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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 FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGEMENT

The Board announces that on 10 December 2024 (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 USD3,000,000 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 indirect wholly-owned subsidiaries of Shenzhen Financial Leasing within a 12-month period, the Finance Lease Arrangement shall be aggregated with the Previous Finance Lease Arrangement 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 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.

INTRODUCTION

The Board announces that on 10 December 2024 (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 USD3,000,000 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

10 December 2024 (after trading hours of the Stock Exchange)

Parties

The Charterer, as the seller under the Memorandum of Agreement and as the charterer under the Bareboat Charter

The Owner, as the buyer under the Memorandum of Agreement and as the owner under the Bareboat Charter

Subject matter

The Vessel, a 3,115 gross tonnage chemical tanker built in 2009 and acquired by the Group in 2016.

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	1,159	1,976

According to the audited consolidated financial statement of the Group for the year ended 31 December 2023, the audited book value of the Vessel as at 31 December 2023 was approximately USD1.9 million.

Pursuant to the Memorandum of Agreement, the Vessel shall be delivered to the Owner on or before 31 December 2024. The Owner shall have the option of cancelling the Memorandum of Agreement if the Vessel is not ready for delivery by 31 December 2024.

Consideration

USD3,000,000, which shall be paid by the Owner to the Charterer no later than five business days after the Delivery Date.

The consideration was determined after arm's length negotiations between the Owner and the Charterer taking into account (1) the audited book value of the Vessel as at 31 December 2023 was approximately USD1.9 million and (2) the Group, having regard to its financing needs, is of the view that no more than USD3,000,000 of financing is required.

Charter Period

From the Delivery Date to the date falling 36 months after the Delivery Date

Charter hire

The Charterer shall pay to the Owner, on each Payment Date, a quarterly instalment of charter hire, which is in an amount consisting of:

- (1) a capital element (the “**Fixed Hire**”) of USD250,000; and
- (2) an interest element in an amount calculated by applying the applicable Interest Rate on the Hire Principal Balance as at the date falling immediately prior to such Payment Date for:
 - a. in the case of each Payment Date other than the last Payment Date, the Hire Period ending on such Payment Date; and
 - b. in the case of the last Payment Date, the Hire Period ending on the date falling 36 months after the Delivery Date.

The Company is of the view that the terms and the Interest Rate of the Finance Lease Arrangement are fair and reasonable, which are determined after arm's length negotiations between the Owner and the Charterer with reference to the usual terms and interest rate in other existing or previous financial lease arrangements of the Company.

Purchase option and obligation

Subject to the terms of the Bareboat Charter, with prior written notice, the Charterer has the option to purchase the Vessel at the applicable Purchase Option Price. The Charterer shall be obliged to purchase the Vessel at the end of the Charter Period at the Purchase Obligation Price.

Security Documents

In connection with the Finance Lease Arrangement, the following security documents have been or will be entered into (“**Security Documents**”):

- (1) a deed of assignment executed by the Charterer in favour of the Owner in respect of the Vessel, pursuant to which the Charterer shall assign its rights in relation to the earnings, requisition compensation, insurances and any approved sub-charter in favour of the Owner;
- (2) a charge over the shares in the Charterer executed by Seacon Shipping in favour of the Owner; and
- (3) any other security documents granted as security for the obligations of the Charterer under or in connection with the Bareboat Charter.

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 and punctual performance by each Obligor of all its obligations, and payment of all amounts payable to the Owner under or in connection with the Leasing Documents to which it is a party;
- (2) undertakes with the Owner to pay to the Owner immediately on demand any such amount which is not paid by any Obligor when due and payable under or in connection with the Leasing Documents; and
- (3) undertakes 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 each Obligor under the Leasing Documents and/or any obligation or liability guaranteed by the Company being or becoming unenforceable, invalid, void or illegal.

Termination and side letter

In light of the Finance Lease Arrangement, in relation to the Previous Finance Lease Arrangement, Golden Jasmine Ships Ltd. as the charterer, CIMC Solar Limited as the owner, the Company as the guarantor, Seacon Shipping as a shareholder of the charterer and the approved manager of the Previous Finance Lease Arrangement entered into a side letter on 10 December 2024, pursuant to which the parties agreed, among others, that a termination event under the Bareboat Charter shall also constitute a termination event under the bareboat charter in the Previous Finance Lease Arrangement.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Group has historically financed the acquisition of controlled vessels through finance lease arrangement. The Finance Lease Arrangement enables the Group to obtain additional working capital for the daily operation of vessels. The Directors believe that the Finance Lease Arrangement further enhances the Group's cash flows and allows the Group to make a more efficient utilisation of internal financial resources, which facilitates the Group's continuing growth of its principal businesses of providing shipping services and ship management 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 and the side letter in relation to the Previous Finance Lease Arrangement, are fair and reasonable and in the interests of the Shareholders as a whole.

