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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 TRANSACTIONS

- (1) BAREBOAT CHARTERS IN RELATION TO FOUR VESSELS;
AND
(2) 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 11 to 31 of this circular.

The Company has obtained irrevocable and unconditional written approvals for the transactions contemplated under the Bareboat Charters and 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 transactions contemplated under the Bareboat Charters and the Finance Lease Arrangements has been satisfied in lieu of a Shareholders’ general meeting of the Company. This circular is being despatched to the Shareholders for information only.

5 February 2024

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DEFINITIONS

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

“Advance Charter-hire”	USD2,080,000 payable on the Delivery Date
“Approved Commercial Manager”	Seacon Shipping in its capacity as commercial manager, or any other first-class internationally recognised and reputable management company as shall be approved by the Seventh Owner for the commercial management of the Seventh Vessel
“Approved Manager”	either the Approved Commercial Manager or the Approved Technical Manager appointed by the Seventh Charterer as the commercial and/or technical manager of the Seventh Vessel from time to time
“Approved Technical Manager”	Seacon Ships Management Pte. Ltd. (a wholly-owned subsidiary of the Company) or any other first-class internationally recognised and reputable management company as shall be approved by the Seventh Owner for the technical management of the Seventh Vessel
“Bareboat Charters”	four bareboat charters entered into between the Four Charterers and the Four Owners in connection with the Four Vessels
“Board”	the board of Directors
“Breakfunding Costs”	all breakfunding costs and expenses incurred or payable by the corresponding Owner when a repayment or prepayment under the relevant funding arrangement entered into by the Owner for the purpose of financing the purchase price of the relevant Vessel falls on a day prior to the last day of a Hire Period or prior to a purchase option date (if relevant) or prior to a date specified by the Owner in any termination notice under the relevant Bareboat Charter
“Charterer(s)”	the Four Charterers, the Fifth Charterer, the Sixth Charterer and the Seventh Charterer
“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)
“CMG”	China Merchants Group Limited, a state wholly-owned enterprise established under the laws of the PRC

DEFINITIONS

“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)
“Daily Rate”	USD9,540
“Delivery Date”	the date of delivery of the corresponding Vessel by the relevant Owner to the relevant Charterer and, in the case of the Seventh Vessel, also the date of delivery of the Seventh Vessel by Seacon Shipping to the Seventh Owner under the Third Memorandum of Agreement
“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
“Fee Letter(s)”	the fee letters in relation to the Vessels
“Fifth Bareboat Charter”	the bareboat charter in relation to the Fifth Vessel
“Fifth Charterer”	SEACON NINGDE LTD., a company incorporated in Liberia with limited liability and an indirect wholly owned subsidiary of the Company
“Fifth Owner”	OCEAN BULK 2301 LIMITED, a company incorporated in Hong Kong with limited liability
“Fifth Vessel”	a 62,000 dwt general dry cargo vessel under construction by the Shipbuilder
“Final Purchase Option Date”	the 15th anniversary of the Delivery Date
“Finance Lease Arrangements”	the First Finance Lease Arrangement, the Second Finance Lease Arrangement and the Third Finance Lease Arrangement
“First Finance Lease Arrangement”	the finance lease arrangement in relation to the Fifth Vessel
“First Memorandum of Agreement”	the memorandum of agreement entered into between the Fifth Charterer and the Fifth Owner in respect of the sale and purchase of the Fifth Vessel under the First Finance Lease Arrangement

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“First Payment Date”	the 15th day of the calendar month after the Delivery Date
“First Pre-delivery Rebate Payment Date”	the date one month from the date of payment of the first instalment under the Shipbuilding Contract (in the case of the Four Vessels) or the First Memorandum of Agreement and the Second Memorandum of Agreement (in the case of the Fifth Vessel and Sixth Vessel)
“Four Charterers”	SEACON WUHU LTD., SEACON SUZHOU LTD., SEACON HEFEI LTD., and SEACON GUANGZHOU LTD., each of them being a company incorporated in Liberia with limited liability and an indirect wholly owned subsidiary of the Company
“Four Owners”	OCEAN BULK 2303 LIMITED, OCEAN BULK 2304 LIMITED, OCEAN BULK 2305 LIMITED and OCEAN BULK 2306 LIMITED, each of them being a company incorporated in Hong Kong with limited liability and wholly owned by CHINA MERCHANTS FINANCIAL LEASING (HONG KONG) HOLDING CO. LIMITED
“Four Vessels”	Four 62,000 dwt heavy-lift multi-purpose vessels to be constructed by the Shipbuilder
“General Assignments”	deeds of assignment executed by the Charterers in favour of the Owners respectively in relation to the assignment of the Charterers’ rights and interest in and to, among other things, the earnings, insurances, requisition compensation and any sub-charters in respect of the Vessels
“Group”	the Company and its subsidiaries
“Guarantees”	the deeds of guarantee executed by the Company in favour of the Owners
“Hire Payment Date”	the 15th day of each of March, June, September and December in each calendar year after the Delivery Date
“Hire Period”	Except for the Seventh Vessel: (a) for the first Hire Period in relation to the Pre-delivery Rebate Fee, the period commencing on the First Pre-delivery Rebate Payment Date and ending on each subsequent Payment Date;

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- (b) in the case of each subsequent Payment Date in relation to the Pre-delivery Rebate Fee, the period commencing on the last day of the preceding Hire Period and ending on the next occurring Payment Date;
- (c) in the case of the first Hire Period in relation to the Post-delivery Charter-hire, the period commencing on the Delivery Date and ending on the First Payment Date; and
- (d) in the case of each subsequent Payment Date in relation to the Post-delivery Charter-hire, the period commencing on the last day of the preceding Hire Period and ending on the next occurring Payment Date

and, in the case of the Seventh Vessel, each and every consecutive three-month period during the Charter Period, and

- (a) in relation to the first Hire Period, the period to start on the Delivery Date and to end on the first coming Hire Payment Date;
- (b) in relation to each subsequent Hire Period (except for the last Hire Period), a period to start on the date immediately after the preceding Hire Payment Date and to end on the next Hire Payment Date; and
- (c) in relation to the last Hire Period, the period to start on the date immediately after the preceding Hire Payment Date and to end on the last day of the agreed Charter Period

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest Rate”	the aggregate of (a) a margin of 2% per annum and (b) the applicable term secured overnight financing rate (SOFR) reference rate as of three United States Government Securities business days before the first day of the relevant Hire Period, or as otherwise determined in accordance with the Seventh Bareboat Charter
“Latest Practicable Date”	5 February 2024

