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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 FOUR VESSELS

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 4 to 13 of this circular.

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

23 February 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — GENERAL INFORMATION	II-1

DEFINITIONS

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

“Banking Day”	a day (other than a Saturday, Sunday, or public holiday) on which commercial banks are open for business in Beijing, Hong Kong, Singapore and New York
“Board”	the board of Directors
“Buyer”	Seacon Shipping Pte. Ltd., a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“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)
“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
“Fujian SASAC”	the State-owned Assets Supervision and Administration Commission of the People’s Government of Fujian Province* (福建省人民政府國有資產監督管理委員會)
“Fujian Shipbuilding”	Fujian Shipbuilding Industry Group Company Limited* (福建省船舶工業集團有限公司), a limited liability company established under the laws of the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	23 February 2024
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 29 March 2023

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 14 March 2023
“Refund Guarantee”	an irrevocable letter of guarantee issued by a bank nominated by the Seller (as reasonably acceptable to the Buyer) to guarantee the refund of a particular instalment of consideration under the Shipbuilding Contracts
“Seller”	Fujian Southeast Shipbuilding Co., Ltd.* (福建東南造船有限公司), a limited liability company established under the laws of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares with a nominal or par value of HK\$0.01 each in the share capital of the Company
“Shipbuilding Contract A”	the shipbuilding contract entered into between the Buyer and the Seller in respect of the sale and purchase of Vessel A
“Shipbuilding Contract B”	the shipbuilding contract entered into between the Buyer and the Seller in respect of the sale and purchase of Vessel B
“Shipbuilding Contract C”	the shipbuilding contract entered into between the Buyer and the Seller in respect of the sale and purchase of Vessel C
“Shipbuilding Contract D”	the shipbuilding contract entered into between the Buyer and the Seller in respect of the sale and purchase of Vessel D
“Shipbuilding Contracts”	Shipbuilding Contract A, Shipbuilding Contract B, Shipbuilding Contract C and Shipbuilding Contract D
“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 A”	a 18,500 dwt oil/chemical tanker to be constructed under the Shipbuilding Contract A
“Vessel B”	a 18,500 dwt oil/chemical tanker to be constructed under the Shipbuilding Contract B

DEFINITIONS

“Vessel C”	a 18,500 dwt oil/chemical tanker to be constructed under the Shipbuilding Contract C
“Vessel D”	a 18,500 dwt oil/chemical tanker to be constructed under the Shipbuilding Contract D
“Vessels”	Vessel A, Vessel B, Vessel C and Vessel D
“%”	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. Guo Jinkui (*Chairman*)
Mr. Chen Zekai
Mr. He Gang
Mr. Zhao Yong

Registered office in the Cayman Islands:

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Independent Non-executive Directors:

Mr. Fu Junyuan
Ms. Zhang Xuemei
Mr. Zhuang Wei

Principal place of business in the PRC:

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Laoshan District, Qingdao City
Shandong Province
the PRC

23 February 2024

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
ACQUISITION OF FOUR VESSELS**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 18 February 2024 in relation to the acquisition of the Vessels. On 18 February 2024 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Shipbuilding Contracts, pursuant to which the Buyer agreed to purchase and the Seller agreed to sell four Vessels for an aggregate consideration of USD129,200,000.

The purpose of this circular is to provide you with information in relation to the acquisition of the Vessels under the Shipbuilding Contracts.

LETTER FROM THE BOARD

II. SHIPBUILDING CONTRACTS

The principal terms of the Shipbuilding Contracts are as follows:

Shipbuilding Contract A

Date : 18 February 2024

Parties : The Buyer

The Seller

Asset to be acquired : Vessel A, a 18,500 dwt oil/chemical tanker to be constructed and expected to be delivered on 31 July 2025.

