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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 25 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 USD63,387,500.

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 17 May 2023.

INTRODUCTION

The Board announces that on 25 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 USD63,387,500.

SHIPBUILDING CONTRACTS

The principal terms of the Shipbuilding Contracts are as follows:

Shipbuilding Contract 1

Date

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

Parties

The Buyer

The Seller

Asset to be acquired

Vessel 1, a 42,200 dwt bulk carrier

Consideration

USD31,693,750, which shall be paid by the Buyer to the Seller in cash in four (4) installments in accordance with vessel construction progress, details as follow:

- (1) the first instalment of USD6,300,000 is payable within three (3) Banking Days after signing of Shipbuilding Contract 1;
- (2) the second instalment of USD3,150,000 is payable within three (3) Banking Days after receipt of a notice from the Seller confirming the commencement of steel cutting of Vessel 1;
- (3) the third instalment of USD3,150,000 is payable within three (3) Banking Days after receipt of a notice from the Seller confirming launching of Vessel 1; and
- (4) the fourth instalment of USD19,093,750 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 (i) the 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.

Expected delivery date

On or before 30 June 2025

Termination

The Buyer may at its option terminate the Shipbuilding Contract 1 under the circumstances including, *inter alia*, (i) delay in delivery; (ii) deficiency in speed; (iii) excessive fuel consumption; and (iv) deficiency in actual deadweight, of Vessel 1 in excess of the allowed limit. Upon termination of the Shipbuilding Contract 1 by the Buyer in accordance with provision of the Shipbuilding Contract 1, the Seller shall promptly refund to the Buyer the full amount of all sums paid by the Buyer to the Seller on account of Vessel 1, unless the Seller disputes the Buyer's termination and proceeds to arbitration under the provisions of the Shipbuilding Contract 1.

Shipbuilding Contract 2

Date

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

Parties

The Buyer

The Seller

Asset to be acquired

Vessel 2, a 42,200 dwt bulk carrier

Consideration

USD31,693,750, which shall be paid by the Buyer to the Seller in cash in four (4) installments in accordance with vessel construction progress, details as follow:

- (1) the first instalment of USD6,300,000 is payable within three (3) Banking Days after signing of Shipbuilding Contract 2;
- (2) the second instalment of USD3,150,000 is payable within three (3) Banking Days after receipt of a notice from the Seller confirming the commencement of steel cutting of Vessel 2;
- (3) the third instalment of USD3,150,000 is payable within three (3) Banking Days after receipt of a notice from the Seller confirming launching of Vessel 2; and
- (4) the fourth instalment of USD19,093,750 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 (i) the 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.

Expected delivery date

On or before 30 September 2025

Termination

The Buyer may at its option terminate the Shipbuilding Contract 2 under the circumstances including, *inter alia*, (i) delay in delivery; (ii) deficiency in speed; (iii) excessive fuel consumption; and (iv) deficiency in actual deadweight, of Vessel 2 in excess of the allowed limit. Upon termination of the Shipbuilding Contract 2 by the Buyer in accordance with provision of the Shipbuilding Contract 2, the Seller shall promptly refund to the Buyer the full amount of all sums paid by the Buyer to the Seller on account of Vessel 2, unless the Seller disputes the Buyer's termination and proceeds to arbitration under the provisions of the Shipbuilding Contract 2.

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 corporation organized and existing under the laws of Japan and directly wholly-owned by Tsuneishi Holdings Corporation (常石控股株式會社). It is principally engaged in shipbuilding and ship repairing businesses. Based on publicly available information, the history of the Seller can be traced back to 1917 when its predecessor commenced to provide shipbuilding services. The Seller employs over 800 employees and has over 50 affiliated companies as at December 2022. Tsuneishi Holdings Corporation recorded consolidated sales of shipbuilding business of approximately 147.7 billion Japanese yen in fiscal year 2022.

▲ 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. ^(Note 1)	247,500,000	49.5%
Jin Chun Holding Ltd. ^(Note 2)	11,250,000	2.25%
Jovial Alliance Limited ^(Note 2)	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.
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 17 May 2023.

DEFINITIONS

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

“Banking Days”	days excluding Saturday, Sunday and public holidays in Japan, New York, Singapore and the PRC
“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 which 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
“Seller”	Tsuneishi Shipbuilding Co., Ltd. (常石造船株式会社), a corporation organized and existing under the laws of Japan
“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 <u>25</u> 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 <u>25</u> 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 42,200 dwt bulk carrier to be constructed and delivered by the Seller under the Shipbuilding Contract 1
“Vessel 2”	a 42,200 dwt bulk carrier to be constructed and delivered by the Seller under the Shipbuilding Contract 2
“Vessels”	Vessel 1 and Vessel 2
“%”	per cent

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

Hong Kong, 25 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*