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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
FINANCE LEASE ARRANGEMENTS**

Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the “Definitions” section of this circular.

A letter from the Board is set out on pages 10 to 24 of this circular.

The Company has obtained an irrevocable and unconditional written approval for the Finance Lease Arrangements from the Closely Allied Group. Accordingly, in accordance with Rule 14.44 of the Listing Rules, the Shareholders’ approval requirement in respect of the Finance Lease Arrangements has been satisfied in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

23 June 2023

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DEFINITIONS

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

“Actual Delivery Date”	the respective dates of delivery of the respective Vessels by the respective Owners to the respective Charterers under the respective Bareboat Charters
“Actual Owners’ Cost I”	USD23,900,000, being the consideration of Vessel I of USD27,000,000 less Advance Hire I
“Actual Owners’ Cost II”	USD23,100,000, being the consideration of Vessel II of USD33,600,000 less Advance Hire II
“Actual Owners’ Cost III”	USD23,900,000, being the consideration of Vessel III of USD27,000,000 less Advance Hire III
“Actual Owners’ Costs”	Actual Owners’ Cost I, Actual Owners’ Cost II and Actual Owners’ Cost III
“Advance Hire I”	an advance hire of USD3,100,000 payable by Charterer I to Owner I on the Actual Delivery Date, which shall be set off against the consideration payable by Owner I under the Memorandum of Agreement I
“Advance Hire II”	an advance hire of USD10,500,000 payable by Charterer II to Owner II on the Actual Delivery Date, which shall be set off against the consideration payable by Owner II under the Memorandum of Agreement II
“Advance Hire III”	an advance hire of USD3,100,000 payable by Charterer III to Owner III on the Actual Delivery Date, which shall be set off against the consideration payable by Owner III under the Memorandum of Agreement III
“Advance Hires”	Advance Hire I, Advance Hire II and Advance Hire III
“Ancillary Documents”	Ancillary Documents I, Ancillary Documents II and Ancillary Documents III
“Ancillary Documents I”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement I — Ancillary documents”
“Ancillary Documents II”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement II — Ancillary documents”

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“Ancillary Documents III”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement III — Ancillary documents”
“Balloon”	USD9,000,000
“Bareboat Charter I”	the bareboat charter entered into between Charterer I and Owner I in respect of the charter of Vessel I under Finance Lease Arrangement I
“Bareboat Charter II”	the bareboat charter entered into between Charterer II and Owner II in respect of the charter of Vessel II under Finance Lease Arrangement II
“Bareboat Charter III”	the bareboat charter entered into between Charterer III and Owner III in respect of the charter of Vessel III under Finance Lease Arrangement III
“Bareboat Charters”	Bareboat Charter I, Bareboat Charter II and Bareboat Charter III
“Board”	the board of Directors
“BOCOM”	Bank of Communications Co., Ltd. (交通銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601328) and the Stock Exchange (stock code: 3328)
“Charter Period”	120 months commencing on the Actual Delivery Date
“Charterer I”	Seacon Hamburg Ltd, a company incorporated in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company
“Charterer II”	Seacon Tokyo Ltd, a company incorporated in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company
“Charterer III”	Seacon Oslo Ltd, a company incorporated in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company
“Charterers”	Charterer I, Charterer II and Charterer III
“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 Latest Practicable Date)

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“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)
“Cost Balance”	an amount equal to the respective Actual Owners’ Costs as may be reduced by payment of the respective Fixed Hires over the Charter Period
“Deed of Guarantee I”	the deed of guarantee entered into by the Company in favour of Owner I in relation to Finance Lease Arrangement I
“Deed of Guarantee II”	the deed of guarantee entered into by the Company in favour of Owner II in relation to Finance Lease Arrangement II
“Deed of Guarantee III”	the deed of guarantee entered into by the Company in favour of Owner III in relation to Finance Lease Arrangement III
“Deeds of Guarantee”	Deed of Guarantee I, Deed of Guarantee II and Deed of Guarantee III
“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
“Finance Lease Arrangement I”	the finance lease arrangement in relation to Vessel I
“Finance Lease Arrangement II”	the finance lease arrangement in relation to Vessel II
“Finance Lease Arrangement III”	the finance lease arrangement in relation to Vessel III
“Finance Lease Arrangements”	Finance Lease Arrangement I, Finance Lease Arrangement II and Finance Lease Arrangement III
“Fixed Hire I”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement I — Charter hire”
“Fixed Hire II”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement II — Charter hire”

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“Fixed Hire III”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement III — Charter hire”
“Fixed Hires”	Fixed Hire I, Fixed Hire II and Fixed Hire III
“Group”	the Company and its subsidiaries
“Hire Payment Date”	the last day of the relevant Hire Period
“Hire Period”	each and every consecutive three (3)-month period during the Charter Period, the first Hire Period to commence on the Actual Delivery Date and each and every successive Hire Period to commence forthwith upon the expiration of the immediately previous Hire Period, provided that if a Hire Period would otherwise extend beyond the expiration of the Charter Period, then such Hire Period shall terminate on the expiration of the Charter Period
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest Rate”	the percentage rate per annum which is the aggregate of (a) the applicable term secured overnight financing rate (SOFR) reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant period published (before any correction, recalculation or republication by the administrator) by CME Group Benchmark Administration Limited as of three (3) US Government Securities business days before the first day of the relevant Hire Period for a period of three (3) months, or as otherwise determined in accordance with the respective Bareboat Charters; and (b) a margin of 2.60% per annum
“Latest Practicable Date”	21 June 2023
“Liberia”	the Republic of Liberia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Agreement I”	the memorandum of agreement entered into between Charterer I and Owner I in respect of the sale and purchase of Vessel I under Finance Lease Arrangement I

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“Memorandum of Agreement II”	the memorandum of agreement entered into between Charterer II and Owner II in respect of the sale and purchase of Vessel II under Finance Lease Arrangement II
“Memorandum of Agreement III”	the memorandum of agreement entered into between Charterer III and Owner III in respect of the sale and purchase of Vessel III under Finance Lease Arrangement III
“Obligors”	Obligors I, Obligors II and Obligors III
“Obligors I”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement I — Guarantee”
“Obligors II”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement II — Guarantee”
“Obligors III”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement III — Guarantee”
“Owner I”	XIANG T10 SG INTERNATIONAL SHIP LEASE PTE. LIMITED, a private company limited by shares incorporated in Singapore
“Owner II”	XIANG T26 SG INTERNATIONAL SHIP LEASE PTE. LIMITED, a private company limited by shares incorporated in Singapore
“Owner III”	XIANG T11 SG INTERNATIONAL SHIP LEASE PTE. LIMITED, a private company limited by shares incorporated in Singapore
“Owners”	Owner I, Owner II and Owner III
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 14 March 2023
“Purchase Option I”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement I — Purchase option”
“Purchase Option II”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement II — Purchase option”

