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CSSC (Hong Kong) Shipping Company Limited

中國船舶(香港)航運租賃有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 3877)

MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS OF VESSELS

FINANCE LEASE AGREEMENTS

On 6 June 2023 (after trading hours), Shanghai Jiahang (being a wholly owned SPV of the Company) entered into four Finance Lease Agreements with Hangzhou Three Rivers, pursuant to which, Shanghai Jiahang shall lease the Vessels to Hangzhou Three Rivers for the period of 60 months under which the Group shall receive a total lease payment of RMB74,272,000 (equivalent to approximately HK\$84,389,000).

During the lease period of the Finance Lease Agreements, the ownership of the Vessels will vest in Shanghai Jiahang and Hangzhou Three Rivers will be entitled to occupy and use the Vessels. Upon expiration of the lease period and subject to the fulfilment of all conditions by Hangzhou Three Rivers under the Finance Lease Agreements (including payment of all the lease payments and other payables), Shanghai Jiahang shall transfer the ownership of the Vessels to Hangzhou Three Rivers at a nominal consideration of RMB1.00 (equivalent to approximately HK\$1.14) for each of the Vessels.

ACQUISITIONS OF VESSELS

As part of the finance lease transaction under the Finance Lease Agreements, on 6 June 2023 (after trading hours), Shanghai Jiahang (being a wholly owned SPV of the Company) as purchaser and Wuxi Dongfang as vendor entered into four Shipbuilding Agreements to acquire the Vessels at a total consideration of RMB75,574,000 (equivalent to approximately HK\$85,868,000).

THE LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios in respect of the Finance Lease Agreements are below 5%, the Finance Lease Agreements and the transactions contemplated thereunder do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, China Shipbuilding Group (through CSSC Group) is interested in 4,602,046,234 Shares, accounting for approximately 75% of the issued share capital of the Company. As China Shipbuilding Group, the sole shareholder of CSSC Group, is the indirect shareholder of Wuxi Dongfang, Wuxi Dongfang is a connected person of the Company. Therefore, the Acquisitions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Shipbuilding Agreements and the transactions contemplated thereunder exceed 0.1% but all of them are less than 5% and the Shipbuilding Agreements were made on normal commercial terms, the Shipbuilding Agreements and the transactions contemplated thereunder are subject to reporting and announcement requirements but are exempt from the circular and the Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

As all of the applicable percentage ratios in respect of the Acquisitions are below 5%, the Acquisitions, on a standalone basis, do not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

In addition, as the Group has entered into the May 2022 SPAs, the September 2022 SPAs, the September 2022 Options SPA and the November 2022 SPA with an associate of CSSC Group, the May 2022 Acquisition, the September 2022 Acquisitions, the November 2022 Acquisition and the Acquisitions constitute a series of transactions conducted within a 12-month period and shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in respect of the May 2022 Acquisition, the September 2022 Acquisitions, the November 2022 Acquisition and the Acquisitions on an aggregated basis exceed 25% but are less than 100%, the Acquisitions constitute major transactions of the Company. Given that the Company has complied with the major transaction requirements for the May 2022 Acquisition, the September 2022 Acquisitions and the November 2022 Acquisition and that the Acquisitions would not result in a higher transaction classification under the Listing Rules, therefore, the Acquisitions are only subject to the relevant requirements for connected transaction under the Listing Rules.

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Principal terms of the Shipbuilding Agreements are set out below.

THE SHIPBUILDING AGREEMENTS

Each of the Ship Building Agreements is legally binding, of broadly similar terms and conditions which are described below:

Date

6 June 2023 (after trading hours)

Parties

- (i) Shanghai Jiahang (being a wholly owned SPV of the Company) as purchaser; and
- (ii) Wuxi Dongfang as vendor.

Subject matter

Shanghai Jiahang had agreed to acquire, and Wuxi Dongfang had agreed to sell the Vessels.

The Vessels are four 100-passenger cruise ships.

