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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 26 February 2025 (after trading hours of the Stock Exchange), the Charterer and the Seller, both of which are indirect wholly-owned subsidiaries of the Company, the Owners, the Company and the Guarantor entered into the Finance Lease Arrangement, pursuant to which (i) the Seller agreed to sell the Vessel to the Owners for a consideration of USD34,000,000 under the Memorandum of Agreement; (ii) the Owners agreed to charter the Vessel to the Charterer under the Bareboat Charter; (iii) the Company entered into the First Guarantee in favour of the Owners; and (iv) the Guarantor entered into the Second Guarantee in favour of the Charterer and the Seller.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the 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 26 February 2025 (after trading hours of the Stock Exchange), the Charterer and the Seller, both of which are indirect wholly-owned subsidiaries of the Company, the Owners, the Company and the Guarantor entered into the Finance Lease Arrangement, pursuant to which (i) the Seller agreed to sell the Vessel to the Owners for a consideration of USD34,000,000 under the Memorandum of Agreement; (ii) the Owners agreed to charter the Vessel to the Charterer under the Bareboat Charter; (iii) the Company entered into the First Guarantee in favour of the Owners; and (iv) the Guarantor entered into the Second Guarantee in favour of the Charterer and the Seller.

FINANCE LEASE ARRANGEMENT

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

Date

26 February 2025 (after trading hours of the Stock Exchange)

Parties

The Charterer, as the charterer under the Bareboat Charter

The Owners, as the buyers under the Memorandum of Agreement and as owners under the Bareboat Charter

The Seller, as the seller under the Memorandum of Agreement

The Company, as the guarantor under the Memorandum of Agreement, the Bareboat Charter and the First Guarantee

The Guarantor, as the guarantor under the Memorandum of Agreement, the Bareboat Charter and the Second Guarantee

Subject matter

The Vessel, a 40,000dwt bulk carrier under construction. For details, please refer to the Announcement dated 4 September 2023.

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.

Consideration

USD34,000,000, which shall be paid by the Owners to the Seller in payments as follows:

(1) USD3,138,000 shall be due and payable on or before 31 March 2025; and

- (2) USD30,862,000, after deducting the Deposit and subject to adjustment, shall be payable by the Owners to the Seller or its designated account upon delivery of the Vessel.

A deposit of USD8,400,000 shall be payable by the Charterer to the Owners upon the delivery of the Vessel as security for the fulfillment of the Bareboat Charter, which shall be deemed to be satisfied by the corresponding deduction of the balance of the remaining consideration payable by the Owners (the “**Deposit**”). The Deposit shall be returned to the Charterer unless the Bareboat Charter terminates due to the Charterer’s default and the Charterer does not exercise its option to purchase the Vessel, subject to the terms of the Bareboat Charter.

The consideration was determined after arm’s length negotiations between the Owners and the Seller taking into account the acquisition cost of USD33,480,000 of the Vessel and the financing needs of the Group.

Charter period

Ten years from the date of delivery of the Vessel from the Owners to the Charterers

Charter hire

USD118,500 per month and interest at 1-month term secured overnight financing rate published by the Chicago Mercantile Exchange plus 2.20% on the balance starting from USD25,600,000 with USD118,500 per month reduced.

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

Purchase option

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. Upon the Charterer paying the Purchase Option Price, the Owners shall transfer title in and to the Vessel to the Charterer.

Guarantee

The Company has entered into the First Guarantee in favour of the Owners, pursuant to which the Company agreed to, among others:

- (1) guarantee the performance of the Charterer and the Seller under the Contracts; and

- (2) if any guaranteed obligation is or becomes unenforceable, invalid or illegal, as an independent and primary obligation, indemnify the Owners immediately on demand against any cost, loss or liability it incurs as a result of the Charterer and the Seller not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under the Contracts on the date when it would have been due.

The Guarantor has also entered into the Second Guarantee in favour of the Charterer and the Seller, pursuant to which the Guarantor agreed to guarantee the performance of the Owners under the Contracts and a quiet enjoyment letter in respect of the Vessel.

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 financing for the acquisition of the Vessel, which is in line with the ongoing strategy of the Group to optimize its vessel fleet by gradually phasing out its older controlled vessels, replacing them with newer vessels and expanding 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.

Meanwhile, pursuant to the Second Guarantee executed by the Guarantor, the Guarantor agreed to guarantee the performance of the Owners under the Finance Lease Arrangement. The Guarantor was established in Japan in 1967, a local shipping company principally engaged in ship owning and the daily operation of ships. The Company believes that the Owners and the Guarantor possess the financial strength and ability to perform their respective obligations under the Finance Lease Arrangement and the Second Guarantee.

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, the Seller 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 Seller is a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of chartering services, shipping operation and investment holding.

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 Owners and the Guarantor

The Owners comprise the Guarantor and its direct wholly owned subsidiary, a company established in Panama with limited liability and is principally engaged in ship owning.

The Guarantor is a corporation incorporated in Japan. It is principally engaged in ship owning. Mr. Toshiyuki Kimura is the largest ultimate beneficial owner of the Owners.

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 respective 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 the shipbuilding costs for the Vessel.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the 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.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 4 September 2023 regarding the acquisition of the Vessel
“Bareboat Charter”	the bareboat charter dated 26 February 2025 entered into between the Charterer and the Owners in respect of the charter of the Vessel under the Finance Lease Arrangement
“Board”	the board of Directors
“Charterer”	Seacon Seattle Ltd, a company incorporated and existing under the laws in Liberia 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)
“Contracts”	collectively, Memorandum of Agreement, the Bareboat Charter, the Header Agreement and the Direct Payment Agreement
“Deposit”	has the meaning ascribed to it in the section headed “Finance Lease Arrangement — Consideration”
“Direct Payment Agreement”	the direct payment agreement in respect of the Vessel dated 26 February 2025 entered into among the Seller, the Guarantor, Morning Daedalus Navigation, S.A. and Namura Shipbuilding Co., Ltd. setting forth the procedures for settlement of the shipbuilding instalments
“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
“Finance Lease Arrangement”	the finance lease arrangement in relation to the Vessel
“First Guarantee”	the guarantee dated 26 February 2025 entered into by the Company in favour of the Owners in relation to the Finance Lease Arrangement

“Group”	the Company and its subsidiaries
“Guarantor”	Kimura Kisen Co., Ltd., a company incorporated in Japan with limited liability
“Header Agreement”	the agreement dated 26 February 2025 entered into by the Charterer, the Owners and the Seller summarizing the terms of the Finance Lease Arrangement
“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
“Memorandum of Agreement”	the memorandum of agreement in respect of the Vessel dated 26 February 2025 entered into between the Seller and the Owners
“Owners”	(1) Kimura Kisen Co., Ltd., a company incorporated in Japan with limited liability and (2) Eisho Shipping S.A., a company incorporated and existing under the laws of the Panama
“Panama”	the Republic of Panama
“PRC”	the People’s Republic of China
“Purchase Option Price”	an amount equals to between USD19,780,000 and USD31,838,680, depending on when the Charterer exercises its purchase option to purchase the Vessel
“Second Guarantee”	the guarantee dated 26 February 2025 entered into by the Guarantor in favour of the Charterer and the Seller in relation to the Finance Lease Arrangement
“Seller”	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

“USD”	United States dollars, the lawful currency of the United States of America
“Vessel”	a 40,000dwt bulk carrier under construction
“%”	per cent

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

Hong Kong, 26 February 2025

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*