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- “Purchase Option III” has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement III — Purchase option”
- “Purchase Option Date” the date on which the respective Charterers exercise their respective Purchase Options
- “Purchase Option Fee” an amount equals to:
- (a) 1% of the Cost Balance as at the Purchase Option Date in the event the Purchase Option Date falls within the period between the date immediately after the third anniversary and the sixth anniversary of the Actual Delivery Date; or
 - (b) 0.5% of the Cost Balance in the event the Purchase Option Date falls within the period between the date immediately after the sixth anniversary and the eighth anniversary of the Actual Delivery Date; or
 - (c) zero in the event the Purchase Option Date falls within the period between the date immediately after the eighth anniversary and the tenth anniversary of the Actual Delivery Date
- “Purchase Option Price” the amount due and payable by the respective Charterers to the respective Owners for the exercise of the respective Purchase Options, being the aggregate of:
- (a) (i) an amount equal to the Cost Balance as at the Purchase Option Date (in the case the Purchase Option Date falling on a date prior to the expiry of the Charter Period); or
 - (ii) an amount equal to the Balloon (in the case the Purchase Option Date falling on the last day of the Charter Period);
 - (b) the applicable Purchase Option Fee;
 - (c) any Variable Hires under respective Bareboat Charters which has accrued but unpaid up to the Purchase Option Date;
 - (d) all sum due and payable but unpaid by any Obligors under the Transaction Documents together with (in each case where applicable) interest accrued thereon from the due date for payment thereof up to the date of actual payment;

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	<p>(e) all costs, losses, premiums or penalties incurred by the respective Owners as a result of (i) the receipt by the respective Owners of any payment under or in relation to the respective Transaction Documents on a day other than the due date for payment of the sum in question and/or (ii) the Purchase Option Date or the termination payment date does not fall on a Hire Payment Date (if any); and</p> <p>(f) all legal costs and expenses and other reasonable costs and expenses incurred by the respective Owners relating to the exercise by the respective Charterers of their respective Purchase Options.</p>
“Purchase Options”	Purchase Option I, Purchase Option II and Purchase Option III
“RMB”	Renminbi, the lawful currency of the PRC
“Seacon Shipping”	Seacon Shipping Pte. Ltd., a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“Security Documents”	<p>(a) the Ancillary Documents;</p> <p>(b) the Deeds of Guarantee;</p> <p>(c) the Security Documents under any bareboat charter party of any ship which may be entered into from time to time between the Owners or any affiliate of the Owners (as owners) and the Charterers or the Company or any affiliate of the Charterers or the Company (as charterers); and</p> <p>(d) any other document that may at any time be executed by any person creating, evidencing or perfecting any security interest to secure all or part of the Obligors’ obligations under or in connection with the Transaction Documents</p>
“Security Trustee”	XIANG T26 SG INTERNATIONAL SHIP LEASE PTE. LIMITED, being the security trustee appointed under security trust deed in relation to the Finance Lease Arrangements, pursuant to which it agrees to hold all of the Owners’ benefits arising under (including, without limitation, all proceeds of the enforcement of) each of the Ancillary Documents on trust for the Owners absolutely
“Shareholders”	holders of the Shares

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“Shares”	ordinary shares with a nominal or par value of HK\$0.01 each in the share capital of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Documents”	Transaction Documents I, Transaction Documents II and Transaction Documents III
“Transaction Documents I”	the Memorandum of Agreement I, the Bareboat Charter I, the Security Documents and such other documents as may in good faith be designated as such by Owner I from time to time
“Transaction Documents II”	the Memorandum of Agreement II, the Bareboat Charter II, the Security Documents and such other documents as may in good faith be designated as such by Owner II from time to time
“Transaction Documents III”	the Memorandum of Agreement III, the Bareboat Charter III, the Security Documents and such other documents as may in good faith be designated as such by Owner III from time to time
“USD”	United States dollars, the lawful currency of the United States of America
“Variable Hire I”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement I — Charter hire”
“Variable Hire II”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement II — Charter hire”
“Variable Hire III”	has the meaning ascribed to it in the section headed “Finance Lease Arrangements — Finance Lease Arrangement III — Charter hire”
“Variable Hires”	Variable Hire I, Variable Hire II and Variable Hire III
“Vessel I”	SEACON HAMBURG, an 85,000 dwt bulk carrier
“Vessel II”	SEACON TOKYO, a 66,200 dwt bulk carrier

DEFINITIONS

“Vessel III”	SEACON OSLO, an 85,000 dwt bulk carrier under construction
“Vessels”	Vessel I, Vessel II and Vessel III
“%”	per cent

* *For identification purposes only*



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)

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Mr. Chen Zekai

Mr. He Gang

Mr. Zhao Yong

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Independent Non-executive Directors:

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Ms. Zhang Xuemei

Mr. Zhuang Wei

Principal place of business in the PRC:

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Shandong Province

the PRC

23 June 2023

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION FINANCE LEASE ARRANGEMENTS

I. INTRODUCTION

Reference is made to the announcements of the Company dated 27 April 2023 and 16 June 2023 in relation to the Finance Lease Arrangements.

On 11 April 2023 (after trading hours of the Stock Exchange),

- (1) Charterer I, an indirect wholly-owned subsidiary of the Company, and Owner I entered into Finance Lease Arrangement I, pursuant to which (i) Charterer I agreed to sell Vessel I to Owner I for a consideration of USD27,000,000 under the Memorandum of Agreement I; (ii) Owner I agreed to charter Vessel I to Charterer I under the Bareboat Charter I; and (iii) the Company entered into the Deed of Guarantee I in favour of Owner I; and

LETTER FROM THE BOARD

- (2) Charterer II, an indirect wholly-owned subsidiary of the Company, and Owner II entered into Finance Lease Arrangement II, pursuant to which (i) Charterer II agreed to sell Vessel II to Owner II for a consideration of USD33,600,000 under the Memorandum of Agreement II; (ii) Owner II agreed to charter Vessel II to Charterer II under the Bareboat Charter II; and (iii) the Company entered into the Deed of Guarantee II in favour of Owner II.

On 16 June 2023 (after trading hours of the Stock Exchange), Charterer III, an indirect wholly-owned subsidiary of the Company, and Owner III entered into Finance Lease Arrangement III, pursuant to which (i) Charterer III agreed to sell Vessel III to Owner III for a consideration of USD27,000,000 under the Memorandum of Agreement III; (ii) Owner III agreed to charter Vessel III to Charterer III under the Bareboat Charter III; and (iii) the Company entered into the Deed of Guarantee III in favour of Owner III.