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“Leasing Documents”	the corresponding Bareboat Charters, or the Fifth Bareboat Charter or the Sixth Bareboat Charter (as appropriate), the Guarantees, the Shipbuilding Contracts (in the case of the Bareboat Charters) or the corresponding Memorandum of Agreements (in the case of the First Finance Lease Arrangement and the Second Finance Lease Arrangement), the Fee Letters, any quiet enjoyment agreement in favour of the Charterers and/or any sub-charterers, the Security Documents and any other document so designated as agreed between the relevant Charterers and Owners
“Liberia”	the Republic of Liberia
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 29 March 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Agreement(s)”	the First Memorandum of Agreement, the Second Memorandum of Agreement and the Third Memorandum of Agreement
“Obligor”	The Seventh Charterer, Seacon Shipping, the Company, the approved manager(s) and any person that may be party to a Transaction Document from time to time (other than the Seventh Owner and the account bank)
“Outstanding Principal”	an amount equal to the aggregate amount of the USD30,000,000 as may be reduced by the Fixed Hire actually paid to and received by the Seventh Owner
“Owner(s)”	the Four Owners, the Fifth Owner, the Sixth Owner and the Seventh Owner
“Payment Date”	(a) in relation to the Pre-delivery Rebate Fee, the first instalment of charter-hire shall be payable on the date falling one month from the date of payment of the first instalment under the relevant Shipbuilding Contract (in the case of the Four Vessels) or the relevant Memorandum of Agreement (in the case of the Fifth Vessel and Sixth Vessel) by the corresponding Owners and each subsequent instalment of charter-hire shall be payable on the date falling one month after such date with the final instalment of charter-hire in relation to the Pre-delivery Rebate Fee payable on the Delivery Date;

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	(b) in relation to the Post-delivery Charter-hire, the first instalment of charter-hire shall be payable on the date falling on the First Payment Date; and
	(c) each subsequent instalment of charter-hire (other than the last instalment of charter-hire) shall be payable monthly thereafter, with the final instalment of charter-hire payable on the last day of the relevant charter period
“Post-delivery Charter-hire”	has the meaning ascribed to it in the section headed “Bareboat Charters — Charter-hire”
“PRC”	the People’s Republic of China
“Pre-delivery Assignments”	deeds of assignment executed by the Charterers in favour of the Owners respectively in relation to the assignment of the Charterers’ rights and interests in and to the Shipbuilding Contracts and the shipbuilding contracts in relation to the Fifth Vessel and the Sixth Vessel both dated 12 April 2023
“Pre-delivery Rebate Fee”	the pre-delivery rebate fee payable in respect of the Vessels
“Pre-delivery Rebate Rate”	the aggregate of (a) the applicable term SOFR for one month as of 5:00 p.m. New York time on the corresponding quotation day for dollars, subject to changes pursuant to the Bareboat Charter if no such term SOFR is available, and (b) the margin of 1.70% per annum
“Prepositioning Date”	no later than three business days prior to the Delivery Date
“Previous Finance Lease Arrangement”	the finance lease arrangement in relation to SEACON YOKOHAMA as disclosed in the announcement of the Company dated 24 September 2023
“Prospectus”	the prospectus of the Company dated 14 March 2023
“Purchase Option(s)”	the options granted to the Charterers to purchase the Vessels at the applicable Purchase Option Price
“Purchase Option Date(s)”	the date to exercise the Purchase Options as specified in a written notice provided by the relevant Charterer three months in advance

DEFINITIONS

“Purchase Option Price”	<p>the aggregate of the following in respect of the corresponding Vessel (except the Seventh Vessel):</p> <ul style="list-style-type: none">(a) (i) USD39,500,000 minus (ii) the aggregate Post-delivery Charter-hire which has been paid by the relevant Charterer (“Owner’s Costs”) prevailing as at the relevant Purchase Option Date;(b) the relevant fee (if applicable) up to 0.5% of the Owner’s Costs depending on the relevant date;(c) any charter-hire accrued but unpaid as at the date of payment of the Purchase Option Price;(d) any Breakfunding Costs;(e) any documented legal or other costs incurred by the relevant Owner in connection with the exercise of the Purchase Option; and(f) any other moneys due and owing under the corresponding Leasing Documents at the relevant Purchase Option Date
“Put Option Price”	<p>the aggregate of the following in respect of the corresponding Vessel:</p> <ul style="list-style-type: none">(a) the prevailing Owner’s Costs as at the relevant date;(b) any charter-hire accrued and unpaid as at the date of payment of the Put Option Price;(c) any Breakfunding Costs including any net amount payable by the relevant Owner as a result of the termination or close-out of any derivative transaction entered into in connection with the corresponding Leasing Documents;(d) any and all documented costs, losses and liabilities reasonably incurred by the relevant Owner as a result of the exercise of the put option; and(e) any other moneys due and owing under the corresponding Leasing Documents at the relevant date including any default interest on amounts under (a)-(d) above
“RMB”	Renminbi, the lawful currency of the PRC
“Second Finance Lease Arrangement”	the finance lease arrangement in relation to the Sixth Vessel

DEFINITIONS

“Second Memorandum of Agreement”	the memorandum of agreement entered into between the Sixth Charterer and the Sixth Owner in respect of the sale and purchase of the Sixth Vessel under the Second Finance Lease Arrangement
“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”	the corresponding General Assignment, Share Security, Pre-delivery Assignment, letter of undertaking to be executed by the approved manager in favour of the relevant Owner subordinating the rights of that approved manager against the relevant Vessel and the relevant Charterer to the rights of the relevant Owner, document creating charge(s) over the relevant operating account, to which all earnings in connection to the relevant Vessel shall be paid, executed in favour of the relevant Owner(s), and any other security documents granted as security for the obligations of the Charterers under or in connection with the relevant Bareboat Charter
“Seventh Bareboat Charter”	the bareboat charter in relation to the Seventh Vessel
“Seventh Charterer”	Seacon Bangkok Ltd, a company incorporated in Liberia with limited liability and an indirect wholly-owned subsidiary of the Company
“Seventh Fee Letter”	the fee letter in relation to the Third Finance Lease Arrangement
“Seventh Owner”	HAI SHENG NO.7 (TIANJIN) OF BOBFL CO., LTD, a company organised and existing under the laws of the PRC
“Seventh Purchase Option Price”	<p>in relation to the Seventh Vessel, the amount due and payable by the Seventh Charterer to the Seventh Owner, being the aggregate of:</p> <ul style="list-style-type: none">(a) the outstanding principal (being USD30,000,000 as may be reduced by the Fixed Hire actually paid to and received by the Seventh Owner) as at the Purchase Option Date;(b) the purchase option premium, which is determined by multiplying the then current amount of outstanding principal by the percentage (up to 1%) applicable to the period in which the Purchase Option Date falls;(c) any charter-hire due and payable, but unpaid, up to (and including) the Purchase Option Date;

