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中船海洋与防务装备股份有限公司
CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED

(A joint stock limited liability company incorporated in the People's Republic of China)

(H Shares Stock Code: 00317)

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION 2026 FRAMEWORK AGREEMENT

As the 2025 Framework Agreement which governs the Continuing Connected Transactions between the Group and CSSC Group for the period from 1 January 2025 to 31 December 2025 will be completed on 31 December 2025, the Company and CSSC have entered into the 2026 Framework Agreement to continue and to govern the Continuing Connected Transactions between the Group and CSSC Group for the period from 1 January 2026 to 31 December 2026.

The entering into and the implementation of the 2026 Framework Agreement and the Continuing Connected Transactions (together with the Proposed Annual Caps) contemplated thereunder is conditional upon the approval by Independent Shareholders at the EGM.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, CSSC is an indirect controlling shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2026 Framework Agreement constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules for the Proposed Annual Caps of the Continuing Connected Transactions (save for the guarantee services provided by CSSC and its member entities to the Group) under the 2026 Framework Agreement exceed 5% on annual basis, the Continuing Connected Transactions (save for the guarantee services provided by CSSC and its member entities to the Group) contemplated under the 2026 Framework Agreement constitute non-exempt continuing connected transactions of the Company that are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The provision of guarantee services by CSSC Group to the Group pursuant to the 2026 Framework Agreement constitutes financial assistance received by the Group from a connected person. As (i) the provision of guarantee services is to be provided to the Group on normal commercial terms that are comparable to or more favourable than those offered by Independent

Third Parties for similar services in the PRC; and (ii) no security over the assets of the Group is granted in respect of such guarantee services, according to Rule 14A.90 of the Hong Kong Listing Rules, the provision of the guarantee services by CSSC Group to the Group under the 2026 Framework Agreement is exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules for each of the provision of shipping products, electrical and mechanical engineering equipment, and metallic supplies by the Group to CSSC Group as well as the provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies by CSSC Group to the Group under the 2026 Framework Agreement exceed 25% but all are less than 100%, each of the provision of shipping products, electrical and mechanical engineering equipment, and metallic supplies by the Group to CSSC Group as well as the provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies by CSSC Group to the Group under the 2026 Framework Agreement also constitutes a non-exempt connected transaction and a major transaction of the Company, and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules as well as the relevant major transaction requirements under Chapter 14 of the Hong Kong Listing Rules.

GENERAL INFORMATION

The Company will convene the EGM to seek, among others, prior approval from the Independent Shareholders for entering into the 2026 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps. A circular containing, among others, (i) details of the 2026 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be posted on the website of Hong Kong Stock Exchange at www.hkexnews.hk, the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Company at comec.cssc.net.cn on or before 12 December 2025 and dispatched to the Shareholders who have indicated their wish to receive a printed copy as additional time is required to compile the data and prepare the circular. Pursuant to the Hong Kong Listing Rules, China Shipbuilding Group and CSSC International Holding Company Limited will abstain from voting in relation to the resolutions to be put forward at the EGM. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders.

Shareholders and potential investors may refer to the circular to be despatched by the Company for more details.

I. BACKGROUND

References are made to the announcement of the Company dated 27 September 2024 and the circular of the Company dated 12 November 2024 in relation to, among others, the 2025 Framework Agreement.

As the 2025 Framework Agreement governing the continuing connected transactions between the Group and CSSC Group for the period from 1 January 2025 to 31 December 2025 will be completed on 31 December 2025, the Company and CSSC have entered into the 2026 Framework Agreement to continue and govern the Continuing Connected Transactions between the Group and CSSC Group for the period from 1 January 2026 to 31 December 2026.

The Directors (excluding the Directors who are required to abstain from voting on the relevant Board resolution in relation to the 2026 Framework Agreement and the independent non-executive Directors, the views of whom will be included in the letter from the Independent Board Committee to the Shareholders) are of the view that the 2026 Framework Agreement were entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms (on arm's length basis or on terms no less favourable to the Company than terms available from Independent Third Parties); and (iii) on terms (including the Proposed Annual Caps) that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The entering into and the implementation of the 2026 Framework Agreement and the Continuing Connected Transactions (together with the Proposed Annual Caps) contemplated thereunder is conditional upon the approval by Independent Shareholders at the EGM. In any event, pending approval by the Independent Shareholders at the EGM, the Company shall continue to comply with the terms of the 2025 Framework Agreement and the continuing connected transactions contemplated thereunder (together with the relevant annual caps).

II. 2026 FRAMEWORK AGREEMENT

The 2025 Framework Agreement which governs the continuing connected transactions between the Group and CSSC Group for the period from 1 January 2025 to 31 December 2025 will be completed on 31 December 2025. To continue the continued transactions contemplated under the 2025 Framework Agreement, on 30 October 2025, the Company and CSSC entered into the 2026 Framework Agreement to continue and to govern the Continuing Connected Transactions between the Group and CSSC Group for the period from 1 January 2026 to 31 December 2026.