The purpose of this circular is to provide you with information in relation to the Finance Lease Arrangements.

II. FINANCE LEASE ARRANGEMENTS

The principal terms of the Finance Lease Arrangements are as follows:

Finance Lease Arrangement I

Date

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

Parties

Charterer I, as seller under the Memorandum of Agreement I and as charterer under the Bareboat Charter I

Owner I, as buyer under the Memorandum of Agreement I and as owner under the Bareboat Charter I

Subject matter

Vessel I, an 85,000 dwt bulk carrier. The book value of Vessel I is approximately USD25.8 million. The book value of Vessel I is higher than its acquisition cost as the book value also took into account the expenditures for alterations or addition of new equipment and bunker costs. Vessel I was acquired by the Group as a newbuilding in December 2019 and delivered to the Group in April 2023. Therefore, no profit was generated by Vessel I for the two financial years immediately preceding Finance Lease Arrangement I.

LETTER FROM THE BOARD

Consideration

USD27,000,000, which is payable by Owner I to Charterer I in cash after deducting Advance Hire I and an arrangement fee payable by Charterer I to Owner I under the Bareboat Charter I within two (2) banking days after (i) the delivery by Charterer I and acceptance by Owner I of Vessel I; and (ii) the registration of Vessel I in the name and ownership of Owner I with the specified shipping registry, subject to the terms and conditions of the Memorandum of Agreement I.

The consideration was determined after arm's length negotiations between Owner I and Charterer I taking into account the acquisition cost of Vessel I of USD25,650,000.

Charter period

120 months commencing on the Actual Delivery Date

Charter hire

The charter hire payable by Charterer I to Owner I consists of:

- (1) Advance Hire I;
- (2) a fixed hire of USD372,500 payable on each Hire Payment Date ("**Fixed Hire I**"), the amount of which is calculated using the following formula:

$$(A - B)/40$$

whereby:

A = Actual Owners' Cost I

B = Balloon

40 = The number of Hire Period during the Charter Period

The total amount of Fixed Hire I payable over the Charter Period is USD14,900,000, being Fixed Hire I payable on each Hire Payment Date multiplied by 40. The Company is of the view that the total amount of Fixed Hire I is fair and reasonable as it is equal to the consideration payable by Owner I under the Memorandum of Agreement I after deducting the Balloon; and

- (3) a variable hire ("**Variable Hire I**") calculated using the following formula payable on each Hire Payment Date:

$$(A \times B/360) \times C$$

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whereby:

- A = (in relation to the first Hire Payment Date) Actual Owners' Cost I; or (in relation to any other subsequent Hire Payment Date) the Cost Balance on the immediately preceding Hire Payment Date
- B = the Interest Rate applicable to that Hire Period
- C = the actual number of days during that Hire Period

The Company is of the view that the Interest Rate applicable to the Hire Period of Finance Lease Arrangement I is fair and reasonable based on the quotation provided by another finance lease company for finance lease arrangement in relation to another vessel of similar type and size.

Purchase option

During the period between the date immediately after the third anniversary and the last day of the Charter Period (inclusive) and with at least three (3) months irrevocable prior written notice (or, in the case Charterer I intends to exercise the purchase option at the expiry of the Charter Period, at least six (6) months irrevocable prior written notice), Charterer I has the option to purchase Vessel I for the Purchase Option Price, subject to the conditions set out in the Bareboat Charter I (the "**Purchase Option I**").

Ancillary documents

In connection with Finance Lease Arrangement I, the following ancillary documents (the "**Ancillary Documents I**") have been entered into:

- (1) a deed of assignment by Charterer I in favour of the Security Trustee in relation to certain of Charterer I's rights and interest in and to, among other things, the earnings, insurances, requisition compensation and any sub-charter which may have a duration of twelve (12) months or more (including any option to renew or extend) in respect of Vessel I to secure the payment of the liabilities and the performance by Charterer I of all of its obligations under or arising out of the Transaction Documents;
- (2) a deed of undertakings by each approved manager in favour of Owner I and the Security Trustee;
- (3) a deed of charge over the shares in Charterer I by Seacon Shipping in its capacity as chargor in favour of the Security Trustee; and

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- (4) a security trust deed among the Owners, the Charterers, the Company, Seacon Shipping, each approved manager and the Security Trustee, pursuant to which the Security Trustee agrees to hold all of the Owners' benefits arising under (including, without limitation, all proceeds of the enforcement of) each of the Ancillary Documents on trust for the Owners absolutely.

The nature of the Ancillary Documents I is to provide security for the liabilities incurred by any Obligor to any of the Owners in connection with any of the Transaction Documents.

Guarantee

The Company has entered into the Deed of Guarantee I in favour of Owner I, pursuant to which the Company agreed to, among other things:

- (1) guarantees to Owner I punctual performance by Charterer I, the Company, Seacon Shipping, the approved managers and any party (other than Owner I and the Security Trustee) to the Transaction Documents I (collectively, the "**Obligors I**") of all the Obligors I's obligations under the Transaction Documents I and of the amount due from the Obligors I under the Transaction Documents I;
- (2) undertakes with Owner I that whenever any Obligors I does not pay any amount when due under or in connection with any Transaction Documents I, it shall immediately on demand pay that amount as if it were the principal obligor; and
- (3) indemnifies Owner I immediately on demand against any cost, loss or liability suffered by the Owner I if any of the amount due under the Transaction Documents I is or becomes unenforceable, invalid or illegal.

Finance Lease Arrangement II

Date

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

Parties

Charterer II, as seller under the Memorandum of Agreement II and as charterer under the Bareboat Charter II

Owner II, as buyer under the Memorandum of Agreement II and as owner under the Bareboat Charter II

LETTER FROM THE BOARD

Subject matter

Vessel II, a 66,200 dwt bulk carrier. The book value of Vessel II is approximately USD33.8 million. The book value of Vessel II is higher than its acquisition cost as the book value also took into account the expenditures for alterations or addition of new equipment and bunker costs. Vessel II was acquired by the Group as a newbuilding in December 2021 and delivered to the Group in April 2023. Therefore, no profit was generated by Vessel II for the two financial years immediately preceding Finance Lease Arrangement II.

Consideration

USD33,600,000, which is payable by Owner II to Charterer II in cash after deducting Advance Hire II and an arrangement fee payable by Charterer II to Owner II under the Bareboat Charter II in within two (2) banking days after (i) the delivery by Charterer II and acceptance by Owner II of Vessel II; and (ii) the registration of Vessel II in the name and ownership of Owner II with the specified shipping registry, subject to the terms and conditions of the Memorandum of Agreement II.