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- (d) any sum due and payable but unpaid by any Obligor under the Transaction Documents;
 - (e) break costs (being all costs, losses, premiums or penalties incurred by the Seventh Owner as a result of the receipt by the Seventh Owner of any payment under or in relation to the Transaction Documents on a day other than the due date for payment of the sum in question (including any break cost (however such term or its equivalent may be described under the finance documents) incurred by Seventh Owner under the finance documents), if any;
 - (f) any legal costs incurred by the Seventh Owner in respect of the exercise of the Purchase Option; and
 - (g) any other costs, losses, liabilities and expenses incurred or suffered by the Seventh Owner in connection with any finance document as a result of the Seventh Charterer's exercise of the Purchase Option.
- “Seventh Vessel” SEACON BANGKOK, a 40,000 dwt type double hull bulk carrier under construction
- “Share Security(ies)” the deeds of charge over the shares of the Charterers executed by their sole shareholder, Seacon Shipping, an indirect wholly owned subsidiary of the Company, in favour of the Owners
- “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
- “Shipbuilder” Huang Hai Shipbuilding Company Limited* (黄海造船有限公司), a company established in the PRC with limited liability
- “Shipbuilding Contract(s)” the four shipbuilding contracts entered into by the Four Owners and the Four Charterers, as co-buyers, with the Shipbuilder in respect of the acquisition of the Four Vessels
- “Sixth Bareboat Charter” the bareboat charter in relation to the Sixth Vessel
- “Sixth Charterer” SEACON SHENZHEN LTD., a company incorporated in Liberia with limited liability and an indirect wholly owned subsidiary of the Company
- “Sixth Owner” OCEAN BULK 2302 LIMITED, a company incorporated in Hong Kong with limited liability

DEFINITIONS

“Sixth Vessel”	a 62,000 dwt general dry cargo vessel under construction by the Shipbuilder
“SOFR”	secured overnight financing rate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Finance Lease Arrangement”	the finance lease arrangement in relation to the Seventh Vessel
“Third Memorandum of Agreement”	the memorandum of agreement entered into between Seacon Shipping and the Seventh Owner in respect of the sale and purchase of the Seventh Vessel under the Third Finance Lease Arrangement
“Transaction Document(s)”	among others, the Third Memorandum of Agreement, the Seventh Bareboat Charter, the Seventh Deed of Guarantee, the Ancillary Documents, the Seventh Fee Letter and such other documents as may in good faith be designated as such by the Seventh Owner from time to time
“USD”	United States dollars, the lawful currency of the United States of America
“Vessel(s)”	the Four Vessels, the Fifth Vessel and the Sixth Vessel
“%”	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)

Executive Directors:

Mr. Guo Jinkui (*Chairman*)
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Independent Non-executive Directors:

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

Principal place of business in the PRC:

Rooms 01 and 04
23/F, Block B, Building 3
No. 20 Zhuzhou Road
Laoshan District, Qingdao City
Shandong Province
the PRC

5 February 2024

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTIONS

(1) BAREBOAT CHARTERS IN RELATION TO FOUR VESSELS;

AND

(2) FINANCE LEASE ARRANGEMENTS

I. INTRODUCTION

Reference is made to (1) the announcement of the Company dated 18 December 2023 in relation to (i) the Bareboat Charters in relation to the Four Vessels and (ii) the First Finance Lease Arrangement and the Second Finance Lease Arrangement; and (2) the announcement of the Company dated 4 January 2024 in relation to the Third Finance Lease Arrangement.

LETTER FROM THE BOARD

On 18 December 2023 (after trading hours of the Stock Exchange), (1) four indirect wholly owned subsidiaries of the Company, namely, the Four Charterers, entered into the Bareboat Charters with the Four Owners, respectively, pursuant to which the Four Owners agreed to charter the Four Vessels to the Four Charterers; and (2) the Company entered into the Guarantees in favour of the Four Owners.

On 18 December 2023 (after trading hours of the Stock Exchange), the Fifth Charterer and the Sixth Charterer, indirect wholly-owned subsidiaries of the Company, and the Fifth Owner and the Sixth Owner, respectively, entered into the First Finance Lease Arrangement and the Second Finance Lease Arrangement, respectively, pursuant to which (1) the Fifth Charterer and the Sixth Charterer agreed to sell the Fifth Vessel and the Sixth Vessel, respectively, to the Fifth Owner and the Sixth Owner, respectively, each for a consideration of USD41,580,000 under the First Memorandum of Agreement and the Second Memorandum of Agreement; (2) the Fifth Owner and the Sixth Owner agreed to charter the Fifth Vessel and the Sixth Vessel to the Fifth Charterer and the Sixth Charterer, respectively, under the Fifth Bareboat Charter and the Sixth Bareboat Charter; and (3) the Company entered into the Guarantees in favour of the Fifth Owner and the Sixth Owner, respectively.

On 4 January 2024 (after trading hours of the Stock Exchange), the Seventh Charterer and Seacon Shipping, both of which are indirect wholly-owned subsidiaries of the Company, and the Seventh Owner entered into the Third Finance Lease Arrangement, pursuant to which (1) Seacon Shipping agreed to sell the Seventh Vessel to the Seventh Owner for a consideration of USD30,000,000 under the Third Memorandum of Agreement; (2) the Seventh Owner agreed to charter the Seventh Vessel to the Seventh Charterer under the Seventh Bareboat Charter; and (3) the Company entered into the Guarantee in favour of the Seventh Owner.

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

II. BAREBOAT CHARTERS

Each of the Bareboat Charters is on substantially the same terms (other than the parties and the vessels involved). The principal terms of the Bareboat Charters are as follows:

Date

18 December 2023 (after trading hours of the Stock Exchange)

Parties

The Four Charterers and the Four Owners

LETTER FROM THE BOARD

The Four Vessels

Each of the Four Vessels is a 62,000 dwt heavy-lift multi-purpose vessel to be constructed under the Shipbuilding Contracts.

Charter period

Three years commencing from the Delivery Dates, which are expected to be 31 August 2025, 31 October 2025, 30 November 2025 and 31 December 2025 for the Four Vessels, respectively. The charter periods may be extended, at the option of the Four Charterers, by four extension options (each being three years).

If the Four Charterers do not exercise any of the extension options (such that the charter period is shorter than 15 years), they shall exercise the Purchase Options to purchase the Four Vessels.

Charter-hire

The charter-hire payable by the Four Charterers to the Four Owners under each of the Bareboat Charters consists of:

- (1) an Advance Charter-hire, which shall be deemed to have been paid by setting off the payment of 5% of each instalment under the corresponding Shipbuilding Contract before such instalment is paid by the relevant Owner;
- (2) a Pre-delivery Rebate Fee payable on each Payment Date in arrears from the date of the first instalment made by the relevant Owner under the relevant Shipbuilding Contract up to and including the Delivery Date, each such instalment being equal to the Pre-delivery Rebate Rate multiplied by the aggregate of the instalments paid by the relevant Owner as co-buyer under the relevant Shipbuilding Contract at the time of such payment; and
- (3) a Post-delivery Charter-hire payable on each Payment Date commencing from the Delivery Date, being the aggregate of the amount calculated by multiplying USD9,540, being the Daily Rate, by the number of days in the Hire Period.