Consideration : USD32,300,000, which shall be paid by the Buyer to the Seller in six (6) instalments as follows:

- (1) the 1st instalment of USD646,000 is payable within five (5) Banking Days after execution of the Shipbuilding Contract A;
- (2) the 2nd instalment of USD2,584,000 is payable within five (5) Banking Days after receipt of the 2nd instalment Refund Guarantee together with the 1st instalment Refund Guarantee;
- (3) the 3rd instalment of USD3,230,000 is payable within five (5) Banking Days after receipt of the 3rd instalment Refund Guarantee, and the cutting of the first steel plate of Vessel A, whichever is later;
- (4) the 4th instalment of USD6,460,000 is payable within five (5) Banking Days after receipt of the 4th instalment Refund Guarantee, and keel-laying of the first section of Vessel A, whichever is later;
- (5) the 5th instalment of USD3,230,000 is payable within five (5) Banking Days after receipt of the 5th instalment Refund Guarantee, and launching of Vessel A, whichever is later; and
- (6) the 6th instalment of USD16,150,000 is payable upon the delivery of Vessel A.

LETTER FROM THE BOARD

Security : The Buyer shall, within fifteen (15) days of the date of the Shipbuilding Contract A, deliver to the Seller an irrevocable letter of guarantee issued by the Company in favour of the Seller, pursuant to which the Company shall guarantee the Buyer's performance of the obligations to pay for the 2nd, 3rd, 4th and 5th instalments of the consideration.

Shipbuilding Contract B

Date : 18 February 2024

Parties : The Buyer
The Seller

Asset to be acquired : Vessel B, a 18,500 dwt oil/chemical tanker to be constructed and expected to be delivered on 30 November 2025.

Consideration : USD32,300,000, which shall be paid by the Buyer to the Seller in six (6) instalments as follows:

- (1) the 1st instalment of USD646,000 is payable within five (5) Banking Days after execution of the Shipbuilding Contract B;
- (2) the 2nd instalment of USD2,584,000 is payable within five (5) Banking Days after receipt of the 2nd instalment Refund Guarantee together with the 1st instalment Refund Guarantee;
- (3) the 3rd instalment of USD3,230,000 is payable within five (5) Banking Days after receipt of the 3rd instalment Refund Guarantee, and the cutting of the first steel plate of Vessel B, whichever is later;
- (4) the 4th instalment of USD6,460,000 is payable within five (5) Banking Days after receipt of the 4th instalment Refund Guarantee, and keel-laying of the first section of Vessel B, whichever is later;
- (5) the 5th instalment of USD3,230,000 is payable within five (5) Banking Days after receipt of the 5th instalment Refund Guarantee, and launching of Vessel B, whichever is later; and

LETTER FROM THE BOARD

(6) the 6th instalment of USD16,150,000 is payable upon the delivery of Vessel B.

Security : The Buyer shall, within fifteen (15) days of the date of the Shipbuilding Contract B, deliver to the Seller an irrevocable letter of guarantee issued by the Company in favour of the Seller, pursuant to which the Company shall guarantee the Buyer's performance of the obligations to pay for the 2nd, 3rd, 4th and 5th instalments of the consideration.

Shipbuilding Contract C

Date : 18 February 2024

Parties : The Buyer
The Seller

Asset to be acquired : Vessel C, a 18,500 dwt oil/chemical tanker to be constructed and expected to be delivered on 28 February 2026.

Consideration : USD32,300,000, which shall be paid by the Buyer to the Seller in six (6) instalments as follows:

- (1) the 1st instalment of USD646,000 is payable within five (5) Banking Days after execution of the Shipbuilding Contract C;
- (2) the 2nd instalment of USD2,584,000 is payable within five (5) Banking Days after receipt of the 2nd instalment Refund Guarantee together with the 1st instalment Refund Guarantee;
- (3) the 3rd instalment of USD3,230,000 is payable within five (5) Banking Days after receipt of the 3rd instalment Refund Guarantee, and the cutting of the first steel plate of Vessel C, whichever is later;
- (4) the 4th instalment of USD6,460,000 is payable within five (5) Banking Days after receipt of the 4th instalment Refund Guarantee, and keel-laying of the first section of Vessel C, whichever is later;

LETTER FROM THE BOARD

(5) the 5th instalment of USD3,230,000 is payable within five (5) Banking Days after receipt of the 5th instalment Refund Guarantee, and launching of Vessel C, whichever is later; and

(6) the 6th instalment of USD16,150,000 is payable upon the delivery of Vessel C.