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 the Marshall Islands 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 incorporated in Hong Kong with limited liability. It is principally engaged in leasing projects. The Owner is indirectly wholly-owned by Shenzhen Financial Leasing, 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 Municipal (深圳市人民政府國有資產監督管理委員會). CIMC is a company dually 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.

USE OF PROCEEDS

The net proceeds from the Finance Lease Arrangement will be used for the daily operation 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

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DEFINITIONS

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

“Bareboat Charter”	the bareboat charter dated 10 December 2024 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
“Charter Period”	from the Delivery Date to the date falling 36 months after the Delivery Date
“Charterer”	Jasper Shipping Ltd, a company incorporated and existing under the laws in the Marshall Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“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 dated 10 December 2024 entered into by the Company in favour of the Owner in relation to the Finance Lease Arrangement
“Delivery Date”	the date on which the passing of the legal and beneficial interest in the Vessel from the Charterer to the Owner pursuant to the terms of the Memorandum of Agreement occurs
“Director(s)”	the director(s) of the Company
“Finance Lease Arrangement”	the finance lease arrangement in relation to the Vessel
“Group”	the Company and its subsidiaries

“Hire Period”	each consecutive quarterly period falling during the Charter Period, provided that: (a) the first Hire Period during the Charter Period shall commence on the Delivery Date and end on the first Payment Date; (b) each subsequent Hire Period during the Charter Period (apart from the final Hire Period) shall commence on 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 that Payment Date; and (d) the final Hire Period during the Charter Period shall end on the date falling 36 months after the Delivery Date
“Hire Principal Balance”	on any relevant date, USD3,000,000 minus the aggregate Fixed Hire which have been paid by the Charterer and received by the Owner as at such date
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest Rate”	the aggregate of (a) a margin of 2.70% per annum and (b) the term secured overnight financing rate for a period of three months as of the date falling two United States Government securities business days before the first day of the relevant period for a period of three months, or as otherwise determined in accordance with the Bareboat Charter
“Leasing Documents”	collectively: (a) the Bareboat Charter; (b) the Memorandum of Agreement; (c) the Deed of Guarantee; (d) each letter of undertaking to be executed by an approved manager under which such manager agrees to subordinate its rights against the Charterer to the rights of the Owner; (e) each subordination agreement entered into or to be entered into by Seacon Shipping, the Owner and the Charterer (if any);

	(f) the Security Documents; (g) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the obligations and liabilities of the Charterer to the Owner under or in connection with any Leasing Documents or any judgment or arbitral award relating to any Leasing Documents; and (h) any other documents designated as a Leasing Document by the Owner and the Charterer, and any document assigned and/or secured thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marshall Islands”	the Republic of the Marshall Islands
“Memorandum of Agreement”	the memorandum of agreement dated 10 December 2024 entered into between the Charterer and the Owner in respect of the sale and purchase of the Vessel under the Finance Lease Arrangement
“Obligor(s)”	(a) the Charterer, Seacon Shipping, the Company and the approved manager collectively in relation to the Bareboat Charter; and (b) the Charterer and Seacon Shipping in relation to the Deed of Guarantee
“Owner”	CIMC Centaurus Limited, a company incorporated in Hong Kong with limited liability
“Payment Date”	each of, or as the context may require, any of the following dates: (a) the last day of the third calendar month after the Delivery Date; (b) each date falling at quarterly intervals during the Charter Period after the date described in paragraph (a) above; and (c) the date falling 36 months after the Delivery Date
“PRC”	the People’s Republic of China

“Previous Finance Lease Arrangement”	the finance lease arrangement in relation to Golden Jasmine as set out in the announcement of the Company dated 18 December 2023
“Purchase Obligation Price”	USD1
“Purchase Option Date”	the date on which the Charterer exercises the option to purchase the Vessel
“Purchase Option Fee”	an amount equals to up to 1% of the Hire Principal Balance, depending on the relevant Purchase Option Date
“Purchase Option Price”	in respect of a Purchase Option Date, the aggregate of: (a) the Hire Principal Balance as at such Purchase Option Date; (b) the applicable Purchase Option Fee as at such Purchase Option Date; (c) any due and payable but unpaid hire as at the Purchase Option Date; (d) any documented breakfunding costs and expenses incurred or payable by the Owner 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; and (f) all other amounts due and outstanding under the Bareboat Charter and the other Leasing Documents together with any applicable interest
“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

“Shenzhen Financial Leasing”	Shenzhen Financial Leasing (Group) Co., Ltd.* (深圳市融資租賃(集團)有限公司), previous known as CIMC Capital Ltd* (中集融資租賃有限公司), a company established in the PRC with limited liability
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“Vessel”	Yangtze Jasper, a 3,115 gross tonnage chemical tanker
“%”	per cent

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

Hong Kong, 10 December 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