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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)

MAJOR TRANSACTION ACQUISITION OF TWO VESSELS

ACQUISITION OF TWO VESSELS

The Board announces that on 12 April 2023 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, and the Seller entered into two Shipbuilding Contracts, pursuant to which the Seller agreed to build two Vessels for the Buyer for an aggregate consideration of USD83.16 million.

LISTING RULES IMPLICATIONS

Since the Shipbuilding Contracts were entered into with the same Seller, the acquisition of the Vessels under the Shipbuilding Contracts shall be aggregated 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 acquisition of the Vessels under the Shipbuilding Contracts, when aggregated, exceeds 25% but is less than 100%, the acquisition of the Vessels under the Shipbuilding Contracts constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder has a material interest in the transactions contemplated under the Shipbuilding Contracts. As such, no Shareholder is required to abstain from voting if a general meeting of the Company is to be convened for the approval of the transactions contemplated under the Shipbuilding Contracts. The Company has obtained an irrevocable and unconditional written approval for the transactions contemplated under the Shipbuilding Contracts from the Closely Allied Group who together held 288,750,000 Shares (representing 57.75% of the issued share capital of the Company as at the date of this announcement). Accordingly, in accordance with Rule 14.44 of the Listing Rules, the Shareholders' approval requirement in respect of the transactions contemplated under the Shipbuilding Contracts has been satisfied in lieu of a Shareholders' general meeting of the Company.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Shipbuilding Contracts and the transactions contemplated thereunder; and (ii) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 4 May 2023.

INTRODUCTION

The Board announces that on 12 April 2023 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, and the Seller entered into two Shipbuilding Contracts, pursuant to which the Seller agreed to build two Vessels for the Buyer for an aggregate consideration of USD83.16 million.

SHIPBUILDING CONTRACTS

The principal terms of the Shipbuilding Contracts are as follows:

Shipbuilding Contract 1

Date

12 April 2023 (after trading hours of the Stock Exchange)

Parties

The Buyer

The Seller

Asset to be acquired

Vessel 1, a 62,000 dwt general dry cargo vessel

Consideration

USD41.58 million, which shall be paid by the Buyer to the Seller in cash in five (5) installments in accordance with vessel construction progress, details as follow:

- (1) the first instalment of USD2,079,000, representing 5% of the consideration, is payable within seven (7) Banking Days after the Buyer receives the Refund Guarantee and the invoice for the first instalment;
- (2) the second instalment of USD4,158,000, representing 10% of the consideration, is payable within seven (7) Banking Days after the cutting of the first steel plate of Vessel 1 and the receipt of the Refund Guarantee and the invoice for the second instalment;
- (3) the third instalment of USD4,158,000, representing 10% of the consideration, is payable within seven (7) Banking Days after keel-laying of the first section of Vessel 1 and the receipt of the Refund Guarantee and the invoice for the third instalment;
- (4) the fourth instalment of USD6,237,000, representing 15% of the consideration, is payable within seven (7) Banking Days after launching of Vessel 1 and the receipt of the Refund Guarantee and the invoice for the fourth instalment; and
- (5) the fifth instalment of USD24,948,000, representing 60% of the consideration, is payable upon the delivery of Vessel 1.

The consideration was determined after arm's length negotiations between the Buyer and the Seller taking into account the (i) quotations and delivery schedules provided by other shipyards for the construction of new vessels of similar type and size; and (ii) the quality of services and industry reputation of the Seller.

It is currently expected that the consideration will be funded by internal resources of the Group and external financing from financial or other institutions.

In the event the Shipbuilding Contract 1 is terminated, rescinded or cancelled by the Buyer in accordance with the terms of Shipbuilding Contract 1, the Seller shall refund to the Buyer the full amount of all sums already paid by the Buyer together with interest. As security to the Buyer, the Seller shall deliver to the Buyer Refund Guarantees to be issued by specified bank to guarantee the refund of such payments.

Expected delivery date

On or before 30 November 2024

Shipbuilding Contract 2

Date

12 April 2023 (after trading hours of the Stock Exchange)

Parties

The Buyer

The Seller

Asset to be acquired

Vessel 2, a 62,000 dwt general dry cargo vessel

Consideration

USD41.58 million, which shall be paid by the Buyer to the Seller in cash in five (5) installments in accordance with vessel construction progress, details as follow:

- (1) the first instalment of USD2,079,000, representing 5% of the consideration, is payable within seven (7) Banking Days after the Buyer receives the Refund Guarantee and the invoice for the first instalment;
- (2) the second instalment of USD4,158,000, representing 10% of the consideration, is payable within seven (7) Banking Days after the cutting of the first steel plate of Vessel 2 and the receipt of the Refund Guarantee and the invoice for the second instalment;
- (3) the third instalment of USD4,158,000, representing 10% of the consideration, is payable within seven (7) Banking Days after keel-laying of the first section of Vessel 2 and the receipt of the Refund Guarantee and the invoice for the third instalment;
- (4) the fourth instalment of USD6,237,000, representing 15% of the consideration, is payable within seven (7) Banking Days after launching of Vessel 2 and the receipt of the Refund Guarantee and the invoice for the fourth instalment; and
- (5) the fifth instalment of USD24,948,000, representing 60% of the consideration, is payable upon the delivery of Vessel 2.

The consideration was determined after arm's length negotiations between the Buyer and the Seller taking into account the (i) quotations and delivery schedules provided by other shipyards for the construction of new vessels of similar type and size; and (ii) the quality of services and industry reputation of the Seller.

