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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 TRANSACTIONS**

#### **FINANCE LEASE ARRANGEMENTS IN RELATION TO FOUR VESSELS**

##### **FINANCE LEASE ARRANGEMENTS**

The Board announces that on 21 June 2024 (after trading hours of the Stock Exchange), Seacon Shipping and the four Charterers, being indirect wholly owned subsidiaries of the Company, and the four corresponding Owners, entered into the four Finance Lease Arrangements, respectively, pursuant to which (1) Seacon Shipping agreed to sell the relevant Vessels to the corresponding Owners, each for a consideration of USD27,455,000 under the corresponding Memorandum of Agreement; (2) each of the Owners agreed to charter the relevant Vessel to the corresponding Charterer, respectively, under the relevant Bareboat Charter; and (3) the Company entered into a Guarantee in favour of the Security Trustee.

##### **LISTING RULES IMPLICATIONS**

Since the Finance Lease Arrangements were entered into with the Owners, which are all non-wholly owned subsidiaries of AVIC, the Finance Lease 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 Finance Lease Arrangements, when aggregated, exceeds 25% but is less than 75%, the Finance Lease Arrangements constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are 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 transactions contemplated under the Finance Lease Arrangements. 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 transactions contemplated under the Finance Lease Arrangements. The Company has obtained an irrevocable and unconditional written approval for the transactions contemplated under the Finance Lease Arrangements 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 transactions contemplated under the Finance Lease Arrangements has been satisfied in lieu of a Shareholders' general meeting of the Company.

#### **DESPATCH OF CIRCULAR**

A circular containing, among other things, (1) further details of the Finance Lease Arrangements and the transactions contemplated thereunder; and (2) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 15 July 2024.

#### **FINANCE LEASE ARRANGEMENTS**

The Board announces that on 21 June 2024 (after trading hours of the Stock Exchange), Seacon Shipping and the four Charterers, being indirect wholly owned subsidiaries of the Company, and the four corresponding Owners, entered into the four Finance Lease Arrangements, respectively, pursuant to which (1) Seacon Shipping agreed to sell the relevant Vessels to the corresponding Owners, each for a consideration of USD27,455,000 under the corresponding Memorandum of Agreement; (2) each of the Owners agreed to charter the relevant Vessel to the corresponding Charterer, respectively, under the relevant Bareboat Charter; and (3) the Company entered into the a Guarantee in favour of the Security Trustee.

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

#### **Date**

21 June 2024 (after trading hours of the Stock Exchange)

## **Parties**

Seacon Shipping, as the seller under the Memoranda of Agreement

The Charterers, as the charterers under the relevant Bareboat Charters

The Owners, as the corresponding buyers under the Memoranda of Agreement and as the owners under the relevant Bareboat Charters

## **Subject matter**

The four Vessels, each being an 18,500dwt oil/chemical tanker under construction acquired by the Group on 18 February 2024 pursuant to four shipbuilding contracts. For details, please refer to the announcement and circular of the Company dated 18 February 2024 and 23 February 2024, respectively. As the Vessels are still under construction, no profit was generated by them for the two financial years immediately preceding the Finance Lease Arrangements, respectively.

## **Consideration**

Under each of the Memoranda of Agreement and subject to the terms therein, the respective consideration for the sale of each of the relevant Vessel is USD27,455,000. Such consideration is payable by the relevant Owner to the builder in four instalments in the amounts of USD3,230,000, USD6,460,000, USD3,230,000 and USD14,535,000 respectively according to the payment schedule pursuant to the relevant building contract, which is based on the milestones with respect to the construction, launching and delivery of the relevant Vessel.

The consideration was determined after arm's length negotiations between each of the Owners and the corresponding Charterer respectively, taking into account the acquisition cost of the Vessels, namely USD32,300,000 each, and that the Group, having regard to its financing needs, is of the view that no more than USD27,455,000 of financing is required for each of the Vessels.

## **Charter Periods**

120 months commencing from the Delivery Dates, which are expected to be on or before 31 July 2025, 30 November 2025, 28 February 2026 and 31 May 2026 for the four Vessels respectively.

## **Hire**

Subject to the terms of the relevant Bareboat Charters, the hire payable by the each of the Charterers to the corresponding Owner consists of:

- (1) a Pre-delivery Hire, in respect of each three months' period until the Delivery Date, the aggregate of the interest accrued on the Pre-delivery Owners' Cost for each day during the relevant period and calculated on the basis of a year of 360 days at the applicable Interest Rate;
- (2) a Fixed Hire, in respect of each Hire Period, an amount equivalent to the sum calculated by using the following formula:

$$\text{Fixed Hire} = (\text{Original Principal} - \text{Balloon Amount})/40$$

- (3) a Variable Hire in respect of each Hire Period, the interest accrued on the Outstanding Principal for each day during the relevant Hire Period and calculated on the basis of a year of 360 days at the applicable Interest Rate by using the following formula:

$$\text{Variable Hire} = (A \times B/360) \times C$$

whereby:

- A = (in relation to the first Hire Payment Date) the Original Principal; or (in relation to any other subsequent Hire Payment Date) the Outstanding Principal on the immediately preceding Hire Payment Date
- B = the Interest Rate applicable to that Hire Period
- C = the actual number of days during that Hire Period; and

- (4) a Balloon Amount.