The Bareboat Charters are essentially financing arrangements whereby the Four Charterers seek financing from the Four Owners for the acquisition of the Four Vessels. As disclosed in the paragraphs headed “— Shipbuilding Contracts” below, the purchase price of each of the Four Vessels is USD41,580,000 each. For each of the Four Vessels, on the relevant Delivery Date, the relevant Owner will have paid the entire purchase price to Shipbuilder, and will have received the Advance Charter-hire from the relevant Charterer. The difference in such amount represents the principal amount of financing that the relevant Charterer has sought, and will have to be repaid by the Charterer’s payment of Post-delivery Charter-hire (consisting of principal and interests portions) on each Payment Date, which is analogous to repayment of principal and interests by installments. The Board is of the view that the applicable

LETTER FROM THE BOARD

interest rate of approximately 5.98% is fair and reasonable and is in the interest of the Company and the Shareholders as a whole, which is determined after arm's length negotiations between the Four Charterers and the Four Owners with reference to the interest rates adopted in other existing or previous finance leasing transactions of the Company and the prevailing market interest rate.

The Board is of the view that the Daily Rate of USD9,540 is fair and reasonable and is in the interest of the Company and the Shareholders as a whole, which was determined with reference to (1) the purchase price for the acquisition of the Four Vessels; (2) the interest rates adopted in other existing or previous finance leasing transactions of the Company and the prevailing market interest rate; and (3) the length of the Hire Period.

Purchase Options

Subject to the Bareboat Charters, each of the Four Charterers shall have the Purchase Option to purchase the Four Vessels on and from the second anniversary of the Delivery Date on the Purchase Option Date at the applicable Purchase Option Price.

Subject to the Bareboat Charters, the Four Charterers shall on the Final Purchase Option Date have the options to purchase all of the Four Owners' beneficial and legal rights, titles and interests in the Four Vessels and all belonging to them, and the Four Charterers shall pay USD13,000,000 (the "**Bareboat Charter Final Principal Balance**") for each of the Four Vessels on the Final Purchase Option Date thereto unless the Four Owners agree otherwise.

As disclosed above, the Bareboat Charters are essentially financing arrangements whereby the Four Charterers seek financing from the Four Owners for the acquisition of the Four Vessels. On the Final Purchase Option Date, the Bareboat Charter Final Principal Balance represents the balance of unpaid principal amount in respect of the relevant Vessel after the repayments made by the relevant Charterer in the form of payment of Post-delivery Charter-hire. On the above basis, the Board is of the view that the amount of the Bareboat Charter Final Principal Balance is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Put options

The Four Owners shall have the options to require the Four Charterers to purchase the corresponding Vessels at the Put Option Price if the Four Owners become aware that the initial sub-charters to be entered into in relation to the Four Vessels have expired (including due to the non-exercise of any extension options) or terminated prior to the end of the charter period.

If the Four Charterers and/or the Company have failed to arrange financing for certain vessels in the agreed form within the stipulated time period, the relevant Owners shall have the options to require the relevant Charterers to purchase the corresponding Vessels at the Put Option Price.

LETTER FROM THE BOARD

The Board is of the view that the amount of all charter-hire payments and the Purchase Option Prices are fair and reasonable and are in the interest of the Company and the Shareholders as a whole, which were determined after arm's length negotiations between the Four Owners and the Four Charterers taking into account (1) the quotation provided by another company in relation to bareboat charters for the Four Vessels; (2) the interest payable by the Company in the finance leasing transactions for other vessels of the Company and the prevailing market interest rate; and (3) the purchase prices of the Four Vessels under the Shipbuilding Contracts.

Security documents

In connection with the Bareboat Charters, the following Security Documents have been entered into:

- (1) four Pre-delivery Assignments executed by the Four Charterers in favour of the Four Owners, respectively, in relation to the assignment of the Four Charterers' rights and interests in and to the Shipbuilding Contracts, among other things, the rights to reject or take delivery of the Four Vessels and the rights to terminate the Shipbuilding Contracts;
- (2) four General Assignments executed by the Four Charterers in favour of the Four Owners respectively in relation to the assignment of the Four Charterers' rights and interest in and to, among other things, the earnings, insurances, requisition compensation and any sub-charters in respect of the Four Vessels; and
- (3) four Share Securities over the shares of the Four Charterers executed by their sole shareholder, Seacon Shipping, an indirect wholly owned subsidiary of the Company, in favour of the Four Owners, respectively,

to secure the obligations and liabilities and the performance by the Four Charterers to the Four Owners under or in connection with the Bareboat Charters.

Guarantee

The Company has entered into four Guarantees in favour of the Four Owners respectively, pursuant to which the Company agreed to, among other things:

- (1) guarantee to the Four Owners the due payment of all amounts payable by the Four Charterers under or in connection with the corresponding Leasing Documents, and undertake with the Four Owners to pay to them, immediately on their demands, any such amount which is not paid by the Four Charterers when due and payable;
- (2) guarantee to the Four Owners the punctual performance by the Four Charterers of all their obligations under or in connection with the corresponding Leasing Documents; and

LETTER FROM THE BOARD

- (3) undertake to indemnify the Four Owners immediately on their demands in respect of all documented claims, expenses, liabilities, costs and losses which are made or brought against or incurred by the Four Owners as a result of or in connection with any obligation or liability of the Four Charterers under the corresponding Leasing Documents and/or any obligation or liability guaranteed by the Company being or becoming unenforceable, invalid, void or illegal.

Fee Letters

In addition, in connection with each of the Bareboat Charters, the Four Charterers and the Four Owners entered into four upfront Fee Letters, pursuant to which the Four Charters agree to pay the upfront fee of USD316,000 in relation to each of the Four Vessels, payable within five business days from the date of the relevant Bareboat Charter and in any event before the Delivery Date.

The upfront fee of USD316,000 represents the chartering arrangement fees for the Bareboat Charters. The Company is of the view charging an upfront fee at such rate is fair and reasonable, which is determined after arm's length negotiations between the Four Owners and the Four Charterers with reference to the usual upfront fee payable in other existing or previous bareboat charters of the Company. The upfront fee is payable in addition to the charter-hire payable under the Bareboat Charters.

