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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 ARRANGEMENTS IN RELATION TO TWO VESSELS

BAREBOAT CHARTER ARRANGEMENTS

The Board announces that on 22 July 2024 (after trading hours of the Stock Exchange), (1) the Charterers, two indirect wholly-owned subsidiaries of the Company, entered into the Novation Agreements respectively, pursuant to which the corresponding Owners agreed to transfer in part their rights and obligations under the relevant Shipbuilding Contracts to the corresponding Charterers; (2) the Charterers entered into the Bareboat Charters with the corresponding Owners, pursuant to which the corresponding Owners agreed to charter each of the Vessels to the corresponding Charterer; and (3) the Company entered into the Guarantees in favour of the corresponding Owners.

LISTING RULES IMPLICATIONS

Since the Bareboat Charter Arrangements were entered into with the Owners, which are both wholly owned subsidiaries of Yingxing, the Bareboat Charter Arrangements shall be aggregated 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 Bareboat Charter Arrangements, when aggregated, exceeds 5% but is less than 25%, the Bareboat Charter Arrangements constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The principal terms of the Bareboat Charter Arrangements are as follows:

Date

22 July 2024 (after trading hours of the Stock Exchange)

Parties to the Bareboat Charters

The Charterers and the Owners

The Vessels

The two Vessels are 18,500dwt oil/chemical tankers named Golden Magnolia and Golden Begonia respectively, registered under the law and flag of Liberia. The aggregate value (unaudited) of the right-of-use assets that will be recognized by the Company in relation to the Vessels under the Bareboat Charters will amount to approximately USD55.9 million.

Charter period

From the Delivery Date to the twelfth anniversary date of the Delivery Date.

Payments

The payments to be made by each of the Charterers to the corresponding Owner consist of:

- (1) an upfront fee in the amount of USD272,700 payable on the payment date of the milestone first instalment of Contract Price, namely when the corresponding Owner receives the relevant refund guarantee and invoice;
- (2) an advanced charter-hire of USD3,030,000 (the “**Advanced Charter-hire**”) payable in five instalments and each shall be fully paid prior to the payment date of the relevant milestone instalment, namely when the corresponding Owner receives the relevant refund guarantee and invoice, after the cutting of the first steel plate, keel-laying of the first section, launching and upon delivery of the relevant Vessel respectively;

- (3) pre-delivery handling fee for each pre-delivery milestone instalments at the rate of aggregate amount of 2.45% and Reference Rate per annum, payable quarterly in arrears, from the date that relevant Owner pays the Builder the relevant milestone instalment up to the Delivery Date; and
- (4) the Daily Fixed Charter-hire, payable since the date three months after the Delivery Date and each of the dates thereafter that falls at the end of each Hire Payment Period.

Purchase Options

Subject to the terms and conditions set out in the Bareboat Charters, with at least 60 days' prior notice, each of the two Charterers shall have a Purchase Option to purchase the Vessel at the applicable Purchase Option Price.

The amount of the payments and the Purchase Option Prices was determined after arm's length negotiations between the corresponding Owner and Charterer taking into account (1) the Contract Prices of the Vessels under the Shipbuilding Contracts, (2) the value of the right-of-use assets that will be recognized by the Company in relation to the Vessels, and (3) the consideration payable by the Company in the bareboat charter transactions for other vessels.

Security documents

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

- (1) a deed of assignment executed by the Charterers in favour of the Owners regarding the assignment of the Charterers' rights, title and interest in and to, among other things, the earnings, insurances and any requisition compensation;
- (2) a share security constituting a security interest by Seacon Shipping in favour of the Owners in respect of the shares in the Charterers; and
- (3) the undertaking to be entered into by the manager of the corresponding Vessel in favour of the Owners in respect of the relevant Vessel.

Guarantees

The Company has entered into the Guarantees in favour of the corresponding Owners, pursuant to which the Company agreed to, among other things:

- (1) guarantee to the corresponding Owner the due and punctual performance by the relevant Charterer of all its respective obligations, duties and liabilities under or in connection with the relevant Bareboat Charter and undertake that, if the relevant Charterer shall be in default in the performance of any of such obligations, the Company will perform such obligations on demand;

- (2) guarantee to the corresponding Owner the punctual payment of all sums payable by the relevant Charterer under or in connection with the respective Bareboat Charter and undertake that, if the relevant Charterer shall be in default in such payment, the Company will pay such sum on demand; and
- (3) if any sums guaranteed are not recoverable on the basis of a guarantee, as a separate and independent stipulation and as a primary obligor, pay to the corresponding Owner on demand an amount equal to the amount which the Guarantor would have been liable to pay but for such irrecoverability and on demand indemnify the corresponding Owner against any reasonable loss or liability suffered or incurred by the corresponding Owner as a result of such irrecoverability.

Novation Agreements

Pursuant to the respective Novation Agreement, the corresponding Owners agreed to transfer to each of the Charterers its rights, obligations, undertakings and liabilities of the corresponding Owner under the relevant Shipbuilding Contract in relation to, among others, (1) the approval of plans and drawings, (2) making modifications on the relevant Vessel, (3) supervising the relevant Vessel and (4) attending the tests and sea trials for the relevant Vessel.

