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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 DISPOSAL OF A VESSEL

DISPOSAL OF A VESSEL

The Board announces that on 8 April 2024 (after trading hours of the Stock Exchange), the Seller, an indirect wholly-owned subsidiary of the Company, and the Buyer entered into the Agreement, pursuant to which the Seller agreed to sell, and the Buyer agreed to purchase, the Vessel for a consideration of USD36,000,000.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal calculated with reference to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Disposal 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 8 April 2024 (after trading hours of the Stock Exchange), the Seller, an indirect wholly-owned subsidiary of the Company, and the Buyer entered into the Agreement, pursuant to which the Seller agreed to sell, and the Buyer agreed to purchase, the Vessel for a consideration of USD36,000,000.

The Vessel is currently chartered to the Seller under a bareboat charter from the Shipowner. The Seller intends to acquire the Vessel by exercising the Purchase Option in April 2024 pursuant to the terms of the bareboat charter.

THE DISPOSAL

The principal terms of the Agreement are as follows:

Date

8 April 2024 (after trading hours of the Stock Exchange)

Parties

The Buyer and the Seller

Subject matter

The Vessel, a 34,827 dwt chemical/oil carrier built in 2022 by FUJIAN MAWEI SHIPBUILDING LTD.

Set out below are the net profits (both before and after taxation) attributable to the Vessel for the years ended 31 December 2022 and 2023:

	Year ended 31 December	
	2022	2023
	<i>(USD in thousands, audited)</i>	
Net profits before and after taxation	1,320	4,775

Under the Agreement, the Vessel shall be delivered to the Buyer between 15 April 2024 and 30 June 2024, i.e. the Delivery Date. The Buyer shall have the option of cancelling the Agreement if the Vessel is not ready for delivery by the Delivery Date.

Consideration

USD36,000,000, which shall be paid by the Buyer to the Seller in the manner as follows:

- (1) the Deposit of USD5,400,000 is payable to an escrow account within three Banking Days after the Agreement has been signed and the escrow account has been opened;
- (2) The Buyer shall remit the Balance, namely, USD30,600,000 and all other sums payable on delivery into the escrow account prior to the expected date of delivery; and
- (3) On delivery of the Vessel, but no later than three Banking Days after the date that the notice of readiness regarding the Vessel has been given, the consideration shall be paid in full to the Seller's account.

The consideration was determined after arm's length negotiations between the Buyer and the Seller taking into account (1) the purchase price offered by another potential buyer for the Vessel, (2) the price of recently reported sale of second hand chemical/oil carriers with similar size and year of build conducted in the market and (3) by reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of built in the market.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal of the Vessel is in line with the ongoing strategy of the Group to optimize its vessel fleet by maintaining a well-balanced portfolio of the vessel fleet. The Directors consider that the Disposal represents an opportunity to dispose of the Vessel at a reasonable price, which will enable the Group to enhance its working capital position, further strengthen its liquidity, and provide funding for the acquisition of new vessels to optimize the Group's fleet portfolio. The Company will continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate.

In light of the above, the Directors believe that the terms of the transaction contemplated under the Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company, the Group and the Seller

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 Seller is a company incorporated in Hong Kong, which is an indirect wholly-owned subsidiary of the Company. It is principally engaged in vessel holding and the provision of chartering services.

The Buyer

The Buyer is a company incorporated in the United Kingdom with limited liability. It is an integrated logistics services provider for clients focused on Commercial Management, Technical Management, Marine Services, and Technology, with offices spanning three continents. It is a global leader in the maritime industry, owning and chartering over 70 vessels, ranging from Intermediate to Aframax/LR2 size. Its tankers transport crude oil, chemicals, oil products as well as clean petroleum products in major commercial areas worldwide.

Union Maritime was established in 2006. Based on the consolidated financial statements of Union Maritime, for the year ended 31 December 2022, its revenue is over USD475 million and its profit after taxation and total comprehensive income is approximately USD150 million. As at 31 December 2022, it has total assets of approximately USD1 billion. As a well-known shipowner in the shipping industry, Union Maritime's vessel transactions are reported in major maritime media platforms such as Tradewinds, eworldship.com and eshiptrading.com.cn.

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

FINANCIAL EFFECTS OF THE DISPOSAL

The Group expects to record a gain from the Disposal (after tax and expenses) of approximately USD8 million, which is estimated by the Group based on the difference between the amount of the proceeds expected to be obtained from the Disposal (after deducting the associated cost and tax of the Disposal) and the aggregate of the expected net asset value of the Vessel of approximately USD21.6 million as at the Delivery Date and the expected share of profits with the Shipowner pursuant to the bareboat charter upon the exercise of the Purchase Option. The actual gain from the Disposal can only be determined at the completion of the Disposal based on the actual net asset value of the Vessel and is subject to audit.

USE OF PROCEEDS

The net proceeds from the Disposal will be used to finance potential acquisition of vessels and as general working capital of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal 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.

The exercise of the Purchase Option is at the discretion of the Group. The Company will comply with the requirements under Chapter 14 of the Listing Rules and, if necessary, make further disclosure upon the exercising of the Purchase Option.

DEFINITIONS

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

“Agreement”	the memorandum of agreement dated 8 April 2024 entered into between the Buyer and the Seller in relation to the Disposal
“Balance”	has the meaning ascribed to it in the section headed “The Disposal — Consideration”
“Banking Days”	days on which banks are open in the United States, the PRC and the United Kingdom
“Board”	the board of Directors
“Buyer”	Union Maritime Limited, a company incorporated in the United Kingdom with limited liability
“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”	has the meaning ascribed to it in the section headed “The Disposal — Subject matter”
“Deposit”	has the meaning ascribed to it in the section headed “The Disposal — Consideration”
“Directors”	the director(s) of the Company
“Disposal”	the disposal of the Vessel pursuant to the Agreement
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Purchase Option”	the purchase option granted by the Shipowner to the Seller to purchase the Vessel under the bareboat charter
“Seller”	Golden Lavender Limited, a company incorporated in Hong Kong 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
“Shipowner”	the shipowner of the Vessel until the exercise of the Purchase Option, an independent third party of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America
“USD”	United States dollars, the lawful currency of the United States
“Vessel”	GOLDEN LAVENDER, a 34,827 dwt chemical/oil carrier built in 2022
“%”	per cent

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

Hong Kong, 8 April 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.