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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 THE VESSEL

ACQUISITION OF THE VESSEL

The Board announces that on 15 March 2024 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Shipbuilding Contract, pursuant to which the Seller agreed to build the Vessel for the Buyer for a consideration of USD30,100,000.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the acquisition of the Vessel under the Shipbuilding Contract exceeds 5% but is less than 25%, the acquisition of the Vessel under the Shipbuilding Contract 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 15 March 2024 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Shipbuilding Contract, pursuant to which the Seller agreed to build the Vessel for the Buyer for a consideration of USD30,100,000.

SHIPBUILDING CONTRACT

The principal terms of the Shipbuilding Contract are as follows:

Date

15 March 2024 (after trading hours of the Stock Exchange)

Parties

The Buyer and the Seller

Asset to be acquired

The Vessel, a 18,500 dwt oil/chemical tanker, which is expected to be delivered to the Group on or before 31 December 2025.

Consideration

USD30,100,000, which shall be paid by the Buyer to the Seller in cash in five instalments in accordance with the Vessel's construction progress, details as follow:

- (1) the first instalment of USD3,010,000 is payable after the Buyer's receipt of the relevant refund guarantee and invoice from the Seller;
- (2) the second instalment of USD6,020,000 is payable after the Buyer's receipt of the ship classification society's steel cutting certificate stating that the cutting of the first steel plate has been completed, and the relevant refund guarantee and invoice from the Seller;
- (3) the third instalment of USD3,010,000 is payable after the Buyer's receipt of the ship classification society's keel-laying certificate stating that the keel-laying has been completed, and the relevant refund guarantee and invoice from the Seller;
- (4) the fourth instalment of USD3,010,000 is payable after the Buyer's receipt of the ship classification society's launching certificate stating that the launching has been completed, and the relevant refund guarantee and invoice from the Seller; and
- (5) the fifth instalment of USD15,050,000 is payable upon the delivery of the Vessel.

The consideration was determined after arm's length negotiations between the Buyer and the Seller taking into account (i) the quotation provided by another shipyard for the construction of a new vessel of similar type and size with a longer delivery schedule in 2026 but at a similar price and (ii) the quality of services and industry reputation of the Seller. The Seller's predecessor, Fujiheng Machinery Plant, was established in 1900. With a registered capital of RMB901.5 million, the Seller has an annual building capacity of 800,000 dwt. The Seller has also acquired the certification of ship industry standard conditions, ISO9001 quality system certification, occupational health and safety management system, energy management system and environmental management system certification.

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.

Rescission

The Buyer may at its option rescind the Shipbuilding Contract under the circumstances including, *inter alia*, (i) delay in delivery; (ii) deficiency in speed; (iii) excessive fuel consumption; and (iv) deficiency in actual dwt, of the Vessel beyond the stipulated limit. Upon rescission of the Shipbuilding Contract by the Buyer in accordance with the terms of the Shipbuilding Contract, the Seller shall refund to the Buyer the full amount of all sums paid by the Buyer to the Seller under the Shipbuilding Contract, unless the Seller proceeds to arbitration in the event of any dispute with regard to the obligation to repay.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE VESSEL

The acquisition of the Vessel under the Shipbuilding Contract 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 continuing conflicts and disruption in oil-producing nations in the Middle East since October 2023 have prompted increased demand for oil transportation. This has been reflected in the rise of the Baltic Clean Tanker Index since the third quarter of 2023. Further, the management of the Company is of the view that the market conditions supporting the demand for chemical products will improve, leading to a greater global demand for logistics services in relation to 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 of the Company. The Directors believe that through acquisition of the Vessel, 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 addition, the Vessel is more fuel-efficient and of higher operational efficiency than the other bulk carriers of the Group currently in operation, which meets the latest environmental regulations and prevailing specification requirements in the shipping industry.

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

INFORMATION ON 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 Wuhu Yuanda and Wuhu Construction, its two largest shareholders, as to approximately 29.0% and 18.4%, respectively.

Wuhu Yuanda is ultimately held and controlled by State-owned Assets Supervision and Administration Commission of the Wuhu Municipal People's Government. Wuhu Construction is owned by State-owned Assets Supervision and Administration Commission of the Wuhu Municipal People's Government and the Finance Department of Anhui Province as to 96% and 4%, respectively. No other ultimate beneficial owner controls more than one-third of the Seller.

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

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the acquisition of the Vessel under the Shipbuilding Contract exceeds 5% but is less than 25%, the acquisition of the Vessel under the Shipbuilding Contract 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:

“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
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Wuhu Shipyard Co., Ltd., a company established in the PRC with limited liability
“Shares”	ordinary shares with a nominal or par value of HK\$0.01 each in the share capital of the Company

“Shipbuilding Contract”	the shipbuilding contract dated 15 March 2024 entered into between the Buyer and the Seller in respect of the construction of the Vessel
“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
“Wuhu Construction”	Wuhu Construction Investment Co., Ltd.* (蕪湖市建設投資有限公司), a company incorporated in the PRC with limited liability
“Wuhu Yuanda”	Wuhu Yuanda Venture Capital Co., Ltd.* (蕪湖遠大創業投資有限公司), a company incorporated in the PRC with limited liability
“Vessel”	an 18,500 dwt oil/chemical tanker to be constructed and delivered by the Seller under the Shipbuilding Contract
“%”	per cent

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

Hong Kong, 15 March 2024

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*