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ALLIANCE INTERNATIONAL EDUCATION LEASING HOLDINGS LIMITED

友聯國際教育租賃控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1563)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF VESSELS**

INTRODUCTION

Reference is made to the announcement of the Company dated 10 July 2023, pursuant to which, among others, Union Fund I GP, being an indirect wholly-owned subsidiary of the Company, is the general partner of the Fund. SPV1 and SPV2, being special purpose vehicles wholly owned by the Fund, have entered into certain transactions in relation to the acquisitions of the First Vessel and the Second Vessel.

ACQUISITION OF THE FIRST VESSEL

On 21 August 2023, SPV1, a wholly-owned subsidiary of the Fund, entered into: (1) the First MOA with XH Explorer, pursuant to which SPV1 (as purchaser) agreed to purchase and XH Explorer (as seller) agreed to sell the First Vessel, subject to the terms and conditions therein; and (2) the Bareboat Charter I with XH Union Shipping (as charterer), in relation to the bareboat chartering of the First Vessel where SPV1 acted as the owner. As at the date of this announcement, the acquisition of the First Vessel has been completed.

ACQUISITION OF THE SECOND VESSEL

On 27 February 2024 (after trading hours), SPV2, a wholly-owned subsidiary of the Fund, entered into: (1) the Novation Agreement with XH Navigator and Fond Marine, pursuant to which, among others, SPV2 (as new charterer) shall assume all the obligations and liabilities and have the benefit of all the rights and claims of XH Navigator (as original charterer) under the Original Charter for the Second Vessel; (2) the Bareboat Charter II with XH Navigator (as charterer) in relation to the bareboat chartering of the Second Vessel. Under the Bareboat Charter II, SPV2 is granted a put option to sell the Second Vessel to XH Navigator at the expiry date of the Agreed Chartered Period; and (3) the Relevant Documents in relation to the Second Vessel.

LISTING RULES IMPLICATIONS

Since the First Vessel and the Second Vessel are acquired from sellers within the same group, pursuant to Rule 14.22 of the Listing Rules, the acquisitions of the First Vessel and the Second Vessel shall be aggregated for determining the percentage ratios under Rule 14.07 of the Listing Rules and treated as if they were one transaction entered into within a 12-month period for the purpose of Chapter 14 of the Listing Rules.

As one or more applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the aggregated amount of the considerations in respect of the acquisitions of the First Vessel and the Second Vessel is more than 5% but less than 25%, the Transactions constitute a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

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ACQUISITION OF THE FIRST VESSEL

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Details of the First MOA

Date

21 August 2023

Parties

- (i) XH Explorer (as seller); and
- (ii) SPV1 (as purchaser)

As at the date of the First MOA and this announcement, SPV1 was an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, therefore Xiehai Bulk would not be regarded as a connected person of the Company, and as such XH Explorer would not be regarded as a connected person of the Company. Accordingly, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, XH Explorer and its ultimate beneficial owners are Independent Third Parties.

Subject Matter

Pursuant to the First MOA, XH Explorer (as seller) agreed to sell, and the SPV1 (as purchaser) agreed to purchase, the First Vessel.

The Vessel Acquired

The First Vessel acquired under the First MOA is a vessel with a gross tonnage of 88,594 and net tonnage of 58,558 built in 2003 by Universal TSU Shipyard.

As at 31 December 2022, the net asset book value of the First Vessel was US\$9,105,088.

Based on the financial information provided by the seller, the approximate net profit attributable to the First Vessel for each of the two financial years ended 31 December 2021 and 2022 are set out below:

	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	12,163.2	9,056.3
Net profit	3,964.0	1,394.4

The estimated net profits in this section are provided for reference purposes only, and do not represent, and should not be taken to represent, under any circumstances (i) a profit forecast of any nature; (ii) the intended use of the First Vessel by the Group after their acquisition; or (iii) the charter cost of any other vessels of the Group.

Consideration

Pursuant to First MOA, the consideration of the First Vessel is US\$16,500,000 (the “**First Vessel Consideration**”) and shall be settled by SPV1 in full free of bank charges to XH Explorer’s account on delivery of the First Vessel. The First Vessel Consideration was settled with internal funds of SPV1.

The First Vessel Consideration was determined after arm’s length negotiations between the XH Explorer and SPV1 by taking into account, among others, the market intelligence the Fund 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 range of US\$16,500,000 to US\$17,000,000 (if newly retrofitted and scrubber-fitted) for the First Vessel as appraised by two independent valuers as at 21 July 2023 and 28 July 2023, respectively.

The two independent valuers have prepared the valuations based on the assumptions that the First Vessel is in good and seaworthy conditions, undamaged and fully equipped, and is in a fully maintained class, free of conditions and recommendations. The independent valuers have also assumed cash payment on normal commercial terms and prompt charter-free delivery. The assessments are based on information either obtained from relevant works of reference or technical descriptions supplied to the independent valuers.

