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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 AND CONNECTED TRANSACTIONS IN RELATION TO THE CONSTRUCTION OF VESSELS

BACKGROUND

On 16 July 2025 (after trading hours), Fortune Propulsion and Fortune Prosperity (both being indirect wholly owned SPVs of the Company) as Buyers and Beihai Shipbuilding and China Shipbuilding Trading as Builders entered into two Shipbuilding Agreements on substantially the same terms for the construction of two Vessels at a consideration of RMB528,000,000 (equivalent to approximately HK$575,520,000) for each Vessel and for an aggregate consideration of RMB1,056,000,000 (equivalent to approximately HK$1,151,040,000).

THE LISTING RULES IMPLICATIONS

As at the date of this announcement, China Shipbuilding Group (through CSSC Group) is interested in 4,602,046,234 Shares, accounting for approximately 74.24% of the issued share capital of the Company. As China Shipbuilding Group, the sole shareholder of CSSC Group which indirectly controls Beihai Shipbuilding and wholly owns China Shipbuilding Trading, Beihai Shipbuilding and China Shipbuilding Trading (being the Builders) are connected persons of the Company. Therefore, the transactions contemplated under the Shipbuilding Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the transactions contemplated under the Shipbuilding Agreements exceed 5% but are less than 25%, these transactions constitute discloseable transactions of the Company which are subject to notification and announcement requirements under Chapter 14 of the Listing Rules. Further, these transactions also constitute connected transactions of the Company and are therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened by the Company to, among other things, consider and, if thought fit, approve the Shipbuilding Agreements and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Shipbuilding Agreements and the transactions contemplated thereunder. The Company has appointed Somerley Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details in relation to the transactions contemplated under the Shipbuilding Agreements, (ii) the recommendation of the Independent Board Committee in relation to the Shipbuilding Agreements and the transactions contemplated thereunder, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Shipbuilding Agreements and the transactions contemplated thereunder; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 29 August 2025 as additional time is required for the Company to prepare the relevant information for inclusion in the circular.

BACKGROUND

On 16 July 2025 (after trading hours), Fortune Propulsion and Fortune Prosperity (both being indirect wholly owned SPVs of the Company) as Buyers and Beihai Shipbuilding and China Shipbuilding Trading as Builders entered into two Shipbuilding Agreements on substantially the same terms for the construction of two Vessels at a consideration of RMB528,000,000 (equivalent to approximately HK$575,520,000) for each Vessel and for an aggregate consideration of RMB1,056,000,000 (equivalent to approximately HK$1,151,040,000). The Shipbuilding Agreements will be effective subject to, among others, the approval of the Independent Shareholders at the EGM.

CONTRACT TERMS

The consideration of each Vessel was determined by the Buyers and the Builders 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 terms of the Shipbuilding Agreements (including the consideration for each of the Vessel) were determined on an arm's length basis and on normal commercial terms.

The Buyers shall pay the transaction consideration of RMB528,000,000 for each Vessel in five instalments based on progress intervals on the construction of each Vessel.

The Vessels are expected to be delivered on or before 31 December 2027 and 31 March 2028 respectively, subject to the arrangements of delay in delivery as agreed in the Shipbuilding Agreements (in case of delay in delivery, the Builders shall deduct the liquidated damages from the consideration of the Shipbuilding Agreements, and the maximum liquidated damages payable to the Buyers in such situation shall be RMB19.98 million for each Vessel).

In the event that any of the Shipbuilding Agreements is revoked or terminated by the Buyers in accordance with the specific terms thereof, the Builders shall refund to the Buyers in RMB the full amount already paid by the Buyers to the Builders, together with interests incurred thereof.

SOURCE OF FUNDS

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

INFORMATION OF THE PARTIES TO THE SHIPBUILDING AGREEMENTS

The Buyers

Fortune Propulsion and Fortune Prosperity are companies incorporated under the laws of Hong Kong with limited liability. The Buyers are both indirect wholly owned SPVs of the Company and are principally engaged in the provision of leasing services.

The Builders

Each of Beihai Shipbuilding and China Shipbuilding Trading is a company established under the laws of the PRC and is principally engaged in the shipbuilding business. As at the date of this announcement, (i) Beihai Shipbuilding is owned as to 97.59% by China Shipbuilding Industry Company Limited(中國船舶重工股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 601989) and is indirectly controlled by China Shipbuilding Group; and (ii) China Shipbuilding Trading is wholly owned by China Shipbuilding Group.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE SHIPBUILDING AGREEMENTS

The Company is a shipyard-affiliated leasing company and is principally engaged in the provision of leasing services. The Board is continuously seeking to optimise the quality of the fleets of the Group and adjust the Group's fleet profile as appropriate. The Company believes that the Shipbuilding Agreements and the transactions contemplated thereunder will enable the Group to optimise the fleet profile through ongoing asset portfolio management, which is in line with the Group's business development strategy.

