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## **Seacon Shipping Group Holdings Limited**

**洲際船務集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2409)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE REMAINING 40% SHAREHOLDING INTEREST IN THE TARGET COMPANY**

#### **THE ACQUISITION**

The Board announces that on 29 June 2023 (after trading hours of the Stock Exchange), the Purchaser, the Seller and the Target Company entered into the Agreement, pursuant to which the Purchaser agreed to purchase and the Seller agreed to sell the Target Shares for the consideration of USD730,000 (equivalent to approximately HK\$5.72 million).

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of the Agreement, the Target Company is an indirect non-wholly owned subsidiary of the Company owned as to 60% by the Purchaser and 40% by the Seller. The Seller was therefore a substantial shareholder of the Target Company and a connected person of the Company. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since all applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Acquisition are less than 25% and the consideration of the Acquisition is less than HK\$10,000,000, the Acquisition is exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

## **INTRODUCTION**

The Board announces that on 29 June 2023 (after trading hours of the Stock Exchange), the Purchaser, the Seller and the Target Company entered into the Agreement, pursuant to which the Purchaser agreed to purchase and the Seller agreed to sell the Target Shares for the consideration of USD730,000 (equivalent to approximately HK\$5.72 million).

## **THE AGREEMENT**

The principal terms of the Agreement are as follows:

### **Date**

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

### **Parties**

The Purchaser

The Seller

The Target Company

### **Asset to be acquired**

The Target Shares, being 40% shareholding interest in the Target Company

### **Consideration**

USD730,000 (equivalent to approximately HK\$5.72 million), which shall be paid by the Purchaser by telegraphic transfer to the bank account designated by the Seller or Mr. Wang within five (5) working days from the date of execution of the Agreement.

The consideration was determined after arm's length negotiation between the Purchaser and the Seller taking into account the (i) original acquisition cost of the Target Shares to the Seller of S\$320,000 (equivalent to approximately HK\$1.85 million); (ii) unaudited net loss of the Target Company for the six months ended 30 June 2023; (iii) unaudited net liabilities of the Target Company as at 30 June 2023; and (iv) overall financial performance, business operation and prospects of the Target Company. The consideration was funded by internal resources of the Group. No proceeds from the listing of the Shares were used to pay for the consideration.

## **Transfer of Target Shares**

Within thirty (30) days after the Seller or Mr. Wang has received from the Purchaser the consideration in full, the Seller shall deliver the signed share transfer form for the Target Shares, share certificates for the Target Shares and other transfer documents to the Purchaser or its nominee. The Seller shall cooperate with the Purchaser to complete the registration procedures to effect the transfer of the Target Shares to the Purchaser.

The transfer of the Target Shares has completed on 1 August 2023.

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

Mr. Wang had extensive experience in the maritime shipping industry prior to joining the Group and became acquainted with the Group around 2016. As the Group was planning to expand its service offerings to shipping services at that time, the management of the Group considered Mr. Wang's market know-how and commercial network highly conducive to developing and growing the shipping business of the Group. Mr. Wang joined the Group in January 2017 and was appointed as a director of the Target Company in April 2017. The Seller, a company wholly-owned by Mr. Wang, acquired the Target Shares for the consideration of S\$320,000 (equivalent to approximately HK\$1.85 million) in March 2020.

In June 2023, Mr. Wang tendered his resignation as a director of the Target Company due to personal reasons and informed the Group of his intention to divest the Target Shares. As such, the Group decided to purchase the Target Shares from the Seller and the Target Company became an indirect wholly-owned subsidiary of the Company subsequent to the Acquisition.

The Target Company is one of the major operating subsidiaries of the Group which principally engaged in shipping operation. The Acquisition enables the Group to streamline its shareholding structure, enhance its control over the management and operations of the Target Company and improve its management and operational efficiency, which is in line with the ongoing strategy of the Group to enhance its competitiveness in the maritime shipping industry.

In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the transaction contemplated under the Agreement are fair and reasonable and the Acquisition is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transaction contemplated under the Agreement or is required to abstain from voting on the Board resolutions for considering and approving the Acquisition.

## INFORMATION OF THE PARTIES

### The Company, the Group and the Purchaser

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 Purchaser is a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

### The Seller

The Seller is a private company limited by shares incorporated in Singapore and wholly-owned by Mr. Wang. It is principally engaged in vessel chartering.