It is currently expected that the consideration will be funded by internal resources of the Group and external financing from financial or other institutions.

In the event the Shipbuilding Contract 2 is terminated, rescinded or cancelled by the Buyer in accordance with the terms of Shipbuilding Contract 2, the Seller shall refund to the Buyer the full amount of all sums already paid by the Buyer together with interest. As security to the Buyer, the Seller shall deliver to the Buyer Refund Guarantees to be issued by specified bank to guarantee the refund of such payments.

Expected delivery date

On or before 31 December 2024

REASONS AND BENEFITS OF THE ACQUISITION OF THE VESSELS

The acquisition of the Vessels under the Shipbuilding Contracts 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 and expand 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.

In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the transactions contemplated under the Shipbuilding Contracts are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company, the Group and the Buyer

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

The Seller

The Seller is a company established in the PRC with limited liability. It is principally engaged in shipbuilding business and owned by The Trade Union Committee of Huang Hai Shipbuilding Company Limited* (黃海造船有限公司工會委員會) and Rongcheng State-owned Capital Operation Co. Ltd* (榮成市國有資本運營有限公司) as to 80.4305% and 19.5695%, respectively. Rongcheng State-owned Capital Operation Co. Ltd* (榮成市國有資本運營有限公司) is a state-owned enterprise indirectly wholly-owned by State-owned Assets Supervision and Administration Commission of Rongcheng City)* (榮成市國有資產監督管理局).

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

LISTING RULES IMPLICATIONS

Since the Shipbuilding Contracts were entered into with the same Seller, the acquisition of the Vessels under the Shipbuilding Contracts shall be aggregated 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 acquisition of the Vessels under the Shipbuilding Contracts, when aggregated, exceeds 25% but is less than 100%, the acquisition of the Vessels under the Shipbuilding Contracts constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder has a material interest in the transactions contemplated under the Shipbuilding Contracts. As such, no Shareholder is required to abstain from voting if a general meeting of the Company is to be convened for the approval of the transactions contemplated under the Shipbuilding Contracts. The Company has obtained an irrevocable and unconditional written approval for the transactions contemplated under the Shipbuilding Contracts from the Closely Allied Group who together held 288,750,000 Shares (representing 57.75% of the issued share capital of the Company as at the date of this announcement). The Closely Allied Group comprises the following Shareholders:

| Name of the Shareholders | Number of Shares interested | Percentage of shareholding |
|---|------------------------------------|-----------------------------------|
| Jin Qiu Holding Ltd. (<i>Note 1</i>) | 247,500,000 | 49.5% |
| Jin Chun Holding Ltd. (<i>Note 2</i>) | 11,250,000 | 2.25% |
| Jovial Alliance Limited (<i>Note 2</i>) | 30,000,000 | 6.0% |

Notes:

1. The entire share capital of Jin Qiu Holding Ltd. is held by Shining Friends Limited, which is wholly-owned by Tricor Equity Trustee Limited, the trustee of The J&Y Trust, which was established by Mr. Guo Jinkui (as the settlor and protector) as a discretionary trust for the benefit of himself and his family members; and
2. Both Jin Chun Holding Ltd. and Jovial Alliance Limited are directly wholly-owned by Mr. Guo Jinkui.

Accordingly, in accordance with Rule 14.44 of the Listing Rules, the Shareholders' approval requirement in respect of the transactions contemplated under the Shipbuilding Contracts has been satisfied in lieu of a Shareholders' general meeting of the Company.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Shipbuilding Contracts and the transactions contemplated thereunder; and (ii) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 4 May 2023.

DEFINITIONS

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

| | |
|------------------------|--|
| “Banking Day” | a day upon which banks in New York, Shanghai, Singapore, Hong Kong are all open for business |
| “Board” | the board of Directors |
| “Buyer” | Seacon Shipping Pte. Ltd., a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company |
| “Closely Allied Group” | a closely allied group of the Shareholders comprising Jin Qiu Holding Ltd., Jin Chun Holding Ltd. and Jovial Alliance Limited <u>which</u> together held 288,750,000 Shares (representing 57.75% of the issued share capital of the Company as at the date of this announcement) |
| “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 |
| “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 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “Refund Guarantee” | the guarantee to be issued by specified bank to the Buyer for the refund of all payments made by the Buyer to the Seller before the delivery of Vessels plus interest in the event Shipbuilding Contracts is terminated, rescinded or cancelled by the Buyer in accordance with the terms of Shipbuilding Contracts |
| “Seller” | Huang Hai Shipbuilding Company Limited* (黄海造船有限公司), a company established in the PRC with limited liability |
| “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 |
| “Shipbuilding Contract 1” | the shipbuilding contract dated 12 April 2023 entered into between the Buyer and the Seller in respect of the construction of Vessel 1 |
| “Shipbuilding Contract 2” | the shipbuilding contract dated 12 April 2023 entered into between the Buyer and the Seller in respect of the construction of Vessel 2 |
| “Shipbuilding Contracts” | Shipbuilding Contract 1 and Shipbuilding Contract 2 |
| “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 1” | a 62,000 dwt general dry cargo vessel |
| “Vessel 2” | a 62,000 dwt general dry cargo vessel |

“Vessels” Vessel 1 and Vessel 2

“%” per cent

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

Hong Kong, 12 April 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.

* For identification purposes only