Consideration

Pursuant to the Shipbuilding Agreements, the consideration of one Vessel is RMB18,893,500 (equivalent to approximately HK\$21,467,000) and the total consideration of the Vessels is RMB75,574,000 (equivalent to approximately HK\$85,868,000) (the “**Consideration**”) and shall be settled in the agreed milestones of the shipbuilding progress of the Vessels:

- (a) a sum equivalent to 30% of the Consideration shall be paid by Shanghai Jiahang to Wuxi Dongfang within five business days after fulfillment of several conditions, including but not limited to the execution of the Shipbuilding Agreement(s) and Finance Lease Agreement(s);
- (b) a sum equivalent to 30% of the Consideration shall be paid by Shanghai Jiahang to Wuxi Dongfang within five business days after the commencement of the hull construction of the Vessels;
- (c) a sum equivalent to 20% of the Consideration shall be paid by Shanghai Jiahang to Wuxi Dongfang within five business days after the launching of the Vessels; and
- (d) a sum equivalent to 20% of the Consideration shall be paid by Shanghai Jiahang to Wuxi Dongfang within five business days after the delivery of the Vessels.

The Consideration has been determined by Shanghai Jiahang and Wuxi Dongfang after arm's length negotiations taking into account the current market values of similar type of Vessels by reference to the publicly available industry reports and recent comparable transactions in the industry, as well as payment terms and delivery dates of the Vessels and was agreed between a willing buyer and a willing seller. The Directors consider that the terms of the Shipbuilding Agreements (including the Consideration) are fair and reasonable, and the Shipbuilding Agreements are in the interest of the Company and the Shareholders as a whole.

The Consideration is expected to be funded by internal resources of the Group.

Delivery time

It is currently expected that the Vessels will be delivered on or before 31 August 2023.

The Shipbuilding Agreements and the Finance Lease Agreements were entered into by the Company during its ordinary and usual course of business. The entering into of the Shipbuilding Agreements and the Finance Lease Agreements would enable the Group to generate stable cashflow and is consistent with the Group's business development strategy.

The Directors (including the independent non-executive Directors) are of the view that the terms under the Shipbuilding Agreements and the Finance Lease Agreements were arrived at after arm's length negotiations between the parties thereto and were on normal commercial terms and in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE AGREEMENTS AND THE SHIPBUILDING AGREEMENTS

Shanghai Jiahang is a company incorporated under the laws of the PRC and a wholly owned SPV of the Company, which is principally engaged in the provision of leasing services.

Hangzhou Three Rivers is a company incorporated under the laws of the PRC and is principally engaged in the planning, development and operation of tourist attractions and eco-cultural tourism in Hangzhou, PRC. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, Hangzhou Three Rivers is wholly owned by Hangzhou Business and Tourism Group Co., Ltd.* (杭州市商貿旅遊集團有限公司), which is ultimately owned by the State-owned Assets Supervision and Administration Commission of the State Council. Therefore, Hangzhou Three Rivers and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons.

Wuxi Dongfang is a company incorporated under the laws of the PRC and is principally engaged in the design and construction of medium and large luxury cruise ships. As at the date of this announcement, Wuxi Dongfang is owned as to approximately (a) 58.00% by Wuxi Dongfang Shipbuilding Research and Development Co., Ltd.* (無錫東方船研發展有限公司), being a subsidiary of China Shipbuilding Group; (b) 16.24% by Wang Xiaochuan* (王小川); (c) 10.00% by Cheng Haigang (程海剛); (d) 7.26% by Guo Dong (郭棟); (e) 6.00% by CSIC Yuanzhou (Beijing) Technology Co., Ltd.* (中船重工遠舟(北京)科技有限公司), being a subsidiary of CSSC Group; and (f) 2.50% by Jing Nanyang Shipbuilding Co., Ltd.* (靖江南洋船舶製造有限公司), which is ultimately owned as to approximately 25.00% by Ke Binghua* (柯炳華), 58.49% by Xu Debing* (徐德兵) and 16.51% by Gu Meilan* (顧美蘭), respectively. As at the date of this announcement, China Shipbuilding Group (through CSSC Group) is interested in 4,602,046,234 Shares, accounting for approximately 75% of the issued share capital of the Company. As China Shipbuilding Group, the sole shareholder of CSSC Group, is the indirect shareholder of Wuxi Dongfang, Wuxi Dongfang is a connected person of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Company is a shipyard-affiliated leasing company and is principally engaged in the provision of leasing services. The Finance Lease Agreements and the Shipbuilding Agreements were entered into by the Group in its ordinary and usual course of business.

