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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 30 May 2023 (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 JPY2,340,000,000.

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 30 May 2023 (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 JPY2,340,000,000.

SHIPBUILDING CONTRACT

The principal terms of the Shipbuilding Contract are as follows:

Date

30 May 2023 (after trading hours of the Stock Exchange)

Parties

The Buyer

The Seller

Asset to be acquired

The Vessel, an 13,500 dwt general cargo vessel

Consideration

JPY2,340,000,000, which shall be paid by the Buyer to the Seller in cash in five (5) instalments in accordance with the vessel construction progress, details as follow:

- (1) the first instalment of JPY234,000,000, representing 10% of the consideration, is payable not later than five (5) Banking Days after signing of the Shipbuilding Contract and the Buyer's receipt of the related invoice from the Seller. The Seller shall also provide the Refund Guarantee prior to the payment of the first instalment;
- (2) the second instalment of JPY234,000,000, representing 10% of the consideration, is payable within six (6) months after signing of the Shipbuilding Contract, provided that the Buyer has received the related invoice from the Seller five (5) Banking Days before the due date;
- (3) the third instalment of JPY234,000,000, representing 10% of the consideration, is payable within five (5) Banking Days after the Buyer's receipt of the keel laying statement issued by the specified ship classification society, provided that the Buyer has received the related invoice from the Seller;
- (4) the fourth instalment of JPY234,000,000, representing 10% of the consideration, is payable within five (5) Banking Days after the Buyer's receipt of the launching statement issued by the specified ship classification society, provided that the Buyer has received the related invoice from the Seller; and
- (5) the fifth instalment of JPY1,404,000,000, representing 60% of the consideration, subject to adjustments, is payable upon completion of delivery of the Vessel.

The consideration was determined after arm's length negotiations between the Buyer and the Seller taking into account (i) the quotations provided by another shipyard for the construction of a new vessel of similar type and size with its delivery schedule in the second half of 2025; and (ii) the quality of services and industry reputation of the Seller. Based on publicly available information, the Seller's predecessor, Murakami Hide Shipyard, was founded in Japan in August 1917. The Seller has a capital of JPY45 million. The Seller also acquired the ISO9001 (Quality Management) certificate.

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.

Expected delivery date

On or before 30 June 2025

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 deadweight tonnage, of the Vessel beyond the allowed limit. Upon rescission of the Shipbuilding Contract by the Buyer in accordance with provision of the Shipbuilding Contract, the Seller shall promptly refund to the Buyer the full amount of all sums paid by the Buyer to the Seller on account of the Vessel, unless the Seller proceeds to arbitration under the provisions of the Shipbuilding Contract.

Guarantee

The performance of the obligations by the Seller under the Shipbuilding Contract is guaranteed by Seacon Marine Pte. Ltd., a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company, pursuant to a letter of performance guarantee.

REASONS 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.

In view of the recent low vessel newbuilding costs, the Group has engaged well-established Chinese and Japanese shipyards to build new vessels. Taking into account the Vessel, the shipbuilding contracts entered into with Huang Hai Shipbuilding Company Limited* (黄海造船有限公司) (“**Huang Hai**”) in respect of the construction of two general dry cargo vessels as announced by the Company on 12 April 2023, the shipbuilding contracts entered into with Tsuneishi Shipbuilding Co., Ltd. (常石造船株式

会社) (“**Tsuneishi**”) in respect of the construction of two bulk carrier as announced by the Company on 25 April 2023 and the other vessels under construction, the number of the Group’s controlled vessels will be increased from 21 as at 30 September 2022 to 33 by the end of 2025 with an increase in the combined weight carrying capacity from approximately 1.0 million dwt to approximately 1.7 million dwt. The Directors believe that the expansion of the Group’s controlled vessel fleet will enhance the Group’s capacity to undertake more customer requests and increase the competitiveness of its shipping solutions as the ability to secure business opportunities are dependent on the availability of the vessel fleet of the Group. It will also allow the Group to further attract potential business opportunities from larger market players who generally assess, among other things, the condition of the vessels and the size of the fleet when they select shipping services and ship management services providers.

In addition, the Vessel is more fuel-efficient and of higher operational efficiency than the other general cargo vessels of the Group currently in operation, which meets the latest environmental regulations and prevailing specification requirements in the shipping industry.

The Directors have taken into account the shipbuilding contracts entered into with Huang Hai and Tsuneishi when considering the benefits of the acquisition of the Vessel under the Shipbuilding Contract. 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 transaction contemplated under the Shipbuilding Contract are fair and reasonable and in the interests of the shareholders of the Company 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. It is principally engaged in ship newbuilding and ship repair, damage insurance agent and ship rental businesses. Based on publicly available information, the Seller's predecessor, Murakami Hide Shipyard, was founded in Japan in August 1917. The Seller has a capital of JPY45 million.

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:

“Banking Days”	days excluding Saturday, Sunday and public holiday in the People's Republic of China, Hong Kong, New York, Singapore and Japan
“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 People’s Republic of China
“JPY”	Japanese yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Refund Guarantee”	an irrevocable guarantee to be issued by a specified bank for the refund of the first, second, third and fourth instalments paid by the Buyer to the Seller plus interest in the event the Shipbuilding Contract is rescinded or cancelled by the Buyer in accordance with the terms of the Shipbuilding Contract
“Seller”	Murakami Hide Shipbuilding Co., Ltd. (村上秀造船株式会社), a corporation organized and existing under the laws of Japan
“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 30 May 2023 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
“Vessel”	an 13,500 dwt general cargo vessel 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, 30 May 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*