REASONS FOR AND BENEFITS OF THE BAREBOAT CHARTER ARRANGEMENTS

The Bareboat Charter Arrangements are in line with the ongoing strategy of the Group to expand its controlled vessel fleet by the addition of two oil/chemical vessels, diversifying the Group's controlled fleet while conserving capital flow. In addition, the management of the Company is of the view that the market conditions supporting the demand for oil/chemical products will improve, which in turn will drive the global demand of logistics service for oil/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 and 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 Arrangements are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company, the Group and the Charterers

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.

Both Charterers are companies incorporated in Liberia with limited liability and indirect wholly-owned subsidiaries of the Company. Both Charterers are principally engaged in vessel holding and the provision of chartering services.

The Owners

Each of the Owners is a company established in the PRC with limited liability, which is principally engaged in finance leasing business. Each of the Owners is wholly owned by Yingxing, which in turn is ultimately controlled as to one-third or more by the State-owned Assets Supervision and Administration Commission of the Wuhu Municipal People's Government.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there is no other ultimate beneficial owner controlling one-third or more of the Owners, and the Owners and their 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:

“Advanced Charter-hire”	has the meaning ascribed to it in the section headed “Bareboat Charter Arrangements — Payments”
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“Bareboat Charter Arrangements”	collectively, the Bareboat Charters, the Novation Agreements and the Guarantees
“Bareboat Charter(s)”	two bareboat charters entered into between the Charterers and the Owners in connection with the Vessels
“Board”	the board of Directors
“Builder”	Wuhu Shipyard Co., Ltd., a company incorporated and existing under the laws of the PRC with limited liability
“Charter Period”	from the Delivery Date to the twelfth anniversary date of the Delivery Date
“Charterers”	collectively, Golden Magnolia and Golden Begonia
“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)
“Contract Price(s)”	the contract price of each of the Vessels in the amount of USD30,300,000, which may be adjusted in accordance with the terms of the relevant Shipbuilding Contract
“Daily Fixed Charter-hire”	(1) in respect of the Charter Period from Delivery Date to the sixth anniversary from the Delivery Date, USD9,000 per day; and (2) in respect of the Charter Period from the sixth anniversary to twelfth anniversary from the Delivery Date, USD7,200 per day
“Delivery Date”	the actual date of delivery of the corresponding Vessel by the Builder to the respective Owner as indicated by the protocol of delivery and acceptance signed by the Owners and the Builder pursuant to the relevant Shipbuilding Contract
“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
“Golden Begonia”	Golden Begonia Ltd, a company incorporated and existing under the laws in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company

“Golden Magnolia”	Golden Magnolia Ltd, a company incorporated and existing under the laws in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantees”	two deeds of guarantee executed by the Company in favour of the corresponding Owners
“Hire Payment Period”	the period commencing on the last day of the then current Hire Payment Period and having a duration of three months, provided that the final Hire Payment Period shall end on the final day of the Charter Period
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Liberia”	the Republic of Liberia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Novation Agreement(s)”	the novation agreements entered between the Builder, the respective Charterers, and the corresponding Owners
“Owner(s)”	collectively, Tianjin Dongjiang Comprehensive Bonded Zone Yingxing No. 2 Leasing Co., Ltd. and Tianjin Dongjiang Comprehensive Bonded Zone Yingxing No. 3 Leasing Co., Ltd., each company being incorporated and existing under the laws of the PRC
“PRC”	the People’s Republic of China
“Purchase Option Date(s)”	the date to exercise the Purchase Options as specified in a written notice provided by the relevant Charterer in advance
“Purchase Option Price”	an amount equals to 103.5% to 106.5% of the Remaining Base Amount, depending on the relevant Purchase Option Date
“Purchase Option(s)”	the option granted to the corresponding Charterer to purchase the relevant Vessel at the applicable Purchase Option Price
“Reference Rate”	in relation to any pre-delivery handling fee or any payable sums in USD, term secured overnight financing rate as of five United States Government securities business days and for a period equal in length to the interest period, or as otherwise determined pursuant to the relevant Bareboat Charter

“Remaining Base Amount”	in respect of each Vessel, the amount of USD30,300,000 or such amount remaining as may be reduced by deduction of depreciation amount and payment of the Advanced Charter-hire and Purchase Option Price
“Seacon Shipping”	Seacon Shipping Pte. Ltd., a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“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
“Shipbuilding Contract(s)”	the agreements dated 29 June 2024 entered into between the Builder and the Owners in respect of the construction and sale of the respective Vessels
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“Vessel(s)”	two 18,500dwt oil/chemical tankers named Golden Magnolia and Golden Begonia registered under the law and flag of Liberia
“Yingxing”	Yingxing Financial Leasing (Anhui) Co., Ltd.* (應星融資租賃(安徽)有限公司), a company incorporated in the PRC with limited liability
“%”	per cent

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

Hong Kong, 22 July 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*