The consideration was determined after arm's length negotiations between Owner II and Charterer II taking into account the acquisition cost of Vessel II of USD33,600,000.

Charter period

120 months commencing on the Actual Delivery Date

Charter hire

The charter hire payable by Charterer II to Owner II consists of:

- (1) Advance Hire II;
- (2) a fixed hire of USD352,500 payable on each Hire Payment Date ("**Fixed Hire II**"), the amount of which is calculated using the following formula:

$$(A - B)/40$$

whereby:

A = Actual Owners' Cost II

B = Balloon

40 = The number of Hire Period during the Charter Period

LETTER FROM THE BOARD

The total amount of Fixed Hire II payable over the Charter Period is USD14,100,000, being Fixed Hire II payable on each Hire Payment Date multiplied by 40. The Company is of the view that the total amount of Fixed Hire II is fair and reasonable as it is equal to the consideration payable by Owner II under the Memorandum of Agreement II after deducting the Balloon; and

- (3) a variable hire (“**Variable Hire II**”) calculated using the following formula payable on each Hire Payment Date:

$$(A \times B/360) \times C$$

whereby:

- A = (in relation to the first Hire Payment Date) Actual Owners’ Cost II; or (in relation to any other subsequent Hire Payment Date) the Cost Balance on the immediately preceding Hire Payment Date
- B = the Interest Rate applicable to that Hire Period
- C = the actual number of days during that Hire Period

The Company is of the view that the Interest Rate applicable to the Hire Period of Finance Lease Arrangement II is fair and reasonable based on the quotation provided by another finance lease company for finance lease arrangement in relation to another vessel of similar type and size.

Purchase option

During the period between the date immediately after the third anniversary and the last day of the Charter Period (inclusive) and with at least three (3) months irrevocable prior written notice (or, in the case Charterer II intends to exercise the purchase option at the expiry of the Charter Period, at least six (6) months irrevocable prior written notice), Charterer II has the option to purchase Vessel II for the Purchase Option Price, subject to the conditions set out in the Bareboat Charter II (the “**Purchase Option II**”).

Ancillary documents

In connection with Finance Lease Arrangement II, the following ancillary documents (the “**Ancillary Documents II**”) have been entered into:

- (1) a deed of assignment by Charterer II in favour of the Security Trustee in relation to certain of Charterer II’s rights and interest in and to, among other things, the earnings, insurances, requisition compensation and any sub-charter which may have a duration of twelve (12) months or more (including any option to renew or extend) in respect of Vessel II to secure the payment of the liabilities and the performance by Charterer II of all its other obligations under or arising out of the Transaction Documents;

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- (2) a deed of undertakings by each approved manager in favour of Owner II and the Security Trustee;
- (3) a deed of charge over the shares in Charterer II by Seacon Shipping in its capacity as chargor in favour of the Security Trustee; and
- (4) a security trust deed among the Owners, the Charterers, the Company, Seacon Shipping, each approved manager and the Security Trustee, pursuant to which the Security Trustee agrees to hold all of the Owners' benefits arising under (including, without limitation, all proceeds of the enforcement of) each of the Ancillary Documents on trust for the Owners absolutely.

The nature of the Ancillary Documents II is to provide security for the liabilities incurred by any Obligor to any of the Owners in connection with any of the Transaction Documents.

Guarantee

The Company has entered into the Deed of Guarantee II in favour of Owner II, pursuant to which the Company agreed to, among other things:

- (1) guarantees to Owner II punctual performance by Charterer II, the Company, Seacon Shipping, the approved managers and any party (other than Owner II and the Security Trustee) to the Transaction Documents II (collectively, the "**Obligors II**") of all the Obligors II's obligations under the Transaction Documents II and of the amount due from the Obligors II under the Transaction Documents II;
- (2) undertakes with Owner II that whenever any Obligors II does not pay any amount when due under or in connection with any Transaction Documents II, it shall immediately on demand pay that amount as if it were the principal obligor; and
- (3) indemnifies Owner II immediately on demand against any cost, loss or liability suffered by the Owner II if any of the amount due under the Transaction Documents II is or becomes unenforceable, invalid or illegal.

Finance Lease Arrangement III

Date

16 June 2023 (after trading hours of the Stock Exchange)

Parties

Charterer III, as seller under the Memorandum of Agreement III and as charterer under the Bareboat Charter III

LETTER FROM THE BOARD

Owner III, as buyer under the Memorandum of Agreement III and as owner under the Bareboat Charter III

Subject matter

Vessel III, an 85,000 dwt bulk carrier under construction and expected to be delivered on or before 31 October 2023. As Vessel III is still under construction, no profit was generated by Vessel III for the two financial years immediately preceding Finance Lease Arrangement III.

Consideration

USD27,000,000, which is payable by Owner III to Charterer III in cash after deducting Advance Hire III and an arrangement fee payable by Charterer III to Owner III under the Bareboat Charter III in two (2) instalments as follows, subject to the terms and conditions of the Memorandum of Agreement III:

- (1) USD17,955,000, being the amount payable to the builder of Vessel III under the shipbuilding contract of Vessel III on delivery of Vessel III, is payable three (3) banking days prior to the scheduled delivery date of Vessel III; and
- (2) the remaining balance is payable within two (2) banking days after (i) the delivery by Charterer III and acceptance by Owner III of Vessel III; and (ii) the registration of Vessel III in the name and ownership of Owner III with the specified shipping registry.

The consideration was determined after arm's length negotiations between Owner III and Charterer III taking into account the acquisition cost of Vessel III of USD25,650,000.

Charter period

120 months commencing on the Actual Delivery Date

Charter hire

The charter hire payable by Charterer III to Owner III consists of:

- (1) Advance Hire III;
- (2) a fixed hire of USD372,500 payable on each Hire Payment Date (“**Fixed Hire III**”), the amount of which is calculated using the following formula:

$$(A - B)/40$$

whereby:

A = Actual Owners' Cost III

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B = Balloon

40 = The number of Hire Period during the Charter Period

The total amount of Fixed Hire III payable over the Charter Period is USD14,900,000, being Fixed Hire III payable on each Hire Payment Date multiplied by 40. The Company is of the view that the total amount of Fixed Hire III is fair and reasonable as it is equal to the consideration payable by Owner III under the Memorandum of Agreement III after deducting the Balloon; and

(3) a variable hire (“**Variable Hire III**”) calculated using the following formula payable on each Hire Payment Date:

$$(A \times B/360) \times C$$

whereby:

A = (in relation to the first Hire Payment Date) Actual Owners’ Cost III; or (in relation to any other subsequent Hire Payment Date) the Cost Balance on the immediately preceding Hire Payment Date

B = the Interest Rate applicable to that Hire Period

C = the actual number of days during that Hire Period

The Company is of the view that the Interest Rate applicable to the Hire Period of Finance Lease Arrangement III is fair and reasonable based on the quotation provided by another finance lease company for finance lease arrangement in relation to another vessel of similar type and size.

