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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 DISPOSAL OF A VESSEL

DISPOSAL OF A VESSEL

The Board announces that on 2 November 2023 (after trading hours of the Stock Exchange), the Seller, an indirect wholly-owned subsidiary of the Company, and the Buyer entered into the Agreement, pursuant to which the Seller agreed to sell, and the Buyer agreed to purchase, the Vessel for a consideration of USD12,800,000.

The Vessel is currently chartered to the Seller under a bareboat charter from the Shipowner. The Seller intends to acquire the Vessel by exercising the Purchase Option in November 2023 pursuant to the terms of the bareboat charter.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal calculated with reference to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Disposal 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.

As the highest applicable percentage ratio in respect of the exercising of the Purchase Option calculated with reference to Rule 14.07 of the Listing Rules is less than 5%, it does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 2 November 2023 (after trading hours of the Stock Exchange), the Seller, an indirect wholly-owned subsidiary of the Company, and the Buyer entered into the Agreement, pursuant to which the Seller agreed to sell, and the Buyer agreed to purchase, the Vessel for a consideration of USD12,800,000.

THE DISPOSAL

The principal terms of the Agreement are as follows:

Date

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

Parties

The Buyer and the Seller

Subject matter

The Vessel, a 57,005 dwt bulk carrier built in 2010 by COSCO (ZHOUSHAN) SHIPYARD CO., LTD.

Set out below is the revenue and the net profits (before and after taxation) attributable to the Vessel for the years ended 31 December 2021 and 2022:

	Year ended 31 December	
	2021	2022
	<i>(USD in thousands, audited)</i>	
Revenue	4,794	5,832
Net profits before taxation	45	931
Net profits after taxation	45	931

The Vessel is chartered to the Seller under a bareboat charter from the Shipowner for a term from 28 November 2019 to 27 November 2024 and has been one of the Group's controlled vessels. The Seller intends to acquire the Vessel by exercising the Purchase Option in November 2023 pursuant to the terms of the bareboat charter.

Under the Agreement, the Vessel shall be delivered to the Buyer in Singapore between 5 January 2024 and 30 January 2024, i.e. the Delivery Date.

Consideration

USD12,800,000, which shall be paid by the Buyer to the Seller in the manner as follows:

- (1) the Deposit of USD1,920,000 is payable to the escrow holder within three Banking Days after the date that the Agreement has been signed and exchanged by the parties thereto and the escrow holder has confirmed in writing to the parties that an account is available to receive the Deposit;
- (2) The Buyer shall remit the Balance, namely, USD10,880,000 and all other sums payable on delivery into the escrow account at least one banking day prior to the expected date of delivery, in accordance with the Seller's five days' notice; and
- (3) On delivery of the Vessel, but no later than three Banking Days after the date that the notice of readiness regarding the Vessel has been given, the Deposit shall be released to the Seller and the Balance (including all other sums payable on delivery) shall be paid in full to the Seller's account.

The consideration was determined after arm's length negotiations between the Buyer and the Seller taking into account (1) the purchase price offered by another potential buyer for the Vessel, and (2) the price of recently reported sale of second hand bulk carriers with similar size and year of build conducted in the market.

Cancellation and compensation

Cancellation by the Seller

If the Buyer fails to lodge the Deposit in accordance with the Agreement, the Seller has the right to cancel the Agreement and to claim compensation for its losses and for all expenses incurred together with interest.

If the Buyer fails to, among others, remit the Balance in accordance with the Agreement, the Seller has the right to cancel the Agreement, in which case the Deposit together with interest earned, if any, shall be released to the Seller. If the Deposit does not cover its loss, the Seller shall be entitled to claim further compensation for its losses and for all expenses incurred together with interest.

Cancellation by the Buyer

If the Seller anticipates that the Vessel will not be ready for delivery by the Delivery Date, it may notify the Buyer stating the date when it anticipates that the Vessel will be ready for delivery and proposing another date for delivery.

Upon receipt of such notification the Buyer shall have the option of either (1) cancelling the Agreement within three Banking Days from the receipt of the notice or (2) accepting the new proposed date. If the Buyer has not declared its option within three Banking Days of receipt of the Seller's notification or if the Buyer accepts the new date, the date

proposed in the Seller's notification shall be deemed to be the new date for delivery, substituting the previous delivery date, but without prejudice to the Buyer's entitlement to due compensation if the delay is due to proven negligence.

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

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal of the Vessel 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. The Directors consider that the Disposal represents an opportunity to dispose of the Vessel at a reasonable price, which will enable the Group to enhance its working capital position, further strengthen its liquidity, and provide funding for the acquisition of new vessels to optimize the Group's fleet portfolio. The Company will continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate.

In light of the above, the Directors believe that the terms of the transaction contemplated under the Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company, the Group and the Seller

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 corporation incorporated in the Marshall Islands, which is an indirect wholly-owned subsidiary of the Company. It is principally engaged in vessel holding and the provision of chartering services.

The Buyer

The Buyer is a company established in the Indonesia with limited liability and is listed on the Indonesian Stock Exchange (stock code: CBRE). It is based in Indonesia and is principally engaged in supplying tugboats and barges in both domestic and foreign areas.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Buyer and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

FINANCIAL EFFECTS OF THE DISPOSAL

The Group expects to record a gain from the Disposal (after tax and expenses) of approximately USD5 million, which is estimated by the Group based on the difference between the amount of the proceeds expected to be obtained from the Disposal (after deducting the associated cost and tax of the Disposal) and the expected net asset value of the Vessel of approximately USD7 million as at January 2024. The actual gain from the Disposal can only be determined at the completion of the Disposal based on the actual net asset value of the Vessel and is subject to audit.

USE OF PROCEEDS

The net proceeds from the Disposal will be used to finance potential acquisition 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

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal 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.

As the highest applicable percentage ratio in respect of the exercising of the Purchase Option calculated with reference to Rule 14.07 of the Listing Rules is less than 5%, it does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the memorandum of agreement dated 2 November 2023 entered into between the Buyer and the Seller in relation to the Disposal
“Balance”	has the meaning ascribed to it in the section headed “The Disposal — Consideration”
“Banking Days”	days on which banks are open in the United States, the PRC (or another place of closing if mutually agreed), Indonesia and Singapore
“Board”	the board of Directors

“Buyer”	PT Cakra Buana Resources Energi Tbk, a company established in the Indonesia with limited liability and listed on the Indonesian Stock Exchange (stock code: CBRE)
“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)
“Delivery Date”	has the meaning ascribed to it in the section headed “The Disposal — Subject matter”
“Deposit”	has the meaning ascribed to it in the section headed “The Disposal — Consideration”
“Directors”	the director(s) of the Company
“Disposal”	the disposal of the Vessel pursuant to the Agreement
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indonesia”	the Republic of Indonesia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchase Option”	the purchase option granted by the Shipowner to the Seller to purchase the Vessel under the bareboat charter
“Seller”	Golden Orchid Ltd., a corporation incorporated in the Marshall Islands 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

“Shipowner”	Xiang B5 HK International Ship Lease Co., Limited, a company incorporated in Hong Kong with limited liability, an independent third party 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
“Vessel”	SEACON DALIAN, a 57,005 dwt bulk carrier built in 2010
“%”	per cent

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

Hong Kong, 2 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.