Shipbuilding Contracts

The Four Owners and the Four Charterers, as co-buyers, entered into four Shipbuilding Contracts with the Shipbuilder on 18 December 2023 for the acquisition of the Four Vessels at the purchase price of USD41,580,000 each. The purchase price of the Four Vessels was determined after arm's length negotiations between the Four Owners, the Four Charterers and the Shipbuilder taking into account the (i) quotations and delivery schedules provided by other shipyards for the construction of new vessels of similar type and size; and (ii) the quality of services and industry reputation of the Shipbuilder. In light of the above, the Board is of the view that the purchase price of each of the Four Vessels is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to the Shipbuilding Contracts, the Four Owners shall pay to the Shipbuilders all instalments of the purchase prices of the Four Vessels, and the Four Vessels shall be registered in the name of the Four Owners. The Four Charterers shall be responsible for performing other obligations and duties as the co-buyers under the Shipbuilding Contracts, including but not limited to attending to trials of the Four Vessels, supervising and inspecting the construction of the Four Vessels and providing the requisite buyer's supplied items. It is understood among the Four Owners and the Four Charterers that the Four Owners will only be liable for payment of 95% of the purchase price and the Four Charterers shall make a payment of 5% of each instalment to the Four Owners prior to any instalment of purchase price being paid by the Four Owners to the Shipbuilder pursuant to the Shipbuilding Contracts.

LETTER FROM THE BOARD

III. FINANCE LEASE ARRANGEMENTS

A. The First Finance Lease Arrangement and the Second Finance Lease Arrangement

The principal terms of the First Finance Lease Arrangement and the Second Finance Lease Arrangement are as follows:

Date

18 December 2023 (after trading hours of the Stock Exchange)

Parties

The Fifth Charterer and the Sixth Charterer, as the sellers under the First Memorandum of Agreement and Second Memorandum of Agreement, respectively, and as the charterers under the Fifth Bareboat Charter and the Sixth Bareboat Charter, respectively.

The Fifth Owner and the Sixth Owner, as the buyers under the First Memorandum of Agreement and the Second Memorandum of Agreement, respectively and as the owners under the Fifth Bareboat Charter and the Sixth Bareboat Charter, respectively.

Subject matter

The Fifth Vessel and the Sixth Vessel, each being a 62,000 dwt general dry cargo vessel under construction. As the Fifth Vessel and the Sixth Vessel are still under construction, no profit was generated by the Fifth Vessel and the Sixth Vessel for the two financial years immediately preceding the First Finance Lease Arrangement and the Second Finance Lease Arrangement, respectively.

Consideration

Under each of the First Memorandum of Agreement and the Second Memorandum of Agreement, the respective consideration for the sale of each of the relevant Vessel is USD41,580,000. Such consideration, after deducting the Advance Charter-Hire, is payable by the relevant Owner to the corresponding Charterer in four instalments in the amounts of USD4,158,000, USD4,158,000, USD6,237,000 and USD24,947,000, respectively according to the milestones with respect to the construction, launching and delivery of the relevant Vessel. The consideration was determined after arm's length negotiations between the Fifth Owner and the Sixth Owner, respectively, and the Fifth Charterer and the Sixth Charterer respectively, taking into account the acquisition cost of each of the Fifth Vessel and the Sixth Vessel of USD41,580,000.

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On 12 April 2023, the Group and the Shipbuilder entered into two shipbuilding contracts, pursuant to which the Shipbuilder agreed to build the Fifth Vessel and the Sixth Vessel for the Group at the acquisition cost of USD41,580,000 each. Such consideration was determined after arm's length negotiations between the Group and the Shipbuilder after taking into account (i) the quotations provided by two other shipyards for the construction of new vessels of similar type and size with their delivery schedules in the third quarter of 2025 and the fourth quarter of 2025, respectively; and (ii) the quality of services and industry reputation of the Shipbuilder. For further details of the Group's acquisition of the Fifth Vessel and the Sixth Vessel, please refer to the announcement of the Company dated 12 April 2023 and the circular of the Company dated 24 May 2023.

Charter period

Three years commencing from the Delivery Dates, which are expected to be on or before 30 November 2024 for the Fifth Vessel and 31 December 2024 for the Sixth Vessel. The charter period may be extended, at the option of the Fifth Charterer and the Sixth Charterer, respectively, by four extension options (each being three years) in the option of the Fifth Charterer and the Sixth Charterer, respectively.

If the Fifth Charterer or the Sixth Charterer does not exercise any of the extension options (such that the charter period is shorter than 15 years), it shall exercise the corresponding Purchase Option to purchase the relevant Vessel.

Charter-hire

The charter-hire payable by the Fifth Charterer and the Sixth Charterer, respectively, to the Fifth Owner and the Sixth Owner, respectively, consists of:

- (1) an Advance Charter-hire, which shall be deemed to have been paid by the reduction of the same amount from the purchase price payable from the relevant Owner to the relevant Charterer under the corresponding Memorandum of Agreement;
- (2) a Pre-delivery Rebate Fee payable on each Payment Date in arrears from the date of the first instalment made by the relevant Owner under the First Memorandum of Agreement and the Second Memorandum of Agreement, respectively, up to and including the relevant Delivery Date, each such instalment being equal to the Pre-delivery Rebate Rate multiplied by the aggregate of the instalments paid by the relevant Owner under the First Memorandum of Agreement and the Second Memorandum of Agreement, respectively, at the time of such payment; and

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- (3) a Post-delivery Charter-hire payable on each Payment Date commencing from the Delivery Date, being the aggregate of the amount calculated by multiplying USD9,540 by the number of days in the Hire Period.

The First Finance Lease Arrangement and the Second Finance Lease Arrangement are essentially financing arrangements whereby the Fifth Charterer and the Sixth Charterer seek financing from the Fifth Owner and the Sixth owner. For either the Fifth Vessel or the Sixth Vessel, the consideration for the sale of USD41,580,000 minus the Advance Charter-hire represents the principal amount of financing that the Fifth Charterer or Sixth Charterer has sought, and will have to be repaid by the Fifth Charterer and the Sixth Charterer's payment of Post-delivery Charter-hire (consisting of principal and interests portions) on each Payment Date, which is analogous to repayment of principal and interests by installments. The Board is of the view that the applicable interest rate of approximately 5.98% is fair and reasonable and is in the interest of the Company and the Shareholders as a whole, which is determined after arm's length negotiations between the Fifth Charterer, the Sixth Charterer, the Fifth Owner and the Sixth Owner with reference to the interest rates adopted in other existing or previous finance leasing transactions of the Company and the prevailing market interest rate.

Purchase Option

Subject to the Fifth Bareboat Charter and the Sixth Bareboat Charter, the corresponding Charterer shall have the Purchase Option to purchase the relevant Vessel on and from the second anniversary of the Delivery Date on the relevant Purchase Option Date at the applicable Purchase Option Price.

Subject to the Fifth Bareboat Charter and the Sixth Bareboat Charter, on the 15th anniversary of the Delivery Date (assuming all extension options have been exercised), the relevant Charterer shall on the Final Purchase Option Date have the option to purchase from the relevant Owner all of the relevant Owner's beneficial and legal right, title and interest in the corresponding Vessel and all belonging to her and the relevant Charterer shall pay USD13,000,000 (the "**Finance Lease Final Principal Balance**") on the Final Purchase Option Date thereto unless the relevant Owner agrees otherwise.