Accordingly, the Directors consider that the First Vessel Consideration arrived in respect of the First Vessel is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

ACQUISITION OF THE SECOND VESSEL

On 27 February 2024 (after trading hours), SPV2, a wholly-owned subsidiary of the Fund, entered into: (1) the Novation Agreement with XH Navigator and Fond Marine, pursuant to which, among others, SPV2 (as new charterer) shall assume all the obligations and liabilities and have the benefit of all the rights and claims of XH Navigator (as original charterer) under the Original Charter for the Second Vessel; (2) the Bareboat Charter II with XH Navigator (as charterer) in relation to the bareboat chartering of the Second Vessel. Under the Bareboat Charter II, SPV2 is granted a put option to sell the Second Vessel to XH Navigator at the expiry date of the Agreed Chartered Period; and (3) the Relevant Documents in relation to the Second Vessel.

Details of the Novation Agreement

Date

27 February 2024 (after trading hours)

Parties

- (i) New buyer: SPV2 (as new charterer)
- (ii) Original buyer: XH Navigator (as original charterer)
- (iii) Owner: Fond Marine

As at the date of this announcement, since SPV2 is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, Xiehai Bulk would not be regarded as a connected person of the Company, and therefore XH Navigator would not be regarded as a connected person of the Company. Accordingly, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, XH Navigator and Fond Marine and their ultimate beneficial owners are Independent Third Parties.

Subject Matter

Pursuant to the Novation Agreement, among others, SPV2 (as new charterer) shall assume all the obligations and liabilities and have the benefit of all the rights and claims of XH Navigator as the original charterer under the Original Charter for the Second Vessel.

Vessel to be Acquired

The Second Vessel proposed to be acquired under the Novation Agreement is a bulk carrier with a gross tonnage of 88,853 and net tonnage of 58,005 built in 2005 by Shanghai Waigaoqiao Co. Ltd.

By a memorandum of agreement and a bareboat charter each dated 20 April 2022 made between CEBFL No.7 (Tianjin) Ship Leasing Co., Limited* (光金租七號(天津)船舶租賃有限公司) (the "**Head Owner**") and Fond Marine, as amended and supplemented from time to time, on the terms and subject to the conditions of which Fond Marine has sold the Second Vessel to the Head Owner and the Head Owner has let and Fond Marine has chartered the Second Vessel.

As at 31 December 2022, the net asset book value of the Second Vessel was US\$11,142,857.

Based on the information provided by the seller, the approximate net profit attributable to the Second Vessel for each of the two financial years ended 31 December 2021 and 2022 are set out below:

	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	13,477.6	9,814.9
Net profit/(loss)	5,122.3	(1,452.4)

The estimated net profits in this section are provided for reference purposes only, and do not represent, and should not be taken to represent, under any circumstances (i) a profit forecast of any nature; (ii) the intended use of the Second Vessel by the Group after their acquisition; or (iii) the charter cost of any other vessels of the Group.

Consideration

Pursuant to the Novation Agreement, the consideration of the Second Vessel is US\$17,500,000 (the “**Second Vessel Consideration**”). The Second Vessel Consideration is expected to be settled with internal funds of SPV2 and financing arrangements with XH Navigator.

The Second Vessel Consideration was determined after arm’s length negotiations between the XH Navigator and SPV2 by taking into account, among others, the market intelligence the Fund 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 fair market value of US\$17,500,000 as appraised by two independent valuers as at 8 January 2024 and 27 February 2024, respectively.

The two independent valuers have prepared the valuations based on the assumption that the Second Vessel is in good and seaworthy conditions, undamaged and fully equipped, and is in a fully maintained class, free of conditions and recommendations. The independent valuers have also assumed cash payment on normal commercial terms and prompt charter-free delivery. The assessment is based on information either obtained from relevant works of reference or technical descriptions supplied to the independent valuers.

Accordingly, the Directors consider that the Second Vessel Consideration arrived in respect of the Second Vessel is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Notwithstanding the above, pursuant to the Transaction Documents, as part of the financing arrangements with XH Navigator, the amount to be actually paid by SPV2 shall be US\$10,746,619.27, which shall be settled by SPV2 within three business days of the execution of the Novation Agreement through immediately available freely transferrable cleared fund to an account designated by XH Navigator.