Purchase option

During the period between the date immediately after the third anniversary and the last day of the Charter Period (inclusive) and with at least three (3) months irrevocable prior written notice (or, in the case Charterer III intends to exercise the purchase option at the expiry of the Charter Period, at least six (6) months irrevocable prior written notice), Charterer III has the option to purchase Vessel III for the Purchase Option Price, subject to the conditions set out in the Bareboat Charter III (the “**Purchase Option III**”).

Ancillary documents

In connection with Finance Lease Arrangement III, the following ancillary documents (the “**Ancillary Documents III**”) have been or will be entered into:

(1) a deed of assignment by Charterer III in favour of the Security Trustee in relation to certain of Charterer III’s rights and interest in and to, among other things, the earnings, insurances, requisition compensation and any

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sub-charter which may have a duration of twelve (12) months or more (including any option to renew or extend) in respect of Vessel III to secure the payment of the liabilities and the performance by Charterer III of all of its obligations under or arising out of the Transaction Documents;

- (2) a deed of undertakings by each approved manager in favour of Owner III and the Security Trustee;
- (3) a deed of charge over the shares in Charterer III by Seacon Shipping in its capacity as chargor in favour of the Security Trustee; and
- (4) a security trust deed among the Owners, the Charterers, the Company, Seacon Shipping, each approved manager and the Security Trustee, pursuant to which the Security Trustee agrees to hold all of the Owners' benefits arising under (including, without limitation, all proceeds of the enforcement of) each of the Ancillary Documents on trust for the Owners absolutely.

The nature of the Ancillary Documents III is to provide security for the liabilities incurred by any Obligor to any of the Owners in connection with any of the Transaction Documents.

Guarantee

The Company has entered into the Deed of Guarantee III in favour of Owner III, pursuant to which the Company agreed to, among other things:

- (1) guarantees to Owner III punctual performance by Charterer III, the Company, Seacon Shipping, the approved managers and any party (other than Owner III and the Security Trustee) to the Transaction Documents III (collectively, the "**Obligors III**") of all the Obligors III's obligations under the Transaction Documents III and of the amount due from the Obligors III under the Transaction Documents III;
- (2) undertakes with Owner III that whenever any Obligors III does not pay any amount when due under or in connection with any Transaction Documents III, it shall immediately on demand pay that amount as if it were the principal obligor; and
- (3) indemnifies Owner III immediately on demand against any cost, loss or liability suffered by the Owner III if any of the amount due under the Transaction Documents III is or becomes unenforceable, invalid or illegal.

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III. REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS

The Group has historically financed the acquisition of controlled vessels and its operations through finance lease arrangements. The Finance Lease Arrangements enable the Group to obtain additional working capital as well as financing for the potential acquisition of vessels, which 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 to enhance its competitiveness in the maritime shipping industry and to cope with the market demand for its shipping services.

According to the Hong Kong Financial Reporting Standards, the Finance Lease Arrangements are accounted for as financing arrangements and therefore would not give rise to any gain or loss.

In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Finance Lease Arrangements are fair and reasonable and in the interests of the Shareholders as a whole.

IV. INFORMATION OF THE PARTIES

The Company, the Group and the Charterers

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.

Each of the Charterers is a company incorporated in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company. Each of the Charterers is principally engaged in vessel holding and the provision of chartering services.

The Owners

Each of the Owners is a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of BOCOM. Each of the Owners is principally engaged in shipping business.

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

V. FINANCIAL EFFECT OF THE FINANCE LEASE ARRANGEMENTS

According to the Hong Kong Financial Reporting Standards, the Finance Lease Arrangements are accounted for as financing arrangements and therefore would not give rise to any gain or loss.

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It is expected that the total assets of the Group will increase to reflect the cash to be received from the proceeds of the Finance Lease Arrangements and the total liabilities of the Group will increase to reflect the repayment obligations of the Group under the Finance Lease Arrangements.

VI. USE OF PROCEEDS

The net proceeds from the Finance Lease Arrangements will be used to finance potential acquisition of vessels and as general working capital of the Group. As at the Latest Practicable Date, the Company has not identified any potential targets of vessels for acquisition.

VII. LISTING RULES IMPLICATIONS

Since the Finance Lease Arrangements were entered into with the Owners which are indirect wholly-owned subsidiaries of BOCOM, the Finance Lease Arrangements 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 Finance Lease Arrangements, when aggregated, exceeds 25% but is less than 100%, the Finance Lease Arrangements 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 Finance Lease Arrangements. 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 Finance Lease Arrangements. The Company has obtained an irrevocable and unconditional written approval for the Finance Lease Arrangements 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 Latest Practicable Date). 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.

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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 Finance Lease Arrangements has been satisfied in lieu of a general meeting of the Company.

The Company should have complied with the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of the Finance Lease Arrangement I and the Finance Lease Arrangement II as and when such obligations arose. Regrettably, due to misunderstanding of the treatment of finance lease transactions under Chapter 14 of the Listing Rules by the management of the Company, the Directors were not aware that the Finance Lease Arrangement I and the Finance Lease Arrangement II constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules at the time when the Finance Lease Arrangement I and the Finance Lease Arrangement II were entered into, and therefore, such compliance with the Listing Rules by the Company has been delayed.

The Company will implement certain remedial actions to avoid future occurrence of similar non-compliance of the Listing Rules.

VIII. REMEDIAL ACTIONS

To avoid future occurrence of similar non-compliance of the Listing Rules, the Company will implement the following remedial actions:

- (1) the Company will arrange training for the responsible staff on the compliance requirements of the Listing Rules, including requirements in respect of notifiable transactions, on a regular basis to strengthen and reinforce their awareness and understanding of the requirements under the Listing Rules;
- (2) the Company will strengthen the coordination and reporting arrangements for notifiable transactions among various departments of the Company to ensure due compliance with the Listing Rules. Prior to entering into any transaction which is not in the ordinary and usual course of business of the Group in the future where the disclosure threshold is met, the joint company secretaries of the Company will be notified and the draft agreements will be circulated for their review to assess the relevant implications under the Listing Rules and to ensure compliance with the relevant requirements under the Listing Rules; and
- (3) the Company will consult and seek advice from its compliance adviser and legal advisers before entering into any transaction that might constitute a notifiable transaction in a timely manner to ensure compliance with the relevant requirements under the Listing Rules.

