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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 4 September 2023 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, and the Seller entered into two Sale and Purchase Contracts, pursuant to which the Buyer agreed to purchase and the Seller agreed to sell two Vessels for an aggregate consideration of USD66,960,000.

### **LISTING RULES IMPLICATIONS**

Since the Sale and Purchase Contracts were entered into with the same Seller, the acquisition of the Vessels under the Sale and Purchase 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 Sale and Purchase Contracts, when aggregated, exceeds 25% but is less than 100%, the acquisition of the Vessels under the Sale and Purchase 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 Sale and Purchase 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 Sale and Purchase Contracts. The Company has obtained an irrevocable and unconditional written approval for the transactions contemplated under the Sale and Purchase 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 Sale and Purchase 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 Sale and Purchase 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 25 September 2023.

## **INTRODUCTION**

The Board announces that on 4 September 2023 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, and the Seller entered into two Sale and Purchase Contracts, pursuant to which the Buyer agreed to purchase and the Seller agreed to sell two Vessels for an aggregate consideration of USD66,960,000.

## **SALE AND PURCHASE CONTRACTS**

The principal terms of the Sale and Purchase Contracts are as follows:

### **Sale and Purchase Contract 1**

#### ***Date***

4 September 2023 (after trading hours of the Stock Exchange)

#### ***Parties***

The Buyer

The Seller

### ***Asset to be acquired***

Vessel 1, a 40,000 dwt bulk carrier to be constructed and expected to be delivered between 1 August 2025 and 31 October 2025

### ***Consideration***

USD33,480,000, which shall be paid by the Buyer to the Seller in four (4) instalments as follows:

- (1) the first instalment of USD3,138,000 is payable on the date of receipt by the Buyer an invoice upon signing of the Sale and Purchase Contract 1;
- (2) the second instalment of USD6,276,000 is payable on or before 30 June 2024;
- (3) the third instalment of USD3,138,000 is payable on or before 31 March 2025; and
- (4) the fourth instalment of USD20,928,000 is payable at the time of delivery of Vessel 1.

The consideration was determined after arm's length negotiations between the Buyer and the Seller taking into account the (i) quotation provided by another shipyard for the construction of a new vessel of similar type and size with its delivery schedule in 2026; (ii) price of newbuilding order of a vessel of similar type and size with its delivery schedule in 2026 as stated in the report published by a shipbroker; and (iii) quality of services and industry reputation of the builder and the shipyard. Vessel 1 will be built by Namura Shipbuilding at Imari Shipyard. Namura Shipbuilding has consolidated total assets of approximately JPY125 billion and over 2,200 employees as at 31 March 2023 and recorded consolidated sales of approximately JPY124 billion for the year ended 31 March 2023. Imari Shipyard has obtained The American Society of Mechanical Engineers (ASME), ISO14001 (Environmental Management) and JIS Q14001 (Environmental Management Systems) certifications.

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 Sale and Purchase 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 limits. Upon rescission of the Sale and Purchase Contract 1 by the Buyer in accordance with provision of the Sale and Purchase 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 proceeds to arbitration under the provisions of the Sale and Purchase Contract 1.

## **Sale and Purchase Contract 2**

### ***Date***

4 September 2023 (after trading hours of the Stock Exchange)

### ***Parties***

The Buyer

The Seller

### ***Asset to be acquired***

Vessel 2, a 40,000 dwt bulk carrier to be constructed and expected to be delivered between 1 August 2025 and 31 October 2025

### ***Consideration***

USD33,480,000, which shall be paid by the Buyer to the Seller in four (4) instalments as follows:

- (1) the first instalment of USD3,138,000 is payable on the date of receipt by the Buyer an invoice upon signing of the Sale and Purchase Contract 2;
- (2) the second instalment of USD6,276,000 is payable on or before 30 June 2024;
- (3) the third instalment of USD3,138,000 is payable on or before 31 March 2025; and
- (4) the fourth instalment of USD20,928,000 is payable at the time of delivery of Vessel 2.

