arrangement in relation to SEACON YOKOHAMA as disclosed in the announcement of the Company dated 24 September 2023
“Purchase Obligation Price”	the amount due and payable by the Charterer to the Owner pursuant to the Bareboat Charter, being the aggregate of: <ul style="list-style-type: none"> <li>(a) USD12,000,000;</li> <li>(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</li> <li>(c) all other unpaid sums under the Transaction Documents due and payable together with interest accrued thereon from the due date for payment thereof up to the date of actual payment</li> </ul>

“Purchase Option Price”	the amount due and payable by the Charterer to the Owner, being the aggregate of, among others, the amount due and payable by the Charterer to the Owner under the Transaction Documents
“Seacon Shipping”	Seacon Shipping Pte. Ltd., a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“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 Document(s)”	among others, the Memorandum of Agreement, the Bareboat Charter, the Deed of Guarantee, the Ancillary Documents, the Fee Letter and such other documents as may in good faith be designated as such by the Owner from time to time
“USD”	United States dollars, the lawful currency of the United States of America
“Vessel”	SEACON BANGKOK, a 40,000 dwt type double hull bulk carrier under construction
“%”	per cent

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

Hong Kong, 4 January 2024

*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*