The entering into of the Finance Lease Agreements and the Shipbuilding Agreements are conducive to the finance lease business of the Group as they would enable the Group to generate stable cashflow and is in line with the Group's business development strategy.

THE LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios in respect of the Finance Lease Agreements are below 5%, the Finance Lease Agreements and the transactions contemplated thereunder do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

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In addition, as the Group has entered into the May 2022 SPAs, the September 2022 SPAs, the September 2022 Options SPA and the November 2022 SPA with an associate of CSSC Group, the May 2022 Acquisition, the September 2022 Acquisitions the November 2022 Acquisition and the Acquisitions constitute a series of transactions conducted within a 12-month period and shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in respect of the May 2022 Acquisition, the September 2022 Acquisitions, the November 2022 Acquisition and the Acquisitions on an aggregated basis exceed 25% but are less than 100%, the Acquisitions constitute major transactions of the Company. Given that the Company has complied with the major transaction requirements for the May 2022 Acquisition, the September 2022 Acquisitions and the November 2022 Acquisition and that the Acquisitions would not result in a higher transaction classification under the Listing Rules, therefore, the Acquisitions are only subject to the relevant requirements for connected transaction under the Listing Rules.

DEFINITIONS

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

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| “Acquisitions” | the acquisitions of the Vessels |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of directors of the Company |
| “CA Shipping” | CA Shipping Company Limited, the joint venture established by Fortune Vcontainer Carriers and ASL NAVIGATION LIMITED in Hong Kong and is a non-wholly owned subsidiary of the Company |
| “China Shipbuilding Group” | China State Shipbuilding Corporation Limited* (中國船舶集團有限公司), a wholly state-owned limited liability company established under the laws of the PRC, being the sole shareholder of CSSC Group and one of the controlling shareholders of the Company |
| “Company” | CSSC (Hong Kong) Shipping Company Limited (中國船舶(香港)航運租賃有限公司), a company incorporated under the laws of Hong Kong with limited liability on 25 June 2012, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3877) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules |

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| “CSSC Group” | China State Shipbuilding Corporation* (中國船舶工業集團有限公司), a wholly state-owned limited liability company established under the laws of the PRC and one of the controlling shareholders of the Company |
| “Director(s)” | the director(s) of the Company |
| “Finance Lease Agreements” | finance lease agreements in respect of the Vessels entered into between Shanghai Jiahang and Hangzhou Three Rivers on 6 June 2023 |
| “Group” | the Company and its subsidiaries |
| “Hangzhou Three Rivers” | Hangzhou Three Rivers Two Banks Tourism Operation Co., Ltd.* (杭州三江兩岸旅遊運營有限公司), a company established under the laws of the PRC |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Huangpu Wenchong Shipbuilding” | CSSC Huangpu Wenchong Shipbuilding Company Limited* (中船黃埔文沖船舶有限公司), a company established under the laws of the PRC and a subsidiary of CSSC Group |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| “May 2022 Acquisition” | the acquisition of four 1,100 TEU high-quality feeder container ships under the May 2022 SPAs |

“May 2022 SPAs”

collectively, (i) the two novation agreements dated 27 May 2022 entered into among ASL Shipping, Limited, CA Shipping and Wuchang Shipbuilding Industry Group Co., Ltd.* (武昌船舶重工集團有限公司) for the transfer of rights and obligations of ASL Shipping, Limited regarding two 1,100 TEU container vessels under the initial shipbuilding contracts to CA Shipping, and (ii) two shipbuilding agreements dated 27 May 2022 as supplemented by addendum dated 13 June 2022 entered into between CA Shipping or its nominee as purchaser and Wuchang Shipbuilding Industry Group Co., Ltd.* (武昌船舶重工集團有限公司) as seller for the acquisition of two 1,100 TEU container vessels. For further details, please refer to the circular of the Company dated 16 June 2022

