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CSSC (Hong Kong) Shipping Company Limited

中國船舶集團(香港)航運租賃有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 3877)

**DISCLOSEABLE TRANSACTIONS
IN RELATION TO
THE SALE AND LEASEBACK OF TWO VESSELS**

The Board is pleased to announce that, on 20 May 2024, Fortune CSASP I and Fortune CSASP II, being the Company's wholly-owned SPVs, have entered into the Memorandums of Agreement and the Bareboat Charters with, among others, the Charterer, pursuant to which Fortune CSASP I and Fortune CSASP II have agreed to (i) purchase the Vessels from the Charterer at the Consideration; and (ii) lease back the Vessels to the Charterer at a total estimated charterhire to be payable by the Charterer of approximately USD128,738,000 (including estimated lease interest of approximately USD55,354,000).

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transactions contemplated under the Memorandums of Agreement and the Bareboat Charters is more than 5% but less than 25%, the transactions contemplated under the Memorandums of Agreement and the Bareboat Charters constitute discloseable transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules but are exempt from the shareholders' approval requirement.

1. INTRODUCTION

The Board is pleased to announce that, on 20 May 2024, Fortune CSASP I and Fortune CSASP II, being the Company's wholly-owned SPVs, have entered into the Memorandums of Agreement and the Bareboat Charters with, among others, the Charterer, pursuant to which Fortune CSASP I and Fortune CSASP II have agreed to (i) purchase the Vessels from the Charterer at the Consideration; and (ii) lease back the Vessels to the Charterer at a total estimated charterhire to be payable by the Charterer of approximately USD128,738,000 (including estimated lease interest of approximately USD55,354,000).

2. DETAILS OF THE MEMORANDUMS OF AGREEMENT AND THE BAREBOAT CHARTERS

Date

20 May 2024

Parties

Buyers/Owners Fortune CSASP I and Fortune CSASP II, being the Company's wholly-owned SPVs

Seller/Charterer Asia Pacific Shipping Company, a limited liability company incorporated under the laws of The Socialist Republic of Vietnam and a marine transportation services provider, which is ultimately owned by Ms. Nguyen Quynh Anh

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Charterer and its ultimate beneficial owner are Independent Third Parties.

Subject Matter

The Charterer has agreed to sell the Vessels to Fortune CSASP I and Fortune CSASP II at the Consideration, which is expected to be settled with the internal funds of Fortune CSASP I and Fortune CSASP II as well as bank borrowings. At the same time, Fortune CSASP I and Fortune CSASP II have agreed to lease back the Vessels to the Charterer at a total estimated charterhire to be payable by the Charterer of approximately USD128,738,000 (including estimated lease interest of approximately USD55,354,000). Upon expiration of the Charter Period, the Charterer is obliged to purchase the Vessels from Fortune CSASP I and Fortune CSASP II at a consideration as agreed by the parties under the Bareboat Charters.

Vessels

The Vessels are two product tankers, and are of an aggregate value of USD131,720,000, which is equivalent to the aggregate shipbuilding price of the Vessels pursuant to the relevant shipbuilding contracts.

One of the Vessels is expected to be delivered in September 2026 while the other one is expected to be delivered by December 2026.

Charter Period

The Charter Period shall be a period of 120 months commencing from the respective Delivery Dates.

Charterhire and Interest

Pursuant to the Bareboat Charters, Fortune CSASP I and Fortune CSASP II have agreed to lease back the Vessels to the Charterer at a total estimated charterhire to be payable by the Charterer of approximately USD128,738,000 (including estimated lease interest of approximately USD55,354,000), which shall be payable by the Charterer in 120 installments.

The terms of the Memorandums of Agreement and the Bareboat Charters (including the purchase price of the Vessels, the charterhire, the charterhire interest and other expenses thereunder) were determined after arm's length negotiation between the Charterer and Fortune CSASP I and Fortune CSASP II, with reference to (i) the aggregate shipbuilding price of the Vessels pursuant to the relevant shipbuilding contracts; and (ii) the prevailing market price of comparable financial leasing services in the industry.

It is intended that the beneficial owner of the Charterer will enter into guarantee(s) as guarantor in favor of Fortune CSASP I and Fortune CSASP II, pursuant to which the beneficial owner of the Charterer will irrevocably and unconditionally guarantee, among others, the punctual payment and performance by the Charterer of the charterhire.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE MEMORANDUMS OF AGREEMENT AND THE BAREBOAT CHARTERS

The Memorandums of Agreement and the Bareboat Charters were entered into by Fortune CSASP I and Fortune CSASP II in their ordinary course of business. The Directors believe that entering into the Memorandums of Agreement and the Bareboat Charters will strengthen the Group's leasing business and is consistent with the Group's overall business development strategies.

The Directors are of the view that the terms of the Memorandums of Agreement and the Bareboat Charters are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

4. INFORMATION OF PARTIES

Information of the Company

The Company is a shipyard-affiliated leasing company and is principally engaged in the provision of leasing services.

Information of Fortune CSASP I and Fortune CSASP II

Fortune CSASP I and Fortune CSASP II are companies incorporated under the laws of Hong Kong, and are wholly-owned SPVs of the Company principally engaged in ship leasing business.

Information of the Charterer

Asia Pacific Shipping Company is a limited liability company incorporated under the laws of The Socialist Republic of Vietnam and a marine transportation services provider and is ultimately owned by Ms. Nguyen Quynh Anh, an Independent Third Party.

5. LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transactions contemplated under the Memorandums of Agreement and the Bareboat Charters is more than 5% but less than 25%, the transactions contemplated under the Memorandums of Agreement and the Bareboat Charters constitute discloseable transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules but are exempt from the shareholders' approval requirement.

6. DEFINITIONS

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

“Bareboat Charters”	the bareboat charters entered into by and among, each of Fortune CSASP I and Fortune CSASP II and the Charterer on 20 May 2024 with respect to the Vessels
“Board”	the board of Directors
“Charter Period”	a period of 120 months commencing from the respective Delivery Dates
“Charterer”	Asia Pacific Shipping Company, a limited liability company incorporated under the laws of The Socialist Republic of Vietnam

“Company”	CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(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)
“Consideration”	USD105,280,000, subject to any adjustment pursuant to the terms and conditions of the shipbuilding contracts in relation to the Vessels
“Delivery Dates”	the dates on which Fortune CSASP I and Fortune CSASP II obtain title to the Vessels under the Memorandums of Agreement and the dates of the delivery of the Vessels by the respective Owners to the Charterer under the respective Bareboat Charters
“Director(s)”	the director(s) of the Company
“Fortune CSASP I”	Fortune CSASP I Shipping Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned SPV of the Company
“Fortune CSASP II”	Fortune CSASP II Shipping Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned SPV of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any entity or person who, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person of the Company within the meaning under the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Memorandums of Agreement”	the memorandums of agreement entered into between each of Fortune CSASP I and Fortune CSASP II and the Charterer on 20 May 2024 with respect to the Vessels
“Owners”	Fortune CSASP I and Fortune CSASP II, being the Company’s wholly-owned SPVs
“SPV(s)”	special purpose vehicle(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States Dollars, the lawful currency of the United States of America
“Vessels”	two product tankers
“%”	per cent

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

Hong Kong, 20 May 2024

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.