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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 ACQUISITION OF TWO VESSELS**

### **ACQUISITION OF TWO VESSELS**

The Board announces that on 7 November 2023 (after trading hours of the Stock Exchange), (1) the First Buyer, an indirect wholly-owned subsidiary of the Company, entered into the First Agreement with the First Seller for the acquisition of the First Vessel and (2) the Second Buyer, an indirect wholly-owned subsidiary of the Company, entered into the Second Agreement with the Second Seller for the acquisition of the Second Vessel, each at a consideration of USD14,000,000.

### **LISTING RULES IMPLICATIONS**

Since both of the Sellers are wholly owned subsidiaries of Union Maritime Limited, the acquisition of the Vessels under the Agreements shall be aggregated pursuant to Rule 14.22 of the Listing Rules for determining the percentage ratios under Rule 14.07 of the Listing Rules and treated as if they were one transaction for the purpose of Chapter 14 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 acquisition of the Vessels under the Agreements exceeds 5% but is less than 25%, the acquisition of the Vessels 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 7 November 2023 (after trading hours of the Stock Exchange), (1) the First Buyer, an indirect wholly-owned subsidiary of the Company, entered into the First Agreement with the First Seller for the acquisition of the First Vessel and (2) the Second Buyer, an indirect wholly-owned subsidiary of the Company, entered into the Second Agreement with the Second Seller for the acquisition of the Second Vessel, each at a consideration of USD14,000,000.

## THE AGREEMENTS

The principal terms of the Agreements are as follows:

### The First Agreement

#### *Date*

7 November 2023 (after trading hours of the Stock Exchange)

#### *Parties*

The First Buyer and the First Seller

#### *Asset to be acquired*

The First Vessel, an oil/chemical tanker built in year 2012 by Taizhou Sanfu Ship Engineering Co. Ltd with 11,271 gross tonnage. Pursuant to the First Agreement, the First Vessel is expected to be delivered to the Group between 20 November 2023 and 20 December 2023. In the event that the First Vessel is not ready for delivery by 20 December 2023, the First Seller may propose to extend the delivery date, and the First Buyer has the option of either accepting the extended delivery date, or rejecting the extended delivery date and canceling the First Agreement pursuant to its terms and conditions.

Based on the financial information provided by the First Seller, set out below is the revenue and the net profits (before and after taxation) attributable to the First Vessel for the years ended 31 December 2021 and 2022:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>(USD in thousands, unaudited)</i>	
Revenue	4,337	3,207
Net profits/(loss) before taxation	(14)	127
Net profits/(loss) after taxation	(14)	127

## *Consideration*

USD14,000,000, which shall be paid by the First Buyer to the First Seller in the manner as follows:

- (1) A deposit of USD2,100,000 is payable within three Banking Days after the date that the First Agreement has been signed and exchanged by the parties thereto and the deposit holder has confirmed in writing to the parties that the account is available to receive the deposit;
- (2) No later than two Banking Days before the intended date of delivery of the First Vessel, the First Buyer shall pre-position in clear funds an amount at least equal to USD11,900,000 and all other sums payable on delivery by the First Buyer to the First Seller under the First Agreement (the “**First Balance Funds**”) with the deposit holder; and
- (3) Concurrently with the delivery of the First Vessel but no later than three Banking Days after the date that the notice of readiness has been given, the deposit and the First Balance Funds shall be released and paid to the First Seller’s account.

The consideration was determined after arm’s length negotiations between the First Buyer and the First Seller taking into account the 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, and the market value of USD14,000,000 for the First Vessel as at 26 October 2023 as appraised by the Independent Valuer which was engaged by the Company.

The Independent Valuer has prepared the valuation based on publicly known information and/or information given to it and/or information that it has been able to be obtained from market sources. The Independent Valuer considered the valuation fair and reasonable in the First Vessel’s current trading area, basis class maintained and in full working and trading condition, prompt charter free delivery and on the assumption that the First Vessel is sold on normal bona fide arm’s length terms between a willing buyer and a willing seller. The Independent Valuer has also assumed that the First Vessel is undamaged, fully equipped and in good working and seaworthy condition, with class fully maintained and free from recommendation.