“November 2022 Acquisition”

the acquisition of a 1,600 tons wind turbine installation vessel bearing the builder’s hull number 22110018 under the November 2022 SPA

“November 2022 SPA”

the agreement dated 6 January 2022 entered into among (a) CSSC Finance Leasing (Shanghai) Co., Ltd.* (中船融資租賃(上海)有限公司)(a subsidiary of the Company), CSSC Finance Leasing (Tianjin) Co., Ltd.* (中船融資租賃(天津)有限公司)(a subsidiary of the Company), CSSC Finance Leasing (Guangzhou) Co., Ltd.* (中船融資租賃(廣州)有限公司)(a subsidiary of the Company) and CGN International Financial Leasing Co., Ltd.* (中廣核國際融資租賃有限公司) as purchasers; (b) Guangzhou Shipyard International Company Limited* (廣船國際有限公司) (a subsidiary of CSSC Group) as vendor; and (c) Summer Bihai (Guangzhou) Offshore Wind Power Co., Ltd.* (夏天碧海(廣州)海上風電有限公司) as lessee in respect of the acquisition of a 1,600 tons wind turbine installation vessel bearing the builder’s hull number 22110018. For further details, please refer to the announcement of the Company dated 23 November 2022

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| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “September 2022 Acquisitions” | the acquisition of four 1,600 TEU container vessels bearing the builder’s hull numbers H2483, H2484, H2485, and H2486 under the September 2022 SPAs and four 1,600 TEU container vessels under the September 2022 Options SPA |
| “September 2022 Options SPA” | the agreement entered into between CA Shipping as purchaser and Huangpu Wenchong Shipbuilding as vendor on 1 August 2022 in respect of the acquisition of four options to acquire four 1,600 TEU container vessels |
| “September 2022 SPAs” | the agreements entered into between CA Shipping or its nominee as purchaser and Huangpu Wenchong Shipbuilding as vendor on 1 August 2022 in respect of the September 2022 Acquisitions. For further details, please refer to the circular of the Company dated 9 September 2022 |
| “Shanghai Jiahang” | Shanghai Jiahang Ship Leasing Co., Ltd.* (上海佳杭船舶租賃有限公司), a company established under the laws of the PRC and is a wholly owned SPV of the Company |
| “Share(s)” | ordinary share(s) in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Shipbuilding Agreements” | agreements entered into between Shanghai Jiahang as purchaser and Wuxi Dongfang as vendor on 6 June 2023 in respect of the Acquisitions |
| “SPV” | special purpose vehicle |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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| “TEU” | twenty-foot equivalent unit, which is a standard of measurement used in container transport for describing the capacity of container vessels |
| “Vessels” | four 100-passenger cruise ships bearing the builder’s hull numbers QZ50-3-1, QZ50-3-2, QZ50-3-3 and QZ50-3-4, and unless otherwise stated, a “Vessel” means any of them |
| “Wuxi Dongfang” | Wuxi Dongfang Ship Research High Performance Ship Engineering Co., Ltd.* (無錫東方船研高性能船艇工程有限公司), a company established under the laws of the PRC |
| “%” | per cent. |

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB\$1.00 to HK\$1.14. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

* *For identification purposes only. The English names are only translations of the official Chinese names. In case of inconsistency, the Chinese names prevail.*

By order of the Board
CSSC (Hong Kong) Shipping Company Limited
Zhong Jian
Chairman

Hong Kong, 6 June 2023

As at the date of this announcement, the Board comprises Mr. Zhong Jian as executive Director, Ms. Zhang Yi, Mr. Zhang Qipeng and Mr. Chi Benbin as non-executive Directors, and Mdm. Shing Mo Han Yvonne, Mr. Li Hongji and Mr. Wang Dennis as independent non-executive Directors.