As disclosed above, the First Finance Lease Arrangement and the Second Finance Lease Arrangement are essentially financing arrangements whereby the Fifth Charterer and the Sixth Charterer seek financing from the Fifth Owner and the Sixth owner. On the Final Purchase Option Date, the Finance Lease Final Principal Balance represents the balance of unpaid principal amount in respect of the Fifth Vessel and the Sixth Vessel, respectively, after the repayments made by the Fifth Charterer and the Sixth Charterer in the form of payment of Post-delivery Charter-hire. On the above basis, the Company is of the view that the amount of the Finance Lease Final Principal Balance is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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Put options

The Fifth Owner and the Sixth Owner, respectively, shall have the option to require the Fifth Charterer and the Sixth Charterer, respectively, to purchase the relevant Vessel at the Put Option Price if the corresponding Owner becomes aware that the initial sub-charter to be entered into in relation to the corresponding Vessel has expired (including due to the non-exercise of any extension options) or terminated prior to the end of the charter period.

If the Fifth Charterer, the Sixth Charterer and/or the Company have failed to arrange financing for certain vessels in the agreed form within the stipulated time period, the relevant Owner shall have the option to require the relevant Charterer to purchase the corresponding Vessel at the Put Option Price.

Security documents

In connection with each of the Fifth Bareboat Charter and the Sixth Bareboat Charter, the following Security Documents have been entered into:

- (1) a Pre-delivery Assignment executed by the corresponding Charterer in favour of the corresponding Owner in relation to the relevant Charterer's rights and interests in and to the shipbuilding contract in relation to the relevant Vessel dated 12 April 2023, among other things, the rights to reject or take delivery of the relevant Vessel and the rights to terminate the shipbuilding contract;
- (2) a General Assignment executed by the corresponding Charterer in favour of the corresponding Owner in relation to the relevant Charterer's rights and interest in and to, among other things, the earnings, insurances, requisition compensation and any sub-charters in respect of the relevant Vessel; and
- (3) a Share Security over the shares of the corresponding Charterer executed by its sole shareholder, Seacon Shipping, an indirect wholly owned subsidiary of the Company, in favour of the corresponding Owner,

to secure the obligations and liabilities and the performance by the Fifth Charterer and the Sixth Charterer, respectively, to the Fifth Owner and the Sixth Owner, respectively, under or in connection with the Fifth Bareboat Charter and the Sixth Bareboat Charter, respectively.

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Guarantee

The Company has entered into a Guarantee in favour of each of the Fifth Owner and the Sixth Owner, pursuant to which the Company agreed to, among other things:

- (1) guarantee to the corresponding Owner the due payment of all amounts payable by the corresponding Charterer under the corresponding Leasing Documents, and undertake with the corresponding Owner to pay to it, immediately on its demands, any such amount which is not paid by the corresponding Charterer when due and payable;
- (2) guarantee to the corresponding Owner the punctual performance by the corresponding Charterer of all its obligations under or in connection with the corresponding Leasing Documents; and
- (3) undertake to indemnify the corresponding Owner immediately on its demand in respect of all documented claims, expenses, liabilities, costs and losses which are made or brought against or incurred by the corresponding Owner as a result of or in connection with any obligation or liability of the corresponding Charterer under the corresponding Leasing Documents and/or any obligation or liability guaranteed by the Company being or becoming unenforceable, invalid, void or illegal.

Fee Letters

In connection with the Fifth Bareboat Charter and Sixth Bareboat Charter, corresponding Fee Letters were also executed by the relevant Charterers in favour of the relevant Owners in relation to the upfront fee of USD316,000 in relation to each of the relevant Vessels.

The upfront fee of USD316,000 represents the chartering arrangement fees for the Fifth Bareboat Charter and Sixth Bareboat Charter. The Company is of the view charging an upfront fee at such rate is fair and reasonable, which is determined after arm's length negotiations between the relevant parties with reference to the usual upfront fee payable in other existing or previous bareboat charters of the Company. The upfront fee is payable in addition to the charter-hire payable under the Fifth Bareboat Charter and the Sixth Bareboat Charter.

Use of proceeds

The net proceeds from the First Finance Lease Arrangement and the Second Finance Lease Arrangement will be used to finance the shipbuilding costs for the Fifth Vessel and the Sixth Vessel.

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B. The Third Finance Lease Arrangement

The principal terms of the Third Finance Lease Arrangement are as follows:

Date

4 January 2024 (after trading hours of the Stock Exchange)

Parties

Seacon Shipping, as seller under the Third Memorandum of Agreement and the Seventh Charterer, as charterer under the Seventh Bareboat Charter

The Seventh Owner, as buyer under the Third Memorandum of Agreement and as owner under the Seventh Bareboat Charter

Subject matter

The Seventh Vessel is a 40,000 dwt type double hull bulk carrier. The construction of the Seventh Vessel was completed and the Seventh Vessel was delivered to the Group on 12 January 2024. The market value of the Seventh Vessel as at 25 December 2023 is USD37,500,000 as appraised by an independent valuer. As the Seventh Vessel is a newly built vessel, no profit was generated by the Seventh Vessel for the two financial years immediately preceding the Third Finance Lease Arrangement.

Consideration

USD30,000,000, which is payable by the Seventh Owner to Seacon Shipping in cash in two instalments as follows, subject to the terms and conditions of the Third Memorandum of Agreement:

- (1) USD21,420,000 is payable on the Prepositioning Date; and
- (2) the remaining balance is payable on or after the Delivery Date.

As disclosed above, the Seventh Vessel was delivered to the Group on 12 January 2024. As at the Latest Practicable Date, Seacon Shipping has received the consideration from the Seventh Owner in full.

While the consideration under the Third Finance Lease Arrangement is lower than the appraised market value of the Seventh Vessel as at 25 December 2023, the consideration under the Third Finance Lease Arrangement in essence represents the amount of financing that the Group intended to seek from the Seventh Owner, and does not purport to represent the price of a conventional sale and purchase of the Seventh Vessel, especially taking into account the fact that the Seventh Charterer has an obligation to purchase the Seventh Vessel from the Seventh Owner as disclosed below. As the Group, having regard to its financing needs, is of the view that no more than USD30,000,000 of financing is required under the

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Third Finance Lease Arrangement, the Company is of the view that the consideration of USD30,000,000 under the Third Finance Lease Arrangement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Charter period

120 months commencing from the Delivery Date

Charter-hire

The charter hire payable by the Seventh Charterer to the Seventh Owner consists of:

- (1) a fixed hire (“**Fixed Hire**”) of USD450,000 payable on each Hire Payment Date; and
- (2) a variable hire (“**Variable Hire**”) calculated using the following formula payable on each Hire Payment Date:

$$A \times B \times C$$

whereby:

A = the Outstanding Principal immediately prior to the relevant Hire Payment Date

B = the Interest Rate

C = a fraction whose denominator is 360 and numerator is the number of days which will elapse from that Hire Payment Date (including that date) until, in respect of the Hire Payment Date of the final Hire Period during the Charter Period, the last day of such Hire Period (including that day), and, in respect of all other Hire Payment Dates, the next Hire Payment Date (not including that date)

The Company is of the view that the Fixed Hire at such rate is fair and reasonable and in the interest of the Company and the Shareholders as a whole, which was determined after arm’s length negotiations between the Seventh Owner and the Seventh Charterer with reference to the consideration under the Third Finance Lease Arrangement, the length of the charter period and the overall repayment plan of the Seventh Charterer.