It is currently expected that the consideration will be funded by internal resources of the Group and external financing from financial or other institutions. No proceeds from the listing of the Shares will be used to pay for the consideration.

### ***Cancellation and compensation***

The First Buyer may at its option cancel the First Agreement if the First Seller delays in (1) giving of the notice of readiness for the First Vessel, or (2) being ready to validly complete a legal transfer of the First Vessel. Upon election of cancelling the First Agreement, the deposit together with interests earned, if any, shall be released to the First Buyer immediately.

In case of the aforementioned delay, the First Seller shall make due compensation to the First Buyer for its loss and for all expenses together with interest, if the First Seller's delay is due to proven negligence, regardless of whether the First Buyer cancels the First Agreement.

### ***Leaseback***

The First Seller agrees to sell the First Vessel to the First Buyer on the condition that the First Buyer shall, as soon as practicable after the delivery of the First Vessel under the First Agreement, charter the First Vessel to another subsidiary of Union Maritime Limited under a time charter at the rate of USD16,250 per day for a firm period of 24 months and, upon expiry, at the rate of USD16,500 per day for the optional period of 12 months in the charterer's option.

### **The Second Agreement**

#### ***Date***

7 November 2023 (after trading hours of the Stock Exchange)

#### ***Parties***

The Second Buyer and the Second Seller

#### ***Asset to be acquired***

The Second Vessel, an oil/chemical tanker built in year 2012 by Taizhou Sanfu Ship Engineering Co. Ltd with 11,271 gross tonnage. Pursuant to the Second Agreement, the Second Vessel is expected to be delivered to the Group between 20 November 2023 and 20 December 2023. In the event that the Second Vessel is not ready for delivery by 20 December 2023, the Second Seller may propose to extend the delivery date, and the Second Buyer has the option of either accepting the extended delivery date, or rejecting the extended delivery date and canceling the Second Agreement pursuant to its terms and conditions.

Based on the financial information provided by the Second Seller, set out below is the revenue and the net profits (before and after taxation) attributable to the Second Vessel for the years ended 31 December 2021 and 2022:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>(USD in thousands, unaudited)</i>	
Revenue	5,234	4,851
Net profits before taxation	70	439
Net profits after taxation	70	439

### ***Consideration***

USD14,000,000, which shall be paid by the Second Buyer to the Second Seller in the manner as follows:

- (1) A deposit of USD2,100,000 is payable within three Banking Days after the date that the Second Agreement has been signed and exchanged by the parties thereto and the deposit holder has confirmed in writing to the parties that the account is available to receive the deposit;
- (2) No later than two Banking Days before the intended date of delivery of the Second Vessel, the Second Buyer shall pre-position in clear funds an amount at least equal to USD11,900,000 and all other sums payable on delivery by the Second Buyer to the Second Seller under the Second Agreement (the “**Second Balance Funds**”) with the deposit holder; and
- (3) Concurrently with the delivery of the Second Vessel but no later than three Banking Days after the date that the notice of readiness has been given, the deposit and the Second Balance Funds shall be released and paid to the Second Seller’s account.

The consideration was determined after arm’s length negotiations between the Second Buyer and the Second Seller taking into account the 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, and the market value of USD14,000,000 for the Second Vessel as at 26 October 2023 as appraised by the Independent Valuer which was engaged by the Group.

The Independent Valuer has prepared the valuation based on publicly known information and/or information given to it and/or information that it has been able to be obtained from market sources. The Independent Valuer considered the valuation fair and reasonable in Second Vessel’s current trading area, basis class maintained and in full working and trading condition, prompt charter free delivery and on the assumption that the Second Vessel is sold on normal bona fide arm’s length terms between a willing buyer

and a willing seller. The Independent Valuer has also assumed that Vessel 2 is undamaged, fully equipped and in good working and seaworthy condition, with class fully maintained and free from recommendation.

It is currently expected that the consideration will be funded by internal resources of the Group and external financing from financial or other institutions. No proceeds from the listing of the Shares will be used to pay for the consideration.

### ***Cancellation and compensation***

The Second Buyer may at its option cancel the Second Agreement if the Second Seller delays in (1) giving of the notice of readiness for the Second Vessel or (2) being ready to validly complete a legal transfer of the Second Vessel. Upon election of cancelling the Second Agreement, the deposit together with interests earned, if any, shall be released to the Second Buyer immediately.