RELEVANT DOCUMENTS FOR THE ACQUISITION OF THE SECOND VESSEL

In connection with the transactions contemplated under the Novation Agreement and the Bareboat Charter II, the following documents (collectively, the “**Relevant Documents**”), among others, were entered into on the date of signing the Novation Agreement and the Bareboat Charter II:

- (i) a charterers’ assignment executed by SPV2 (as assignor) in favour of Fond Marine (as assignee), in relation to certain of the charterer’s rights and interest in and to, among others, the earnings, insurances, requisition compensation and any sub-charter in respect of the Second Vessel;
- (ii) a deed of charge entered into between the Fund (as chargor) and Fond Marine (as chargee), pursuant to which the Fund charges all shares it held in SPV2 to Fond Marine by way of first fixed charge for the liabilities arising or incurred under the Transaction Documents; and
- (iii) an account security deed entered into between SPV2 (as chargor) and Fond Marine (as chargee), under which the SPV2 charges its right, title and interest from time to time in and to the earning account in relation to the Second Vessel and the related rights, by way of first fixed charge, in favour of Fond Marine, as security for the payment and discharge of the liabilities arising or incurred under the Transaction Documents.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

The acquisitions of the First Vessel and the Second Vessel are consistent with the Group’s strategic plan to expand its leasing business from mainly the aircraft, medical equipment and infrastructure segments into covering the shipping segment as well, and to pursue the investment objectives of the Fund. With the loosening of the COVID-19 restrictions, it is expected that the global economy will gradually recover and the worldwide demand for crude oil, liquefied natural gas (LNG), various metals and chemicals will grow steadily in the foreseeable future, thereby leading to increasing demand for transportation of such raw materials by way of shipping. As such, the Group’s expansion of its leasing business into the shipping segment will enable the Group to capture opportunities in the market, provide synergy and allow the Group to strengthen its business network and further explore business opportunities in its such leasing business segments. The Group also believes the acquisitions of the vessels can broaden and strengthen the revenue bases of the Group. Further, entering into of the Novation Agreement and the Bareboat Charter II is a leasing arrangement with regard to the Second Vessel, which the Company

considers to be beneficial to the Group as the Group could obtain stable working capital while at the same time maintaining appropriate rights over the Second Vessel, which will also provide a positive impact on the cash flow of the Group.

In view of the above, the Directors are of the view that the terms of the Transaction Documents and the transactions contemplated thereunder, are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY AND THE PARTIES

The Company, SPV1 and SPV2

The Company is an investment holding company. The Group is principally engaged in (i) finance leasing and provision of finance leasing and advisory services to customers mainly in the healthcare, aviation, shipping and public infrastructure industries in the PRC, and (ii) provision of private higher education in the PRC primarily through Nanshan University, a private institution of higher education that provides undergraduate and junior college diploma programmes, the financial results of which are consolidated into the consolidated financial statements of the Group.

Union Fund I GP is an exempted company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of the Company and the general partner of the Fund.

SPV1 and SPV2 are principally engaged in vessel owning and are wholly-owned subsidiaries of the Fund.

The Fund is an exempted limited partnership incorporated in the Cayman Islands. In accordance with the Hong Kong Financial Reporting Standards, the financial performance and position would be included in that of the consolidated financial statements of the Company.

XH Union Shipping, XH Explorer and XH Navigator

XH Union Shipping is a company incorporated and existing under the laws of Singapore, and is an indirect wholly-owned subsidiary of XH Group. It is a shipping business operation platform and is principally engaged in leasing and management of shipping vessels.

XH Explorer and XH Navigator are indirect wholly-owned subsidiaries of XH Group. XH Explorer and XH Navigator are principally engaged in chartering services and offloading of goods. XH Group is owned as to 70% by Mr. Wang An and 30% by Mr. Zhu Weijun.

As at the date of this announcement, as each of SPV1 and SPV2 is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, Xiehai Bulk would not be regarded as a connected person of the Company, and therefore each of XH Union Shipping, XH Explorer and XH Navigator would not be regarded as a connected person

of the Company despite being an associate of XH Group if Xiehai Bulk were to be regarded as a connected person of the Company. Accordingly, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, XH Union Shipping, XH Explorer and XH Navigator and their ultimate beneficial owners are Independent Third Parties.

Fond Marine

Fond Marine is a company incorporated and existing under the laws of Singapore. It is principally engaged in, among others, ship finance leasing, sale and leaseback of ships and ship brokering services.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the ultimate beneficial owner of Fond Marine is the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government. Fond Marine and its ultimate beneficial owner are Independent Third Parties.

LISTING RULES IMPLICATIONS

Since the First Vessel and the Second Vessel are acquired from sellers within the same group, pursuant to Rule 14.22 of the Listing Rules, the acquisitions of the First Vessel and the Second Vessel shall be aggregated for determining the percentage ratios under Rule 14.07 of the Listing Rules and treated as if they were one transaction entered into within a 12-month period for the purpose of Chapter 14 of the Listing Rules.