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The Company is of the view that the Interest Rate applicable to the Hire Period of the Third Finance Lease Arrangement is fair and reasonable, which is determined after arm's length negotiations between the Seventh Owner and the Seventh Charterer with reference to the usual interest rate in other existing or previous financial lease arrangements of the Company.

Purchase Option

With at least three months' prior written notice, the Seventh Charterer has the option to purchase the Seventh Vessel at the applicable Seventh Purchase Option Price, subject to the conditions set out in the Seventh Bareboat Charter.

Purchase obligation

The Seventh Charterer shall be obliged to or cause its nominee to purchase the Seventh Vessel on the date falling 120 months commencing from the Delivery Date at the applicable purchase obligation price. Such purchase obligation price is the aggregate of:

- (a) USD12,000,000 (the "**Third Finance Lease Final Principal Balance**");
- (b) all Fixed Hire and Variable Hire due and payable, but unpaid, from the due date for payment thereof up to the date of actual payment; and
- (c) all other unpaid sums under the Transaction Documents due and payable together with interest accrued thereon from the due date for payment thereof up to the date of actual payment.

As disclosed above, the consideration under the Third Finance Lease Arrangement of USD30,000,000 in essence represents the amount of financing that the Group intended to seek from the Seventh Owner. It follows that the Seventh Charterer shall make repayment to the Seventh Owner for such financing by paying Fixed Hire (analogous to repayment of principal) and Variable Hire (analogous to repayment of interests) on each Hire Payment Date. As the charter period is envisaged to be 120 months, there are 40 Hire Payment Dates in total, and the aggregate amount of Fixed Hire that the Seventh Charterer is payable to the Seventh Owner shall be USD18,000,000. The amount of the Third Finance Lease Final Principal Balance, which is the difference between USD30,000,000 and the aggregate amount of Fixed Hire that the Seventh Charterer is payable to the Seventh Owner, represents the balance of unpaid principal amount under the Third Finance Lease Arrangement. On the above basis, the Company is of the view that the amount of the Third Finance Lease Final Principal Balance is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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Ancillary documents

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

- (1) a deed of assignment to be executed by the Seventh Charterer in favour of the Seventh Owner in relation to certain of the Seventh Charterer’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 months or more (including any option to renew or extend) in respect of the Seventh Vessel;
- (2) a deed of undertaking to be executed by each of the Approved Manager in favour of the Seventh Owner; and
- (3) a deed of charge over the shares in the Seventh Charterer to be executed by Seacon Shipping in its capacity as chargor in favour of the Seventh Owner.

Guarantee

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

- (1) guarantee to the Seventh Owner punctual performance by the Seventh Charterer of all the Seventh Charterer’s obligations under the Transaction Documents;
- (2) undertake with the Seventh Owner that whenever the Seventh Charterer does not pay any amount when due under or in connection with any Transaction Documents, the Company shall immediately on demand pay that amount as if it were the principal obligor; and
- (3) if any obligation guaranteed by the Company is or becomes unenforceable, invalid or illegal, indemnify the Seventh Owner immediately on demand against any cost, loss or liability incurred by the Seventh Owner as a result of the Seventh Charterer not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Transaction Documents.

The Company has further agreed to indemnify the Seventh Owner on demand against any cost, loss or liability incurred by any of them as a result of:

- (1) any failure by the Seventh Charterer to comply with its obligations under the Seventh Bareboat Charter;

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- (2) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
- (3) the taking, holding, protection or enforcement of the Transaction Documents;
- (4) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Seventh Owner by the Transaction Documents or by law;
- (5) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Transaction Documents; or
- (6) acting as Owner under the Transaction Documents (otherwise than by reason of the Seventh Owner's gross negligence or wilful misconduct),

together in each case with interest on the amount demanded from the date of demand until the date of payment.

Seventh Fee Letter

In connection with the Third Finance Lease Arrangement, Seacon Shipping executed the Seventh Fee Letter in favour of the Seventh Owner, pursuant to which Seacon Shipping shall pay interest, which is calculated at the Interest Rate to the Seventh Owner in relation to the first instalment of USD21,420,000 under the Third Memorandum of Agreement. According to the terms of the Seventh Fee Letter, such interest shall accrue from the Prepositioning Date until (but excluding) the Delivery Date.

Prior to the delivery of the Seventh Vessel to the Seventh Owner and the commencement of the Hire Period, the Seventh Owner has paid to the Group the first instalment of USD21,420,000 on the Prepositioning Date. Thus, the Group agreed to pay to the Seventh Owner the interest calculated at the Interest Rate accrue from the Prepositioning Date until (but excluding) the Delivery Date with respect to the first instalment pursuant to the Fee Letter. As the payment of such interest under a finance lease arrangement is a usual arrangement, and the Interest Rate is determined after arm's length negotiations between the relevant parties with reference to the usual interest rate payable in other existing or previous finance lease arrangements of the Company, the Company is of the view that payment of such interest at such rate is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Use of proceeds

The net proceeds from the Third Finance Lease Arrangement 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.

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IV. REASONS FOR AND BENEFITS OF THE BAREBOAT CHARTERS AND THE FINANCE LEASE ARRANGEMENTS

The Bareboat Charters are in line with the ongoing strategy of the Group to expand its controlled vessel fleet by the addition of four heavy-lift multi-purpose vessels, diversifying the Group's controlled fleet while conserving capital flow. By the addition of the Four Vessels, the Group's shipping capacity for large equipment will increase, and the Company will be able to better meet market demand for its shipping services for large equipment, generating additional revenue and creating greater value and returns for the Shareholders.

In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Bareboat Charters, the Guarantees, the Security Documents and the Fee Letters are fair and reasonable and in the interests of the Shareholders as a whole.

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 acquisition of vessels, including the Fifth Vessel and the Sixth Vessel, 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. 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.

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. 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.

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.

V. INFORMATION OF THE PARTIES

The Company, the Group, Seacon Shipping 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.

Seacon Shipping is a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company. It is principally engaged in vessel holding and the provision of chartering services.

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All Charterers are companies incorporated in Liberia with limited liability and indirect wholly owned subsidiaries of the Company. All Charterers are principally engaged in vessel holding and the provision of chartering services.