Security : The Buyer shall, within fifteen (15) days of the date of the Shipbuilding Contract C, deliver to the Seller an irrevocable letter of guarantee issued by the Company in favour of the Seller, pursuant to which the Company shall guarantee the Buyer's performance of the obligations to pay for the 2nd, 3rd, 4th and 5th instalments of the consideration.

Shipbuilding Contract D

Date : 18 February 2024

Parties : The Buyer
The Seller

Asset to be acquired : Vessel D, a 18,500 dwt oil/chemical tanker to be constructed and expected to be delivered on 31 May 2026.

Consideration : USD32,300,000, which shall be paid by the Buyer to the Seller in six (6) instalments as follows:

(1) the 1st instalment of USD646,000 is payable within five (5) Banking Days after execution of the Shipbuilding Contract D;

(2) the 2nd instalment of USD2,584,000 is payable within five (5) Banking Days after receipt of the 2nd instalment Refund Guarantee together with the 1st instalment Refund Guarantee;

(3) the 3rd instalment of USD3,230,000 is payable within five (5) Banking Days after receipt of the 3rd instalment Refund Guarantee, and the cutting of the first steel plate of Vessel D, whichever is later;

LETTER FROM THE BOARD

- (4) the 4th instalment of USD6,460,000 is payable within five (5) Banking Days after receipt of the 4th instalment Refund Guarantee, and keel-laying of the first section of Vessel D, whichever is later;
- (5) the 5th instalment of USD3,230,000 is payable within five (5) Banking Days after receipt of the 5th instalment Refund Guarantee, and launching of Vessel D, whichever is later; and
- (6) the 6th instalment of USD16,150,000 is payable upon the delivery of Vessel D.

Security

- : The Buyer shall, within fifteen (15) days of the date of the Shipbuilding Contract D, deliver to the Seller an irrevocable letter of guarantee issued by the Company in favour of the Seller, pursuant to which the Company shall guarantee the Buyer's performance of the obligations to pay for the 2nd, 3rd, 4th and 5th instalments of the consideration.

Under the Shipbuilding Contracts, the respective consideration was determined after arm's length negotiations between the Buyer and the Seller taking into account the: (i) quotations provided by other shipyards for the construction of new vessels of similar type and size with similar delivery schedule; and (ii) quality of services and industry reputation of the Seller. Based on publicly available information: (i) the Seller has a paid-up capital of over RMB770 million and has approximately 600 employees, and has obtained ISO9001 (Quality Management) and OHSAS18001 (Occupational Health & Safety Management) certifications; (ii) the Seller is principally engaged in ship building and repair and is ultimately owned by Fujian Shipbuilding, a state-owned enterprise managed by the Fujian SASAC; (iii) Fujian Shipbuilding is principally engaged in ship and marine engineering equipment construction and repair, and has a paid-up capital of RMB1.43 billion.

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 will be used to pay for the consideration.

As mentioned above, under the Shipbuilding Contracts, the Buyer's obligation to pay certain instalments of consideration under the Shipbuilding Contracts is conditioned upon receipt of Refund Guarantees for the relevant instalments. A Refund Guarantee would be in the form of an irrevocable letter of guarantee issued by a bank nominated by the Seller (as reasonably acceptable to the Buyer) to guarantee the refund of a particular instalment of consideration under the Shipbuilding Contracts. Under the Shipbuilding Contracts, all payments made or to be made by the Buyer to the Seller prior to the delivery of the Vessels shall be in the nature of advances to the Seller. In the event that the Shipbuilding Contracts are justifiably rescinded, terminated or cancelled by the Buyer in accordance with the terms of the Shipbuilding Contracts, the Seller shall refund to the Buyer the full amount of all