## **Purchase options and obligations**

Subject to the terms of the relevant Bareboat Charter, the corresponding Charterer may exercise the purchase option to purchase the relevant Vessel on and from the second anniversary of the Delivery Date on the relevant Purchase Option Date at the applicable Purchase Option Price.

Irrespective whether the Charterers have exercised the said purchase option, the Charterers shall be obligated to purchase the corresponding Vessels from the Owners on the last day of the Charter Period against the full payment of all amounts payable to the Owners under the Transaction Documents.

### **Security Documents**

In connection with each of the Bareboat Charters, the following Security Documents have been or will be entered into:

- (1) a charterer's assignment executed by the corresponding Charterer in favour of the Security Trustee in relation to the relevant Charterer's rights and interests in and to earnings, insurances, requisition compensation and certain sub-charters (if any);
- (2) a Guarantee executed by the Company in favour of the Security Trustee;
- (3) a manager's undertaking by each of the approved manager in favour of the Security Trustee;
- (4) a pre-delivery assignment executed by Seacon Shipping in favour of the Security Trustee in relation to certain of Seacon Shipping's rights and interest in and to (among other things) of the relevant building contract and the refund guarantee issued by the refund guarantor in favour of Seacon Shipping;
- (5) a security trust deed executed by the Security Trustee, the Owners, the Charterers, Seacon Shipping and the Company in relation to the Creditor Parties' appointment of the Security Trustee to hold their benefits under the Security Documents and any additional security documents;
- (6) the security documents under the Bareboat Charters; and
- (7) any other document that may at any time be executed creating, evidencing or perfecting any security interest to secure the Obligor's obligations under or in connection with the Transaction Documents.

## **Guarantee**

The Company has entered into a Guarantee for the respective Vessels in favour of the Security Trustee for the Creditor Parties, pursuant to which the Company agreed to, among other things:

- (1) guarantee to the corresponding Creditor Parties the due and punctual performance and observance by the corresponding Obligors of the terms and conditions of all Transaction Documents, and undertake that if and whenever any of the Obligors defaults, the Company shall on demand cause the performance of those obligations;
- (2) guarantee the due and punctual payment of all moneys fall due to be paid by any of the corresponding Obligors under or pursuant to any Transaction Documents, and undertake that whenever any of the Obligors does not pay any such amount when due, the Company shall immediately on demand pay that amount; and
- (3) undertake to indemnify the corresponding Creditor Parties immediately on demand against any costs, charges, expenses, claims, liabilities, losses, duties and fees suffered or incurred by that Creditor Party, as a result of any breach or non-performance of, or non-compliance by any of the Obligors with any of its respective obligations under or pursuant to any Transaction Documents or as a result of any of those obligations being or becoming void, voidable, unenforceable, invalid or illegal.

## **USE OF PROCEEDS**

The net proceeds from the Finance Lease Arrangements will be used to finance the shipbuilding costs for the Vessels.

## **REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS**

The Group has historically financed the acquisition of controlled vessels through finance lease arrangements. The Finance Lease Arrangements enable the Group to obtain financing for the acquisition of the 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 Arrangements 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 Arrangements and the total liabilities of the Group will increase to reflect the repayment obligations of the Group under the Finance Lease Arrangements.

In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Finance Lease Arrangements are fair and reasonable and in the interests of the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

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

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.

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

### **The Owners**

All Owners are companies incorporated in Liberia with limited liability which are principally engaged in finance leasing business. All Owners are controlled as to over two-thirds by AVIC, a company listed on the Shanghai Stock Exchange (stock code: 600705).

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 all Owners and their ultimate beneficial owners are third parties independent of the Company and its connected persons.



## LISTING RULES IMPLICATIONS

Since the Finance Lease Arrangements were entered into with the Owners, which are all non-wholly owned subsidiaries of AVIC, the Finance Lease 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 Finance Lease Arrangements, when aggregated, exceeds 25% but is less than 75%, the Finance Lease Arrangements constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are 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 transactions contemplated under the Finance Lease Arrangements. 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 transactions contemplated under the Finance Lease Arrangements. The Company has obtained an irrevocable and unconditional written approval for the transactions contemplated under the Finance Lease Arrangements 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 transactions contemplated under the Finance Lease Arrangements has been satisfied in lieu of a Shareholders' general meeting of the Company.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further details of the Finance Lease Arrangements and the transactions contemplated thereunder; and (ii) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 15 July 2024.