Mr. Wang was a director of the Target Company from April 2017 to August 2023 and is now engaged as a consultant of the Target Company until the end of 2023 for transition and handover purposes.

### Target Company

The Target Company is a private company limited by shares incorporated in Singapore. It is an indirect non-wholly owned subsidiary of the Company owned as to 60% by the Purchaser and 40% by the Seller prior to the Acquisition and an indirect wholly-owned subsidiary of the Company after the Acquisition. It is principally engaged in shipping operation.

The unaudited financial information of the Target Company for the two years ended 31 December 2022 and the six months ended 30 June 2023 are set out below:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>six months</b>
	<b>2021</b>	<b>2022</b>	<b>ended</b>
	<i>USD'000</i>	<i>USD'000</i>	<b>30 June</b>
	(Unaudited)	(Unaudited)	<b>2023</b>
			<i>USD'000</i>
			(Unaudited)
Revenue	241,810	128,636	36,024
Net profit/(loss) before taxation	15,955	4,005	(1,395)
Net profit/(loss) after taxation	15,955	4,005	(1,395)

	<b>As at</b>		<b>As at</b>
	<b>31 December</b>		<b>30 June</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Total assets	32,135	28,122	18,129
Net assets/(liabilities)	10,231	10,999	(786)

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of the Agreement, the Target Company is an indirect non-wholly owned subsidiary of the Company owned as to 60% by the Purchaser and 40% by the Seller. The Seller was therefore a substantial shareholder of the Target Company and a connected person of the Company. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since all applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Acquisition are less than 25% and the consideration of the Acquisition is less than HK\$10,000,000, the Acquisition is exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

The Company should have complied with the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules in respect of the Acquisition as and when such obligations arose. Regrettably, due to the Company's inadvertent oversight regarding the size tests computation in respect of the Acquisition as the Target Company was an indirect non-wholly owned subsidiary of the Company prior to the Acquisition and its financial results have been consolidated into the financial statements of the Group and misunderstanding of the relevant requirements under Chapters 14 and 14A of the Listing Rules, the Directors were not aware that the Acquisition constitutes a discloseable transaction and a non-fully exempt connected transaction of the Company under Chapters 14 and 14A of the Listing Rules at the time when the Agreement was 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.

## REMEDIAL ACTIONS

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

1. to arrange a special training session for the responsible staff on the compliance requirements of the Listing Rules, including requirements in respect of notifiable transactions and connected transactions, provided by the compliance adviser and legal advisers to the Company to strengthen and reinforce their awareness and understanding of the requirements under the Listing Rules;
2. with immediate effect, prior to entering into any transaction which is not in the ordinary and usual course of business of the Group in the future of consideration over HK\$3 million or where the disclosure threshold is met, the Group shall seek advice from the compliance adviser and legal advisers to the Company 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 or a connected transaction in a timely manner to ensure compliance with the relevant requirements under the Listing Rules.

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 Group of the requirements in respect of notifiable transactions and connected 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.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Target Shares pursuant to the terms and conditions of the Agreement
“Agreement”	the share transfer agreement entered into between the Purchaser, the Seller and the Target Company in respect of the Acquisition
“Board”	the board of Directors

“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Guangfu (王光福)
“Purchaser”	Seacon Marine Pte. Ltd., a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“S\$”	Singapore dollars, the lawful currency of Singapore
“Seller”	Wealth & Glory Marine Pte. Ltd., a private company limited by shares incorporated in Singapore and wholly-owned by Mr. Wang
“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
“Target Company”	Seacon Enterprise Pte. Ltd., a private company limited by shares incorporated in Singapore, which is an indirect non-wholly owned subsidiary of the Company owned as to 60% by the Purchaser and 40% by the Seller prior to the Acquisition and an indirect wholly-owned subsidiary of the Company after the Acquisition
“Target Shares”	40% shareholding interest in Target Company
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

*In this announcement, (i) the translations between USD and HK\$ were made at the rate of HK\$7.84 to USD1.00; and (ii) the translations between S\$ and HK\$ were made at the rate of HK\$5.79 to S\$1.00.*

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

Hong Kong, 28 August 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.*