LETTER FROM THE BOARD

sums already paid by the Buyer to the Seller. Under a Refund Guarantee, a bank would guarantee, as primary obligor and not merely as surety, that should the Seller fails to make repayment of an amount, the bank would pay the Buyer the amount the Seller ought to pay within 30 Banking Days after the bank's receipt of the Buyer's written demand for repayment, unless there occurs any dispute in relation to whether the Seller shall be liable to repay the relevant amount and such dispute was submitted for arbitration (in which case, the bank would not make any payment to the Buyer unless the arbitration award orders the Seller to make repayment or the Seller agrees to make repayment pursuant to a settlement agreement). To the best knowledge and belief of the Directors, the Refund Guarantee arrangement is in line with industry practice.

For the avoidance of doubt, the Seller is not entitled to cancel or rescind the Shipbuilding Contracts unless certain Buyer's events of default occur before delivery of the Vessels. Such events of default include the Buyer failing to make payment of instalments of consideration in time, the Buyer failing to take delivery of the Vessels when such Vessels are duly tendered for delivery in accordance with the requisite specifications, and the Buyer or its holding company being adjudicated bankrupt or insolvent. If the Seller elects to cancel or rescind the Shipbuilding Contracts in such scenario, the Seller is not obliged to refund the Buyer and the Seller is entitled to retain any amount paid by the Buyer under the Shipbuilding Contracts.

III. REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE VESSELS

The acquisition of the Vessels under the Shipbuilding 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, as well as to expand the Group's controlled vessel fleet.

The continuing conflicts and disruption in oil-producing nations in the Middle East since October 2023 have prompted increased demand for oil transportation. This surge in demand has been reflected in the significant rise of the Baltic Clean Tanker Index since the third quarter of 2023. Further, the management of the Company is of the view that the market conditions supporting the demand for chemical products will improve, leading to a greater global demand for logistics services in relation to chemical products. By increasing the number of oil/chemical tankers, the Group's shipping capacity for oil and chemical products will increase, and the Company will be able to better meet market demand for its shipping services for oil or chemical products, generating additional revenue and creating greater value and returns for the Shareholders. The Directors believe that through acquisition of the Vessels, the Group will be able to enhance its competitiveness in the maritime shipping industry and to cope with the market demand for its shipping services.

In addition, the Vessels are more fuel-efficient and of higher operational efficiency than certain existing oil/chemical tankers of the Group which the Group seeks to gradually phase out, which would meet the latest environmental regulations and prevailing specification requirements in the shipping industry.

LETTER FROM THE BOARD

In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the transactions contemplated under the Shipbuilding Contracts 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 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 limited liability company established under the laws of the PRC. The Seller is principally engaged in ship building and reparation. As at the Latest Practicable Date, the Seller is wholly-owned by Fujian Chuanzheng Shipbuilding Industry Co., Ltd.* (福建船政重工股份有限公司), whose single largest shareholder is Fujian Shipbuilding, which in turn is a state-owned enterprise managed by the Fujian SASAC. Fujian Shipbuilding is principally engaged in ship and marine engineering equipment construction and reparation, and has a paid-up capital of RMB1.43 billion.

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.

V. FINANCIAL EFFECT OF THE ACQUISITION OF THE VESSELS

It is expected that the Group's non-current assets will increase by approximately USD129,200,000, being the aggregate carrying value of the Vessels, whilst the Group's current assets will decrease and liabilities will increase due to the financing required for the acquisition of the Vessels. The Directors believe that the acquisition of the Vessels will have a positive impact on the earnings of the Group in the future.

VI. LISTING RULES IMPLICATIONS

Since the Shipbuilding Contracts were entered into with the same Seller, the acquisition of the Vessels under the Shipbuilding 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 Shipbuilding Contracts, when aggregated, exceeds 25% but is less than 100%, the acquisition of the

LETTER FROM THE BOARD

Vessels under the Shipbuilding 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 Shipbuilding 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 Shipbuilding Contracts. The Company has obtained irrevocable and unconditional written approval for the transactions contemplated under the Shipbuilding 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 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. <i>(Note 1)</i>	247,500,000	49.5%
Jin Chun Holding Ltd. <i>(Note 2)</i>	11,250,000	2.25%
Jovial Alliance Limited <i>(Note 2)</i>	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 Shipbuilding Contracts has been satisfied in lieu of a Shareholders' general meeting of the Company.