The Owners

The Four Owners, the Fifth Owner and the Sixth Owner are companies incorporated in Hong Kong with limited liability which are principally engaged in finance leasing business. They are ultimately wholly owned by CMG, a state wholly-owned enterprise established under the laws of the PRC under the direct control of the State-owned Assets Supervision and Administration Commission of the State Council, which is principally engaged in transportation and logistics, comprehensive finance, comprehensive development of cities and parks. In recent years, its operation has been extended to emerging sectors such as big health and testing services.

The Seventh Owner is a company established in the PRC with limited liability. It is principally engaged in financial leasing business. The Seventh Owner is wholly-owned by Bank of Beijing Financial Leasing Co., Ltd. (北銀金融租賃有限公司), which is owned as to approximately 82.26% by Bank of Beijing Co., Ltd. (北京銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601169). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Seventh Owner and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

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

The Shipbuilder

The Shipbuilder is a company established in the PRC with limited liability. It is principally engaged in shipbuilding business and owned by The Trade Union Committee of Huang Hai Shipbuilding Company Limited* (黃海造船有限公司工會委員會) and Rongcheng State-owned Capital Operation Co. Ltd* (榮成市國有資本運營有限公司) as to 80.4305% and 19.5695%, respectively. Rongcheng State-owned Capital Operation Co. Ltd* (榮成市國有資本運營有限公司) is a state-owned enterprise indirectly wholly-owned by State-owned Assets Supervision and Administration Commission of Rongcheng City)* (榮成市國有資產監督管理局).

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

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VI. FINANCIAL EFFECT OF THE BAREBOAT CHARTERS AND THE FINANCE LEASE ARRANGEMENTS

Bareboat Charters

The aggregate value (unaudited) of the right-of-use assets that will be recognised by the Company in relation to the Four Vessels under the Bareboat Charters after the Vessels' delivery in 2025 will amount to approximately USD140.6 million, which is calculated based on the current incremental borrowing rate, which may differ from that at the point of the Vessels' delivery, being the present value of total consideration payable throughout the lease term under the Bareboat Charters, including the Advance Charter-hire and other related fees and charges.

The right-of-use assets will depreciate on a straight-line basis over the shorter of their estimated useful life and the charter terms. Interest expenses on lease liabilities will be recognised. After the commencement of the Bareboat Charters, the lease liabilities are adjusted by the interest accretion and charter-hire payments.

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.

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.

VII. LISTING RULES IMPLICATIONS

Since the Bareboat Charters were entered into with the Four Owners, which are all wholly owned subsidiaries of CMG, the charter of the Four Vessels under the Bareboat Charters 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 Bareboat Charters, when aggregated, exceeds 25% but is less than 100%, the Bareboat Charters constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since the First Finance Lease Arrangement and the Second Finance Lease Arrangement were entered into with the Fifth Owner and the Sixth Owner, which are both wholly owned subsidiaries of CMG, such Finance Lease Arrangements shall be aggregated pursuant to Rule 14.22 of the Listing Rules.

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As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the First Finance Lease Arrangement and the Second Finance Lease Arrangement, when aggregated, exceeds 25% but is less than 75%, the Finance Lease Arrangements constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since both the Third Finance Lease Arrangement and the Previous Finance Lease Arrangement were entered into with wholly-owned subsidiaries of Bank of Beijing Financial Leasing Co., Ltd., the Third Finance Lease Arrangement shall be aggregated with the Previous Finance Lease Arrangement for the purpose of computing the relevant percentage ratios 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 Third Finance Lease Arrangement, when aggregated with the Previous Finance Lease Arrangement, exceeds 25% but is less than 75%, the Third Finance Lease Arrangement 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 Bareboat Charters and 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 transactions contemplated under the Bareboat Charters and the Finance Lease Arrangements. The Company has obtained irrevocable and unconditional written approvals for the transactions contemplated under the Bareboat Charters and 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.
2. Both Jin Chun Holding Ltd. and Jovial Alliance Limited are directly wholly-owned by Mr. Guo Jinkui.

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Accordingly, in accordance with Rule 14.44 of the Listing Rules, the Shareholders' approval requirement in respect of the transactions contemplated under the Bareboat Charters and the Finance Lease Arrangements has been satisfied in lieu of a Shareholders' general meeting of the Company.

VIII. RECOMMENDATION

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

The Company has obtained irrevocable and unconditional written approvals for the transactions contemplated under the Bareboat Charters and 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 transactions contemplated under the Bareboat Charters and the Finance Lease Arrangements has been satisfied in lieu of a Shareholders' general meeting of the Company.

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

IX. 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 transactions contemplated under the Bareboat Charters and 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 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 BAREBOAT CHARTERS AND THE FINANCE LEASE ARRANGEMENTS

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 Bareboat Charters and the Finance Lease Arrangements” in the letter from the Board contained in this circular, the Board considers that the Bareboat Charters are in line with the ongoing strategy of the Group to expand its controlled vessel fleet by the addition of four heavy-lift multi-purpose vessels, diversifying the Group’s controlled fleet while conserving capital flow. By the addition of the Four Vessels, the Group’s shipping capacity for large equipment will increase, and the Company will be able to better meet market demand for its shipping services for large equipment, generating additional revenue and creating greater value and returns for the Shareholders. Further, 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 acquisition of vessels, including the Fifth Vessel and the Sixth Vessel, 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. 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.

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 of 31 December 2023, there are nine vessels under construction, which will provide additional combined weight carrying capacity of 424,300 dwt. It is expected that four and five vessels will be delivered in 2024 and 2025, 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. Driven by the decline in freight rates for large vessels and weak demand in the dry bulk market, the average daily BDI declined by approximately 49.2% from approximately 2,279 points in the first half of 2022 to approximately 1,157 points for six months ended 30 June 2023. The daily average BDI rebounded sharply and reached 2,671 points in December

2023 (up to 18 December 2023, being the date of the Bareboat Charters and the Finance Lease Arrangements), which is over 85% higher than the daily average BDI for the same period in 2019 before the COVID-19 pandemic, reflecting significant profit potential.

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 the other bulk carriers of the Group currently in operation, which meets the latest environmental regulations and prevailing specification requirements in the shipping industry. The Directors 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 Bareboat Charters and 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 <i>(Note 1)</i>	Percentage of shareholding <i>(Note 1)</i>
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:

- 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 <i>(Note 1)</i>	Percentage of shareholding <i>(Note 1)</i>
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.

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) Bareboat Charters;
- (b) Guarantees in relation to the Bareboat Charters;
- (c) Fifth Bareboat Charter;
- (d) Sixth Bareboat Charter;
- (e) Seventh Bareboat Charter;
- (f) Memorandum of Agreements;
- (g) Guarantees in relation to the Finance Lease Arrangements;
- (h) Fee Letters and the Seventh Fee Letter;
- (i) Pre-delivery Assignments;

- (j) General Assignments;
- (k) Share Securities; and
- (l) Shipbuilding Contracts.

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.