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The Directors believe that the implementation of the aforementioned remedial actions will effectively rectify such misunderstanding of the requirements under the Listing Rules, strengthen and reinforce the knowledge of the Directors and the responsible staff and management of the Company of the requirements in respect of notifiable transactions under the Listing Rules, and improve the regulatory compliance abilities of the Company in the identification and reporting of related issues with the assistance from its compliance adviser and legal advisers.

IX. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Finance Lease Arrangements are fair and reasonable and in the interests of the Shareholders as a whole.

The Company has obtained an irrevocable and unconditional written approval for the Finance Lease Arrangements from the Closely Allied Group. Accordingly, in accordance with Rule 14.44 of the Listing Rules, the Shareholders' approval requirement in respect of the Finance Lease Arrangements has been satisfied in lieu of a general meeting of the Company.

Nonetheless, the Directors would recommend the Shareholders to vote in favour of the resolutions approving the Finance Lease Arrangements if a general meeting were to be convened by the Company.

X. GENERAL

Your attention is drawn to the information set out in the appendices to this circular.

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

1. FINANCIAL SUMMARY

Details of the financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 were disclosed in the following documents which have been published on both the website of the Company (www.seacon.com) and the website of the Stock Exchanges (www.hkexnews.hk) as follows:

- the accountant's report of the Group for the year ended 31 December 2020 and 2021 as set out in Appendix I to the Prospectus (pages I-1 to I-104)
(available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0314/2023031400009.pdf>)
- the annual report of the Group for the year ended 31 December 2022 published on 28 April 2023 (pages 65 to 163)
(available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042800027.pdf>)

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business on 30 April 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had the following indebtedness:

	<i>Notes</i>	<i>USD'000</i> <i>(Unaudited)</i>
Non-current portion of long-term borrowings	1	
— Secured		122,649
— Unsecured		<u>—</u>
<i>Sub-total</i>		<u>122,649</u>
Current portion of long-term borrowings	1	
— Secured		13,309
— Unsecured		<u>982</u>
<i>Sub-total</i>		<u>14,291</u>
Lease liabilities	2	
— Current		15,035
— Non-current		<u>51,011</u>
<i>Sub-total</i>		<u>66,046</u>
Total		<u><u>202,986</u></u>

Notes:

1. As at 30 April 2023, the Group had an aggregate outstanding borrowing of approximately USD136,940,000 comprising: (a) outstanding borrowings of approximately USD135,958,000 which are secured by vessels and properties such as buildings; and (b) outstanding borrowings of approximately USD982,000 which are unsecured.
2. As at 30 April 2023, the Group had lease liabilities of approximately USD66,046,000 in respect of time charters, the long term bareboat charters, offices and warehouses.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have at the close of business on 30 April 2023 any other debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, contingent liabilities or guarantees.

3. MATERIAL ADVERSE CHANGE

Save as disclosed above and in this circular, the Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated accounts of the Group were made up.

4. SUFFICIENCY OF WORKING CAPITAL

Taking into account the Finance Lease Arrangements and the financial resources available to the Group, including cash flow from operating activities, cash and cash equivalents, bank borrowings and finance lease arrangements, the Directors, after due and careful consideration, are of the opinion that the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP FOLLOWING THE FINANCE LEASE ARRANGEMENTS

In 2023, the Group has achieved a new milestone with the successful listing of the Company on the Main Board of the Stock Exchange. In the future, the Group will leverage its access to the capital market to actively expand and optimize its vessel fleet, setting up new offices in strategic locations and expand its current ship management operations, and adopt digital technologies and implement advanced information technology in its business operations, with a view to creating long-term value for the Shareholders. As detailed in the section headed "III. Reasons for and benefits of the Finance Lease Arrangements" in the letter from the Board contained in this circular, the Group has historically financed the acquisition of controlled vessels and its operations through finance lease arrangements. The Board considers that the Finance Lease Arrangements enable the Group to obtain additional working capital as well as financing for the potential acquisition of vessels, which 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 to enhance its competitiveness in the maritime shipping industry and to cope with the market demand for its shipping services.

As charter rates are influenced by various macro-economic factors, one of the main growth drivers for the Group is the expansion of its vessel fleet. In view of the relatively low vessel newbuilding cost in recent years, the Group has engaged well-established shipyards located in the PRC and Japan to build eight new vessels, three of which have been delivered and being put into operation in February and April 2023. It is expected that an additional of three new vessels will be delivered and being put into operation by the end of 2023.

The Baltic Dry Index (“**BDI**”) is an index of the daily average of international shipping prices of various dry bulk cargoes from key dry bulk routes published by The Baltic Exchange Limited in London, which is a main benchmark indicator of the market charter rates. In 2021, due to the gradual recovery from the impact of the COVID-19 pandemic and improvement of the global economy, the daily average BDI reached approximately 2,943 points. In 2022, as a result of the disruptions of global supply chain networks due to the COVID-19 pandemic, the daily average BDI dropped to approximately 1,934 points, although it is still significantly higher than the daily average BDI of approximately 1,365 points and 1,068 points in 2019 and 2020, respectively. Looking forward, even during this low season, the BDI reached 1,389 points as at 31 March 2023, which is more than a double comparing to the BDI as at 29 March 2019 before the COVID-19 pandemic, reflecting significant profit potential.

In terms of demand for shipping services, as the PRC government is lifting most of its COVID-19 pandemic control policies, it is expected to boost economic development and manufacturing and logistics activities both nationally and globally, and the shipping market is expected to be optimistic.

Following the Finance Lease Arrangements, the Group will continue its principal business of the provision of shipping services and ship management services.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name	Capacity/ Nature of interest	Number of Shares held ^(Note 1)	Percentage of shareholding ^(Note 1)
Mr. Guo Jinkui (“ Mr. Guo ”) ^(Note 2)	Founder of a discretionary trust; Interest in controlled corporations	288,750,000	57.75%
Mr. Chen Zekai (“ Mr. Chen ”) ^(Note 3)	Founder of a discretionary trust; Interest in a controlled corporation	75,000,000	15.0%
Mr. Zhao Yong (“ Mr. Zhao ”) ^(Note 4)	Interest of controlled corporation	7,500,000	1.5%
Mr. He Gang (“ Mr. He ”) ^(Note 5)	Interest in a controlled corporation	3,750,000	0.75%

Notes:

- All interests stated are long positions.

2. The entire share capital of Jin Qiu Holding Ltd. (“**Jin Qiu**”) is wholly-owned by Shining Friends Limited (“**Shining Friends**”), which is wholly-owned by Tricor Equity Trustee Limited (“**Tricor Equity Trustee**”), the trustee of The J&Y Trust (“**The J&Y Trust**”), which was established by Mr. Guo (as the settlor and protector) as a discretionary trust for the benefit of himself and his family members. Mr. Guo (as founder of The J&Y Trust) and Shining Friends are taken to be interested in 247,500,000 Shares held by Jin Qiu pursuant to Part XV of the SFO.