As one or more applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the aggregated amount of the considerations in respect of the acquisitions of the First Vessel and the Second Vessel is more than 5% but less than 25%, the transactions constitute a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Actual Delivery Date”	the date of delivery of the Second Vessel by the owner to the charterer under the Bareboat Charter II
“Agreed Charter Period”	a period of 36 months commencing from the Actual Delivery Date of the Second Vessel
“associate(s)”	has the meaning ascribed to it under the Listing Rules

“Bareboat Charter I”	the bareboat charter agreement dated 21 August 2023 entered between XH Union Shipping (as charterer) and SPV1 (as owner) in relation to the bareboat chartering of the First Vessel
“Bareboat Charter II”	the bareboat charter agreement dated 27 February 2024 entered between XH Navigator (as charterer) and the SPV2 (as owner) in relation to the bareboat chartering of the Second Vessel
“Board”	the board of Directors
“Company”	Alliance International Education Leasing Holdings Limited (友聯國際教育租賃控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1563)
“Director(s)”	the director(s) of the Company
“First MOA”	the memorandum of agreement dated 21 August 2023 entered into between SPV1 and XH Explorer in relation to the sale and purchase of the First Vessel as amended and supplemented from time to time
“First Vessel”	the bulk carrier named “XH Explorer” with IMO number 9254680
“Fond Marine”	Fond Marine Pte. Ltd., a company incorporated under the laws of Singapore
“Fund”	Union Shipping Fund I L.P. (友聯航運一期基金有限合夥), an exempted limited partnership incorporated in the Cayman Islands
“Group”	the Company and its subsidiaries
“Head Owner”	has the meaning ascribed to it under the section headed “Acquisition of the Second Vessel — Vessel to be Acquired” in this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any entity(ies) or persons who, together with its ultimate beneficial owner(s), as far as the Directors are aware after having made all reasonable enquiries, are independent of the Company and connected persons of the Company within the meaning under the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nanshan University”	Yantai Nanshan University* (煙台南山學院), located in Longkou City, Shandong Province, the PRC (中國山東省龍口市), a private school registered and approved on 17 October 2000 as a private non-enterprise unit under the laws of the PRC, and its subordinate entities and units from time to time
“Novation Agreement”	the novation and amendment agreement dated 27 February 2024 entered into among Fond Marine, XH Navigator and SPV2, pursuant to which, among others, the rights and obligations of XH Navigator under Original Charter for the Second Vessel will be transferred to SPV2
“Original Charter for the Second Vessel”	a bareboat charter dated 22 December 2021 made between Fond Marine and XH Navigator as amended and supplemented from time to time, pursuant to which, Fond Marine (as owner) has agreed to let and XH Navigator (as original charterer) has agreed to charter the Second Vessel
“Relevant Documents”	has the meaning ascribed to it under the section headed “Relevant Documents for the Acquisition of the Second Vessel” in this announcement
“Second Vessel”	the motor vessel named “XH Navigator” with IMO number 9330824
“SPV1”	Union Shipping Fund I — SPV1 Limited, a company incorporated under the laws of Hong Kong and is an indirect subsidiary of the Company
“SPV2”	Union Shipping Fund I — SPV2 Limited, a company incorporated under the laws of Hong Kong and is an indirect subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Documents”	the documents include, among others, Novation Agreement, the Bareboat Charter II, the Relevant Documents, the ship management agreement, the standby charter, the sub-charter and such other documents as may be designated as agreed by the owner and charterer in relation to the Second Vessel from time to time

“Transactions”	collectively, the acquisitions of the First Vessel and the Second Vessel
“Union Fund I GP”	Union Fund I GP Limited, an exempted company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“US\$”	United States Dollars, the lawful currency of the United States of America
“XH Explorer”	Xie Hai Explorer Shipping Co., Limited, a company incorporated under the laws of Hong Kong
“XH Group”	XIE HAI GROUP (HONG KONG) CO., LIMITED, a company incorporated under the laws of Hong Kong
“XH Navigator”	Xie Hai Navigator Shipping Co., Limited, a company incorporated under the laws of Hong Kong
“XH Union Shipping”	Xiehai Union Shipping Pte. Ltd., a company incorporated and existing under the laws of Singapore
“Xiehai Bulk”	Xiehai Bulk (Singapore) Pte. Ltd., a private company limited by shares incorporated in Singapore, being a limited partner of the Fund which owns approximately 14.3% of shares of the Fund
“%”	per cent.

By order of the Board
Alliance International Education Leasing Holdings Limited
Song Jianbo
Chairman

Hong Kong, 27 February 2024

As at the date of this announcement, the Board comprises Mr. Li Luqiang, Mr. Liu Zhenjiang, Mr. Qiao Renjie and Mr. Yuen Kin Shan as executive Directors; Mr. Song Jianbo and Mr. Jiao Jianbin as non-executive Directors; and Mr. Liu Changxiang, Mr. Liu Xuwei, Mr. Jiao Jian, Mr. Shek Lai Him Abraham and Ms. Xing Li as independent non-executive Directors.

* *For identification purposes only*