The Company is of the view that the terms under the Shipbuilding 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.

THE LISTING RULES IMPLICATIONS

As at the date of this announcement, China Shipbuilding Group (through CSSC Group) is interested in 4,602,046,234 Shares, accounting for approximately 74.24% of the issued share capital of the Company. As China Shipbuilding Group, the sole shareholder of CSSC Group which indirectly controls Beihai Shipbuilding and wholly owns China Shipbuilding Trading, Beihai Shipbuilding and China Shipbuilding Trading (being the Builders) are connected persons of the Company. Therefore, the transactions contemplated under the Shipbuilding Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the transactions contemplated under the Shipbuilding Agreements exceed 5% but are less than 25%, these transactions constitute discloseable transactions of the Company which are subject to notification and announcement requirements under Chapter 14 of the Listing Rules. Further, these transactions also constitute connected transactions of the Company and are therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Since China Shipbuilding Group, the sole shareholder of CSSC Group, is the indirect shareholder of Beihai Shipbuilding and China Shipbuilding Trading (being the Builders) as at the date of this announcement, China Shipbuilding Group and its associates will be required to abstain from voting on the resolutions in relation to the Shipbuilding Agreements and the transactions contemplated thereunder to be proposed at the EGM.

Save for Mr. Li Hongtao (a director of CSSC International Holding Company Limited, a controlling shareholder of the Company and a subsidiary of China Shipbuilding Group) as the executive Director and Mr. Zhang Qipeng (the deputy general manager, general legal counsel and head of legal department of Shanghai Waigaoqiao Shipbuilding Co., Ltd.*(上海外高橋造船有限公司), an indirect subsidiary of China Shipbuilding Group) and Mr. Chi Benbin (the deputy general manager of Hudong Zhonghua Shipbuilding (Group) Co., Ltd.*(滬東中華造船(集團)有限公司), a subsidiary of China Shipbuilding Group) as the non-executive Directors who are considered to be interested in the Shipbuilding Agreements, none of the Directors has abstained from voting at the Board meeting to approve the Shipbuilding Agreements and the transactions contemplated thereunder.

The EGM will be convened by the Company to, among other things, consider and, if thought fit, approve the Shipbuilding Agreements and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Shipbuilding Agreements and the transactions contemplated thereunder. The Company has appointed Somerley Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details in relation to the transactions contemplated under the Shipbuilding Agreements, (ii) the recommendation of the Independent Board Committee in relation to the Shipbuilding Agreements and the transactions contemplated thereunder, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Shipbuilding Agreements and the transactions contemplated thereunder; and (iv) a notice of the EGM required under the Listing Rules, is expected to be despatched to the Shareholders on or before 29 August 2025 as additional time is required for the Company to prepare the relevant information for inclusion in the circular.

DEFINITIONS

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Beihai Shipbuilding"	CSSC Qingdao Beihai Shipbuilding Company Limited* (中國船舶集團青島北海造船有限公司), a company established under the laws of the PRC and indirectly controlled by China Shipbuilding Group
"Board"	the board of directors of the Company
"Builders"	Beihai Shipbuilding and China Shipbuilding Trading
"Buyers"	Fortune Propulsion and Fortune Prosperity
"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
"China Shipbuilding Trading"	China Shipbuilding Trading Company Limited* (中國船舶工業貿易有限公司), a company established under the laws of the PRC and a wholly owned subsidiary of China Shipbuilding Group
"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)

"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
"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
"EGM"	an extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, approve the Shipbuilding Agreements and the transactions contemplated thereunder
"Fortune Propulsion"	Fortune Propulsion Shipping Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly owned SPV of the Company
"Fortune Prosperity"	Fortune Prosperity Shipping Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly owned SPV of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	the independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the Shipbuilding Agreements and the transactions contemplated thereunder
"Independent Financial Adviser"	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong) and independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Shipbuilding Agreements and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders who do not have a material interest in the Shipbuilding Agreements and the transactions contemplated thereunder
"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
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"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 the Buyers and the Builders on 16 July 2025 in respect of the construction of the Vessels

"SPV"	special purpose vehicle
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States Dollars, the lawful currency of the United States
"Vessels"	two 210,400 deadweight bulk carriers to be acquired by the Group pursuant to the Shipbuilding Agreements, and unless otherwise stated, a "Vessel" means any of them
"%"	per cent

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK$ at the rate of RMB1 to HK$1.09 and amounts quoted in US$ have been converted into RMB at the rate of US$1 to RMB7.18. Such exchange rates have been used, where applicable, for the purpose of illustration only and do 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
Li Hongtao
Chairman

Hong Kong, 16 July 2025

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