In case of the aforementioned delay, the Second Seller shall make due compensation to the Second Buyer for its loss and for all expenses together with interest, if the Second Seller's delay is due to proven negligence, regardless of whether the Second Buyer cancels the Second Agreement.

### ***Leaseback***

The Second Seller agrees to sell the Second Vessel to the Second Buyer on the condition that the Second Buyer shall, as soon as practicable after the delivery of the Second Vessel under the Second Agreement, charter the Second Vessel to another subsidiary of Union Maritime Limited under a time charter at the rate of USD16,250 per day for a firm period of 24 months and, upon expiry, at the rate of USD16,500 per day for the optional period of 12 months in the charterer's option.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION OF TWO VESSELS**

The acquisition of the Vessels under the Agreements is in line with the ongoing strategy of the Group to expand and diversify its controlled vessel fleet by the addition of two oil/chemical tankers. The recent geographical tension in the Middle East has driven the shipping demand for oil products, as witnessed by the surge of Baltic Clean Tanker Index since the third quarter of 2023. In addition, the management of the Company is of the view that the market conditions supporting the demand for chemical products will improve, which in turn will drive the global demand of logistics service for 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 or 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 transactions contemplated under the Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **The Company, the Group and the Buyers**

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 First Buyer is a private company limited by shares incorporated in Liberia and an indirect wholly owned subsidiary of the Company. It is principally engaged in shipping operation and investment holding.

The Second Buyer is a private company limited by shares incorporated in Liberia and an indirect wholly owned subsidiary of the Company. It is principally engaged in shipping operation and investment holding.

### **The Sellers**

Both of the Sellers are private companies incorporated in the United Kingdom with limited liability, engaged in vessel ownership and operation. Both Sellers are wholly owned subsidiaries of Union Maritime Limited. Union Maritime Limited is an integrated shipping services provider headquartered in the United Kingdom, and with global offices, providing fully integrated logistics services for clients focused on commercial management, technical management, marine services, and technology. It is a global leader in the maritime industry, owning and chartering over 70 tankers and dry bulk 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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Seller and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

Since both of the Sellers are wholly-owned subsidiaries of Union Maritime Limited, the acquisition of the Vessels under the Agreements shall be aggregated pursuant to Rule 14.22 of the Listing Rules for determining the percentage ratios under Rule 14.07 of the Listing Rules and treated as if they were one transaction for the purpose of Chapter 14 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 acquisition of the Vessels under the Agreements exceeds 5% but is less than 25%, the acquisition of the Vessels under the Agreements 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:

“Agreements”	the First Agreement and the Second Agreement
“Banking Days”	days on which banks are open both in the United States, the United Kingdom, Singapore and Germany (or another place of closing if mutually agreed)
“Board”	the board of Directors
“Buyers”	the First Buyer and the Second Buyer
“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)
“Directors”	the director(s) of the Company
“First Agreement”	the memorandum of agreement dated 7 November 2023 entered into between the First Buyer and the First Seller in respect of the acquisition of the First Vessel
“First Buyer”	Golden Iris Ships Ltd., a private company limited by shares incorporated in Liberia and an indirect wholly owned subsidiary of the Company
“First Seller”	B Crystal Limited, a private company incorporated in the United Kingdom with limited liability
“First Vessel”	an oil/chemical tanker, “ENFORD”
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	Intermodal Singapore Pte. Ltd, an independent valuer



“Liberia”	the Republic of Liberia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Second Agreement”	the memorandum of agreement dated 7 November 2023 entered into between the Second Buyer and the Second Seller in respect of the acquisition of the Second Vessel
“Second Buyer”	Golden Jasmine Ships Ltd., a private company limited by shares incorporated in Liberia and an indirect wholly owned subsidiary of the Company
“Second Seller”	B Emerald Limited, a private company incorporated in the United Kingdom with limited liability
“Second Vessel”	an oil/chemical tanker, “KENRICK”
“Sellers”	the First Seller and the Second Seller
“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
“United States”	the United States of America
“USD”	United States dollars, the lawful currency of the United States
“Vessels”	the First Vessel and the Second Vessel
“%”	per cent

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

Hong Kong, 7 November 2023

*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.*