Jin Chun Holding Ltd. (“**Jin Chun**”) and Jovial Alliance Limited (“**Jovial Alliance**”) are both 100% beneficially owned by Mr. Guo. Accordingly, Mr. Guo is deemed to be interested in the 11,250,000 Shares held by Jin Chun and the 30,000,000 Shares held by Jovial Alliance under the SFO.

By virtue of the SFO, Mr. Guo is deemed to be interested in all the Shares held by Jin Qiu, Jin Chun and Jovial Alliance.

Mr. Guo, an executive Director, is also the director of each of Jin Qiu, Jin Chun and Jovial Alliance.

3. The entire share capital of Kaimei Holding Ltd. (“**Kaimei Holding**”) is wholly-owned by Oceanic Flame Limited (“**Oceanic Flame**”), which is wholly-owned by Tricor Equity Trustee, the trustee of The CZK Trust (“**The CZK Trust**”), which was established by Mr. Chen (as the settlor and protector) as a discretionary trust for the benefit of himself and his family members. Mr. Chen (as founder of The CZK Trust) and Oceanic Flame are taken to be interested in 71,250,000 Shares held by Kaimei Holding pursuant to Part XV of the SFO.

CZK Holding Ltd. (“**CZK Holding**”) is 100% beneficially owned by Mr. Chen. Accordingly, Mr. Chen is deemed to be interested in the 3,750,000 Shares held by CZK Holding under the SFO.

By virtue of the SFO, Mr. Chen is deemed to be interested in all the Shares held by Kaimei Holding and CZK Holding.

Mr. Chen, an executive Director, is also the director of each of Kaimei Holding and CZK Holding.

4. Ruigao Holding Ltd. (“**Ruigao Holding**”) is 100% beneficially owned by Mr. Zhao. Accordingly, Mr. Zhao is deemed to be interested in the 7,500,000 Shares held by Ruigao Holding under the SFO.

Mr. Zhao, an executive Director, is also the director of Ruigao Holding.

5. Passion Wealth Ltd. (“**Passion Wealth**”) is 100% beneficially owned by Mr. He. Accordingly, Mr. He is deemed to be interested in the 3,750,000 Shares held by Passion Wealth under the SFO.

Mr. He, an executive Director, is also the director of Passion Wealth.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have

under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code in the Listing Rules, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

So far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in the Company

Name	Capacity/ Nature of interest	Number of Shares held ^(Note 1)	Percentage of shareholding ^(Note 1)
Tricor Equity Trustee ^(Note 2)	Trustee of trusts	318,750,000	63.75%
Shining Friends ^(Note 3)	Interest in a controlled corporation	247,500,000	49.5%
Jin Qiu ^(Note 3)	Beneficial owner	247,500,000	49.5%
Jovial Alliance ^(Note 3)	Beneficial owner	30,000,000	6.0%
Oceanic Flame ^(Note 4)	Interest in a controlled corporation	71,250,000	14.25%
Kaimei Holding ^(Note 4)	Beneficial owner	71,250,000	14.25%
Ms. Li Xuyue ("Ms. Li") ^(Note 5)	Interest of spouse	288,750,000	57.75%
Ms. Chen Meimei ("Ms. Chen") ^(Note 6)	Interest of spouse	75,000,000	15.0%

Notes:

- All interests stated are long positions.
- Tricor Equity Trustee is the trustee of The J&Y Trust and The CZK Trust, two trusts in total.
- The entire share capital of Jin Qiu is wholly-owned by Shining Friends, which is wholly-owned by Tricor Equity Trustee, the trustee of The J&Y Trust, which was established by Mr. Guo (as the settlor and protector) as a discretionary trust for the benefit of himself and his family members. Mr. Guo (as founder of The J&Y Trust) and Shining Friends are taken to be interested in 247,500,000 Shares held by Jin Qiu pursuant to Part XV of the SFO.

Jin Chun and Jovial Alliance are both 100% beneficially owned by Mr. Guo. Accordingly, Mr. Guo is deemed to be interested in the 11,250,000 Shares held by Jin Chun and the 30,000,000 Shares held by Jovial Alliance under the SFO.

By virtue of the SFO, Mr. Guo is deemed to be interested in the 288,750,000 Shares held by Jin Qiu, Jin Chun and Jovial Alliance in aggregate.

4. The entire share capital of Kaimei Holding is wholly-owned by Oceanic Flame, which is wholly-owned by Tricor Equity Trustee, the trustee of The CZK Trust, which was established by Mr. Chen (as the settlor and protector) as a discretionary trust for the benefit of himself and his family members. Mr. Chen (as founder of The CZK Trust) and Oceanic Flame are taken to be interested in 71,250,000 Shares held by Kaimei Holding pursuant to Part XV of the SFO.

CZK Holding is 100% beneficially owned by Mr. Chen. Accordingly, Mr. Chen is deemed to be interested in the 3,750,000 Shares held by CZK Holding under the SFO.

By virtue of the SFO, Mr. Chen is deemed to be interested in the 75,000,000 Shares held by Kaimei Holding and CZK Holding in aggregate.

5. Ms. Li is the spouse of Mr. Guo and is deemed, or taken to be, interested in all Shares in which Mr. Guo has interest in under the SFO.
6. Ms. Chen is the spouse of Mr. Chen and is deemed, or taken to be, interested in all Shares in which Mr. Chen has interest in under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company was not notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

3. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the businesses of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors or their respective close associates (as defined under the Listing Rules) had any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

6. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be material:

- (a) Memorandum of Agreement I;
- (b) Bareboat Charter I;
- (c) Deed of Guarantee I;
- (d) Memorandum of Agreement II;
- (e) Bareboat Charter II;
- (f) Deed of Guarantee II;
- (g) Memorandum of Agreement III;
- (h) Bareboat Charter III;
- (i) Deed of Guarantee III;
- (j) a shipbuilding contract dated 30 May 2023 entered into between Seacon Shipping and Murakami Hide Shipbuilding Co., Ltd. (村上秀造船株式會社) in respect of the construction of an 13,500 dwt general cargo vessel;
- (k) a shipbuilding contract dated 25 April 2023 entered into between Seacon Shipping and Tsuneishi Shipbuilding Co., Ltd. (常石造船株式會社) (“**Tsuneishi Shipbuilding**”) in respect of the construction of a 42,200 dwt bulk carrier;
- (l) a shipbuilding contract dated 25 April 2023 entered into between Seacon Shipping and Tsuneishi Shipbuilding in respect of the construction of a 42,200 dwt bulk carrier;
- (m) a shipbuilding contract dated 12 April 2023 entered into between Seacon Shipping and Huang Hai Shipbuilding Company Limited* (黃海造船有限公司) (“**Huang Hai**”) in respect of the construction of a 62,000 dwt general dry cargo vessel;