The consideration was determined after arm's length negotiations between the Buyer and the Seller taking into account the (i) quotation provided by another shipyard for the construction of a new vessel of similar type and size with its delivery schedule in 2026; (ii) price of newbuilding order of a vessel of similar type and size with its delivery schedule in 2026 as stated in the report published by a shipbroker; and (iii) quality of services and industry reputation of the builder and the shipyard. Vessel 2 will be built by Namura Shipbuilding at Imari Shipyard. Namura Shipbuilding has consolidated total assets of approximately JPY125 billion and over 2,200 employees as at 31 March 2023 and recorded consolidated sales of approximately JPY124 billion for the year ended 31 March 2023. Imari Shipyard has obtained The American Society of Mechanical Engineers (ASME), ISO14001 (Environmental Management) and JIS Q14001 (Environmental Management Systems) certifications.

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 Sale and Purchase 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 limits. Upon rescission of the Sale and Purchase Contract 2 by the Buyer in accordance with provision of the Sale and Purchase 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 proceeds to arbitration under the provisions of the Sale and Purchase Contract 2.

## **REASONS AND BENEFITS OF THE ACQUISITION OF THE VESSELS**

The acquisition of the Vessels under the Sale and Purchase 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 Group has engaged well-established Chinese and Japanese shipyards to build new vessels. Taking into account Vessel 1 and Vessel 2, 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, the shipbuilding contract entered into with Murakami Hide Shipbuilding Co., Ltd. (村上秀造船株式会社) (“**Murakami Hide**”) in respect of the construction of a general cargo vessel as announced by the Company on 30 May 2023 and the other vessels under construction, the number of the Group’s controlled vessels will be increased from 24 as at 30 June 2023 to 35 by the end of 2025 with an increase in the combined weight carrying capacity from approximately 1.3 million dwt to approximately 1.8 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 Vessels are 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.

The Directors have taken into account the shipbuilding contracts entered into with Huang Hai, Tsuneishi and Murakami Hide when considering the benefits of the acquisition of the Vessels under the Sale and Purchase Contracts. 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 Sale and Purchase 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 Panama. The Seller is principally engaged in vessel holding and chartering and is wholly owned by Namura Shipbuilding. Namura Shipbuilding has consolidated total assets of approximately JPY125 billion and over 2,200 employees as at 31 March 2023 and recorded consolidated sales of approximately JPY124 billion for the year ended 31 March 2023.

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 Sale and Purchase Contracts were entered into with the same Seller, the acquisition of the Vessels under the Sale and Purchase 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 Sale and Purchase Contracts, when aggregated, exceeds 25% but is less than 100%, the acquisition of the Vessels under the Sale and Purchase 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 Sale and Purchase 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 Sale and Purchase Contracts. The Company has obtained an irrevocable and unconditional written approval for the transactions contemplated under the Sale and Purchase 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:

<b>Name of the Shareholders</b>	<b>Number of Shares interested</b>	<b>Percentage of shareholding</b>
Jin Qiu Holding Ltd. <sup>(Note 1)</sup>	247,500,000	49.5%
Jin Chun Holding Ltd. <sup>(Note 2)</sup>	11,250,000	2.25%
Jovial Alliance Limited <sup>(Note 2)</sup>	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 Sale and Purchase 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 Sale and Purchase 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 25 September 2023.

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day other than Saturday, Sunday and public holidays and on which leading banks in Tokyo, New York, Singapore, Beijing and Hong Kong are open for business of remittance and lending of money
“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 People’s Republic of China



“Imari Shipyard”	Imari Shipyard & Works (伊萬里事業所), a shipyard of Namura Shipbuilding located in Saga, Japan
“JPY”	Japanese yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Namura Shipbuilding”	Namura Shipbuilding Co., Ltd. (名村造船所株式会社), a company listed on the Tokyo Stock Exchange (stock code: 7014)
“Panama”	the Republic of Panama
“Sale and Purchase Contract 1”	the sale and purchase contract entered into between the Buyer and the Seller in respect of the sale and purchase of Vessel 1
“Sale and Purchase Contract 2”	the sale and purchase contract entered into between the Buyer and the Seller in respect of the sale and purchase of Vessel 2
“Sale and Purchase Contracts”	Sale and Purchase Contract 1 and Sale and Purchase Contract 2
“Seller”	MORNING DAEDALUS NAVIGATION, S.A., a corporation organized and existing under the laws of Panama
“Shares”	ordinary shares with a nominal or par value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“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 40,000 dwt bulk carrier to be constructed under the Sale and Purchase Contract 1
“Vessel 2”	a 40,000 dwt bulk carrier to be constructed under the Sale and Purchase 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, 4 September 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*