VII. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under the Shipbuilding Contracts are fair and reasonable and in the interests of the Shareholders as a whole.

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

LETTER FROM THE BOARD

Nonetheless, the Directors would recommend the Shareholders to vote in favour of the resolutions approving the transactions contemplated under the Shipbuilding Contracts if a general meeting were to be convened by the Company.

VIII. 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 Exchange (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 31 December 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> (Unaudited)
Non-current portion of long-term borrowings	1	
— Secured		194,450
— Unsecured		<u>62</u>
<i>Sub-total</i>		<u><u>194,512</u></u>
Current portion of long-term borrowings	1	
— Secured		21,330
— Unsecured		<u>11</u>
<i>Sub-total</i>		<u><u>21,341</u></u>
Lease liabilities	2	
— Current		15,774
— Non-current		<u>50,838</u>
<i>Sub-total</i>		<u><u>66,612</u></u>
Total		<u><u>282,465</u></u>

Notes:

1. As at 31 December 2023, the Group had an aggregate outstanding borrowing of approximately USD215,853,000 comprising: (a) outstanding borrowings of approximately USD215,780,000 which are secured by vessels and buildings; and (b) outstanding borrowings of approximately USD73,000 which are unsecured.
2. As at 31 December 2023, the Group had lease liabilities of approximately USD66,612,000 in respect of 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 31 December 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 in the interim report of the Company dated 26 September 2023 regarding the financial performance of the Group for the six months ended 30 June 2023, where it was disclosed the profit attributable to the Shareholders decreased from approximately USD35.7 million in the first half of 2022 to approximately USD11.0 million for the six months ended 30 June 2023, representing a year-on-year decrease of 69.1%, 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 acquisition of the Vessels as contemplated under the Shipbuilding Contracts and the financial resources available to the Group, including cash flow from operating activities, cash and cash equivalents, bank borrowings and finance lease arrangements normally available to the Group's vessels, 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.

The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP FOLLOWING THE ACQUISITION OF THE VESSELS

In 2023, the Group has achieved a new milestone with the successful Listing. 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 acquisition of the Vessels” in the letter from the Board contained in this circular, the Board considers that the acquisition of the Vessels under the Shipbuilding 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, and 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.

As charter rates are influenced by various macro-economic factors, one of the main growth drivers for the Group is the expansion of its controlled vessel fleet and chartered-in vessel fleet and proactively improve its market share and competitiveness. In 2023, nine additional vessels of the Group were put into operation with an increased combined weight carrying capacity of 473,175 dwt as compared with that at the end of 2022. As at the Latest Practicable Date, the Group has a controlled vessel fleet consisted of 28 vessels with a combined weight carrying capacity of approximately 1,393,900 dwt. As at the Latest Practicable Date, taking into account the transactions contemplated under the Shipbuilding Contracts, 13 vessels, which will constitute the Group’s controlled vessels after their delivery, are under construction, which will provide additional combined weight carrying capacity of 478,200 dwt. It is expected that three, eight and two of such vessels will be delivered in 2024, 2025 and 2026, respectively. The Company believes that the above initiatives are expected to significantly improve the Group’s shipping service ability.

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. The daily average BDI since the beginning of year 2024 up to 16 February 2024 (being the latest publication date preceding the date of the Shipbuilding Contracts) is approximately 1,581.2, which is over 72.7% higher than the daily average BDI for the same period in 2019 of approximately 915.4 before the COVID-19 pandemic, and over 14.7% higher than the daily average BDI for the full year of 2023 of approximately 1,378.4, reflecting considerable profit potential.