- (n) a shipbuilding contract dated 12 April 2023 entered into between Seacon Shipping and Huang Hai in respect of the construction of a 62,000 dwt general dry cargo vessel;
- (o) a cornerstone investment agreement dated 9 March 2023 entered into among the Company, Huzhou Wuxing Tourism Development Co., Ltd.* (湖州吳興旅遊建設發展有限公司) (“**Huzhou Wuxing**”), Zhongtai International Capital Limited (“**Zhongtai Capital**”) and Zhongtai International Securities Limited (“**Zhongtai Securities**”), pursuant to which Huzhou Wuxing (through Orient Fund Management Co., Ltd.* (東方基金管理股份有限公司)) shall subscribe for such number of Shares which shall be equal to Hong Kong dollar equivalent of USD12,000,000 divided by the offer price, as further described in the Prospectus;
- (p) a cornerstone investment agreement dated 9 March 2023 entered into among the Company, Guodian Shipping (Hong Kong) Company Limited (國電海運(香港)有限公司) (“**Guodian Shipping**”), Zhongtai Capital and Zhongtai Securities, pursuant to which Guodian Shipping shall subscribe for such number of Shares which shall be equal to Hong Kong dollar equivalent of RMB20,000,000 divided by the offer price, as further described in the Prospectus;
- (q) a cornerstone investment agreement dated 9 March 2023 entered into among the Company, Danube Bridge Shipping Limited (“**Danube Bridge**”), Zhongtai Capital and Zhongtai Securities, pursuant to which Danube Bridge shall subscribe for such number of Shares which shall be equal to Hong Kong dollar equivalent of USD1,500,000 divided by the offer price, as further described in the Prospectus;
- (r) a deed of non-competition dated 2 March 2023 and executed by each of the controlling shareholders of the Company in favour of the Company regarding certain non-competition undertakings, as further described in the Prospectus;
- (s) a deed of indemnity dated 2 March 2023 and executed by each of the controlling shareholders of the Company in favour of the Company regarding certain indemnities, as further described in the Prospectus;
- (t) a Hong Kong underwriting agreement dated 13 March 2023 entered into by the Company, the controlling shareholders of the Company, Zhongtai Capital, Zhongtai Securities and the underwriters relating to the Hong Kong public offering, as further described in the Prospectus; and
- (u) an international underwriting agreement dated 18 March 2023 entered into by the Company, the controlling shareholders of the Company, Zhongtai Capital, Zhongtai Securities and the underwriters relating to the international placing, as further described in the Prospectus.

7. LITIGATION

As at the Latest Practicable Date, save as disclose below, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group:

- (a) in June 2022, Sky Height Maritime Ltd (the “**Claimant**”) filed a lawsuit with Ningbo Maritime Court (寧波海事法院) of the PRC (the “**Court**”) against Seacon Ships Co., Limited (Qingdao)* (青島洲際之星船務有限公司) (“**Seacon Ships Qingdao**”), an indirect non-wholly owned subsidiary of the Company, and Seacon Shipping Group Limited (洲際船務集團有限公司) concerning, among other things, disputes over the rental expenses and the improper installation of certain devices on SKY HEIGHT (the “**Litigation**”). The Court has handed down a judgment (the “**Judgment**”) in relation to the Litigation on 31 March 2023 ruling that (i) Seacon Ships Qingdao shall compensate the Claimant for economic loss of RMB7,446,326 within ten (10) days after the Judgment becomes effective; and (ii) the other claims of the Claimant be dismissed. On 12 April 2023, Seacon Ships Qingdao filed an appeal against the Judgment with The High People's Court of Zhejiang Province (浙江省高級人民法院) of the PRC. As at the Latest Practicable Date, this legal proceeding is ongoing. Details of this legal proceedings are set out in the Prospectus and the announcement of the Company dated 25 April 2023;
- (b) in February 2022, a customer initiated an arbitration proceeding in the United Kingdom against a subsidiary of the Company for breach of a time charterparty contract and claimed for various damages in February 2022 in the amount of approximately USD1.0 million, including, among other things, the loss of profit suffered by the customer as well as interest and legal costs. As at the Latest Practicable Date, this legal proceeding is ongoing. Details of this legal proceedings are set out in the Prospectus; and
- (c) in February 2022, a supplier (the “**Supplier**”) initiated an arbitration proceeding in the United Kingdom against a subsidiary of the Company (the “**Subsidiary**”) and claimed for, including, among other things, the deduction for off-hire and the associated bunker costs in amount of approximately USD0.3 million. In March 2022, the Subsidiary initiated an arbitration proceeding in the United Kingdom against a sub-charter customer (the “**Customer**”) on the same grounds in the amount of approximately USD0.4 million. The dispute involves the condition of a chartered-in vessel (the “**Relevant Vessel**”) which was chartered from the Supplier and subsequently sub-chartered to the Customer. The Customer alleged that the condition of the holds of the Relevant Vessel was not satisfactory upon its delivery and placed the Relevant Vessel off-hire and such off-hire was deducted by the Subsidiary from the charter hire payable to the Supplier. As at the Latest Practicable Date, this legal proceeding is ongoing. Details of this legal proceedings are set out in the Prospectus.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Company (www.seacon.com) and the website of the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular:

- (a) Memorandum of Agreement I;
- (b) Bareboat Charter I;
- (c) Deed of Guarantee I;
- (d) Memorandum of Agreement II;
- (e) Bareboat Charter II;
- (f) Deed of Guarantee II;
- (g) Memorandum of Agreement III;
- (h) Bareboat Charter III; and
- (i) Deed of Guarantee III.

9. MISCELLANEOUS

- (a) The Company's registered office is at Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.
- (b) The headquarters and principal place of business of the Company in the PRC is at Rooms 01 and 04, 23/F, Block B, Building 3, No. 20 Zhuzhou Road, Laoshan District, Qingdao City, Shandong Province, the PRC.
- (c) The principal place of business of the Company in Hong Kong is at Unit No. 2010, 20/F, West Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong.
- (d) The branch share register and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The joint company secretaries of the Company are Ms. Sun Yufeng and Ms. Chan Sze Ting. Ms. Chan Sze Ting is a Chartered Secretary (CS), a Chartered Governance Professional (CGP) and an Associate of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI) in the United Kingdom.
- (f) In case of any inconsistency between English and Chinese versions of this circular, the English version shall prevail.