## **DEFINITIONS**

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

“AVIC”	AVIC Industry-Finance Holdings Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600705)
“Balloon Amount”	being an amount equivalent to the lower of USD15,000,000 and 46.5% of the market value based on valuation reports not earlier than 30 days before the Delivery Date
“Bareboat Charter(s)”	the bareboat charters in relation to the four Vessels
“Board”	the board of Directors
“Break Costs”	all costs, losses, premiums or penalties incurred by the relevant Owner as a result of, among others, the receipt by the Owner of any payment under or in relation to the Transaction Documents on a day other than the due date for payment of a relevant sum
“Charter Period”	the period of 120 months commencing from the Delivery Date
“Charterer(s)”	GOLDEN BANYAN LTD, GOLDEN CEDAR LTD, GOLDEN MAPLE LTD and GOLDEN OLIVE LTD, corporations incorporated under the laws of the Liberia, in relation to each of the four Vessels
“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)
“Creditor Party(ies)”	the Owners, the Security Trustee, any new creditor party and receiver or delegate of the Security Trustee
“Delivery Date”	the date of delivery of the corresponding Vessel by the relevant Owner to the relevant Charterer
“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
“Finance Lease Arrangement(s)”	the finance lease arrangements in relation to each of the four Vessels
“Fixed Hire”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Hire”
“Group”	the Company and its subsidiaries
“Guarantee”	the deed of guarantee executed by the Company in favour of the Security Trustee
“Hire Payment Date”	(a) in relation to the Pre-delivery Hire for each three months’ period until the Delivery Date, the last of period; (b) in relation to the hire for each Hire Period, the last day of that Hire Period; and (c) in relation to the Balloon Amount, the last day of the Charter Period
“Hire Period”	(a) for the first Hire Period, three months’ period commencing on the Delivery Date; and (b) in relation to each and every successive Hire Period, each and every consecutive three months’ period commencing upon the expiration of the immediately previous Hire Period, provided that the last (40 <sup>th</sup> ) Hire Period shall end on the expiry day of the Charter Period
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest Rate”	the rate of interest applicable for each three months’ period until the Delivery Date or Hire Period or other relevant time period, being the percentage rate per annum which is the aggregate of the applicable the applicable Term SOFR as of three United States Government Securities business days before the first day of that period for a period of three months, or as otherwise determined pursuant to the relevant Bareboat Charter, and the margin 2.3% per annum
“Liberia”	the Republic of Liberia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum(a) of Agreement”	the memorandum of agreement entered into between Seacon Shipping and the corresponding Owner in respect of the sale and purchase of the relevant Vessel under the corresponding Finance Lease Arrangement in relation to each of the four Vessels
“Obligor(s)”	Seacon Shipping, the Charterers, the Company, the approved managers, any co-assured and any party (other than the Owners and the Security Trustee) to a Transaction Document
“Original Principal”	USD27,455,000
“Outstanding Principal”	the Original Principal as may be reduced by payment of Fixed Hire or prepayment
“Owner(s)”	BRIGHT CHEMONE SHIPPING LIMITED, BRIGHT CHEMTWO SHIPPING LIMITED, BRIGHT CHEMTHREE SHIPPING LIMITED and BRIGHT CHEMFOUR SHIPPING LIMITED
“PRC”	the People’s Republic of China
“Pre-delivery Hire”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Hire”
“Pre-delivery Owners’ Cost”	at any time prior to the Delivery Date, the aggregate amount of all instalments which the Owners have paid pursuant to the relevant Memorandum of Agreement

“Purchase Option Date”	any business day as specified in the purchase option notice served in accordance with the terms of the corresponding Bareboat Charter, which shall fall on or after the second anniversary of the Delivery Date
“Purchase Option Price”	the aggregate of the following in respect of each Vessel: <ul style="list-style-type: none"> <li>(a) the Outstanding Principal as at the Purchase Option Date;</li> <li>(b) the applicable fee up to 1% of the Outstanding Principal depending on the relevant Purchase Option Date;</li> <li>(c) any Variable Hire which has accrued but unpaid up to the Purchase Option Date;</li> <li>(d) all unpaid sums due and payable together with any interest accrued thereon from the due date for payment thereof up to the date of actual payment;</li> <li>(e) Break Costs (if any); and</li> <li>(f) all legal costs and expenses and other reasonable costs and expenses incurred by the relevant Owner relating to exercise of the purchase option</li> </ul>
“Seacon Shipping”	Seacon Shipping Pte. Ltd., a private company limited by shares incorporated in Singapore and an indirect wholly owned subsidiary of the Company
“Security Trustee”	BRIGHT CHEMONE SHIPPING LIMITED, a company incorporated in Liberia with limited liability
“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
“SOFR”	secured overnight financing rate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Documents”	the corresponding Bareboat Charters, the Memorandum of Agreement, the assignment agreement in respect of the builder’s warranty under the building contract, the Security Documents and any other documents as may in good faith be designated as such by the relevant Owner from time to time

“USD”	United States dollars, the lawful currency of the United States of America
“Variable Hire”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Hire”
“Vessel(s)”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Subject matter”
“%”	per cent

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

Hong Kong, 21 June 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.*