Reference is also made to the Baltic Clean Tanker Index (the “**BCTI**”) published by The Baltic Exchange Limited in London, a composite of average charter rates from key routes travelled by clean tankers that transport petroleum and oil products. Since the renewal of conflicts in the Middle East and the ensuing disruption in oil-producing nations in the region in October 2023, the BCTI has generally trended higher. The daily average BCTI since the beginning of year 2024 up to 16 February 2024 (being the latest publication date preceding the date of the Shipbuilding Contracts) is approximately 1047.8, which is over 26.4% higher than the daily average BCTI for the same period in 2023 of approximately 828.8 before the said renewal of conflicts, and over 30.9% higher than the average daily BCTI for the full year of 2023 of approximately 800.5.

The Directors believe that expansion of the Group’s controlled vessel fleet by introducing the new Vessels 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 new Vessels are more fuel-efficient and of higher operational efficiency than certain existing oil/chemical tankers of the Group which the Group seeks to gradually phase out, which would meet the latest environmental regulations and prevailing specification requirements in the shipping industry. 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.

Following the acquisition of the Vessels under the Shipbuilding Contracts, 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 Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (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 in a 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:

1. 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:

1. All interests stated are long positions.
2. Tricor Equity Trustee is the trustee of The J&Y Trust and The CZK Trust, two trusts in total.
3. 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) a framework agreement and the supplemental agreements thereto dated 11 August 2023 entered into between the Company and Shanghai Lingang Xinpianqu Jingang Shengyuan Real Estate Co., Ltd.* (上海臨港新片區金港盛元置業有限公司) in respect of the sale and purchase of office buildings and parking slots for an aggregate consideration of RMB239,834,400;
- (b) a share transfer agreement dated 29 June 2023 entered into between Seacon Marine Pte. Ltd., Wealth & Glory Marine Pte. Ltd. and Seacon Enterprise Pte. Ltd. (“**Seacon Enterprise**”) in respect of the acquisition of 40% shareholding interest in Seacon Enterprise for the consideration of USD730,000;

- (c) 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;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) 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;
- (h) 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 involving underwriting commissions of 3% of the aggregate offer price and a discretionary fee of up to 3% of the aggregate offer price under the Hong Kong public offering, as further described in the Prospectus; and
- (i) 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 involving underwriting commissions of 3% of the aggregate offer price and a discretionary fee of up to 3% of the aggregate offer price under 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 May 2023, a customer filed a lawsuit with Guangzhou Maritime Court of the PRC against (i) Seacon Ships Management Co., Limited (香港洲際船舶管理有限公司), a wholly-owned subsidiary of the Company; (ii) Seacon Ships Management Pte. Ltd., a wholly-owned subsidiary of the Company; and (iii) Taiping & Sinopec TJ19 Shipping Leasing Co., Ltd.* (太平十九號(天津)航運租賃有限公司) concerning a dispute over cargo shortage and claimed for compensation of approximately RMB1.8 million together with interest and legal costs. As at the Latest Practicable Date, these legal proceedings are ongoing and the claim is on trial;
- (b) in June 2022, Sky Height Maritime Ltd. ("**Sky Height Maritime**") filed a lawsuit with Ningbo Maritime Court of the PRC against Seacon Ships Co., Limited (Qingdao)* (青島洲際之星船務有限公司) ("**Seacon Ships Qingdao**"), a 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 court has handed down a judgment in relation to the litigation on 31 March 2023 ruling that (i) Seacon Ships Qingdao shall compensate Sky Height Maritime for economic loss of RMB7,446,326 within ten (10) days after the judgment becomes effective; and (ii) the other claims of Sky Height Maritime be dismissed. On 12 April 2023, Seacon Ships Qingdao filed an appeal with the High People's Court of Zhejiang Province of the PRC. As at the Latest Practicable Date, these legal proceedings are ongoing and the appeal is on trial. Details of these legal proceedings are set out in the Prospectus and the announcement of the Company dated 25 April 2023; and
- (c) 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, the arbitration hearing is pending and the parties are in negotiation for settlement. Details of these 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) Shipbuilding Contract A;
- (b) Shipbuilding Contract B;
- (c) Shipbuilding Contract C; and
- (d) Shipbuilding Contract D.

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.