Principal Terms of the 2026 Framework Agreement

Scope:	**The products and services to be provided by the Group to CSSC Group:**

(a) Provision of shipping products, electrical and mechanical engineering equipment, and metallic supplies, mainly shipping products and complete sets of supporting equipment, steel materials, non-ferrous metals and other materials for ship, environmental protection and heavy equipment, as well as some marine electrical equipment. CSSC Group has the need to purchase shipping products, complete sets or ancillary equipment while the Group has the capability of designing and manufacturing such products and could provide such products to CSSC Group; or during the production process, in case of insufficient orders for equipment and ancillary parts, supplier delays in delivery, or urgent temporary needs, CSSC Group may require the Group to provide materials and equipment from its inventories on an emergency basis. This includes the temporary provision of ancillary parts by the Group to assist CSSC Group in completing the production plan, the sale of waste materials by the Group to logistics companies of CSSC Group, and the sale of obsolete fixed assets by the Group to subsidiaries of CSSC Group; and

(b) Leasing, labour supply and technical services:

(i) Leasing: This mainly involves the provision of production sites or staff quarters leasing service by the Group to CSSC Group;

(ii) Labour supply: This primarily involves the provision of training, shipbuilding and repair services, and workforce lease. The Group can provide CSSC Group with skills training and assessment, professional technical labour services related to the principal businesses of the Company, as well as provide labour leasing and labour service project contracting in the event of short-term surplus of labour;

(iii) Technical services: These mainly involve technical services such as product installation, usage, maintenance and repair provided by the Group to CSSC Group, and provision of environmental protection services such as shipping products and

other engineering design, scientific research projects and professional services, self-produced software and relevant technical services.

Products and services to be provided by CSSC Group to the Group:

(c) Provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies etc., mainly providing materials, ancillary parts, machinery production equipment, tools and related logistics and distribution services required for the production of complete sets or ancillary equipment for ships, environmental protection and heavy equipment. Such supplies and distribution services are essential to the daily production and operation of the Group, and CSSC Group can provide such materials, supplies, equipment and related services. The Group has joined the centralized procurement plan of organised by CS Materials, a member unit of CSSC Group, and CS Materials shall provide major materials, supplies, equipment and related logistics and distribution services to reduce procurement costs and resist risks in the ship market. In addition, due to the temporary impact of production capacity or delivery time, the Group is required to purchase complete sets or ancillary equipment and parts from CSSC Group, or during the production process, in case of temporary production capacity constraints or delivery schedule impacts, or insufficient orders for production materials, supplier delays in delivery, or urgent temporary needs, the member of CSSC Group shall provide such materials from its inventories; and when the Group needs to invest in fixed assets for production and operation, including the purchase of production equipment and construction of production base projects, CSSC Group can provide the Group with the required production equipment as well as products and services related to infrastructure projects such as general contracting management of engineering construction, equipment manufacturing, design, exploration and audit consulting.

(d) Leasing, labour supply and technical services, among which:

(i) Leasing: This mainly refers to the expansion of the Group's business scope by leasing the production sites, equipment and facilities of CSSC Group and using utilities such as water and electricity to meet the needs of business development;

(ii) Labour supply: This mainly refers to the provision of outsourcing for ship segments (or steel structure components) and comprehensive services, lease of labour, etc. Among them, (a) outsourcing of ship segments (or steel structure components) refers to the Group outsourcing of ship segments (or steel structure components) to CSSC Group for building in order to keep up with the production plan, in the event that the Group is constrained by limited production resources (such as sites, equipment or manpower); (b) lease of labour, which refers to the secondment of labour and labour engineering contracting to CSSC Group during the peak production period of the Group; (c) comprehensive services, which represent services provided by CSSC Group to the Group, such as advertising, exhibitions, medical, catering, conferences, nursery, training, property management and water and electricity resale;

(iii) Technical services: These mainly refer to the provision of design, scientific research project services, supporting software and related technical services for shipbuilding products or other projects, including in the event that the Group's production is constrained by design capability and time after receiving an order, CSSC Group will provide such services in order to keep up with the production plan; the Group shall cooperate with the member units of CSSC Group in research and development of new products and processes.

Guarantee services to be provided by CSSC Group to the Group:

(e) Guarantee services mean that when the Group accepts orders or borrows funds from banks, it may need a guarantor according to the regulations, and CSSC Group can provide guarantees for such business.

Sales agency services to be provided by CSSC Group to the Group:

(f) Sales agency services (or commission), due to the reputation of CSSC Group in the international shipping market and its long-term relationship with shipowners, which enables the Group to rely on the assistance of CSSC Group in addition to its own external operations.

Items (a) to (f) are collectively referred to as the "Continuing Connected Transactions", and each a "Continuing Connected Transaction".

Pricing:

The Continuing Connected Transactions are to be entered into in the ordinary and usual course of business of the Group and on normal commercial terms and on arm's length basis (and if is no or not sufficient comparable transactions to assess whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties) on the basis that shall be fair and reasonable so far as the Shareholders are concerned. Both parties shall enter into agreements for such transactions and the basis of pricing shall be specified in the agreements.

In respect of (a) above: for the provision of shipping products, electrical and mechanical engineering equipment, and metallic supplies by the Group to CSSC Group, the pricing will be based on market price. The Group will determine the market price after taking into account of the following factors and after arm's length negotiation: (i) research on the prices of similar products on the market, including drawing reference from the public data of institutions such as the China Association of the National Shipbuilding Industry (http://www.cansi.org.cn) and commissioning the China Shipbuilding Corporation Economic Research Center to collate industry price data and compile the research reports; and (ii) reference to the historical prices of similar products.

In respect of (b) above: for the provision of leasing, labour supply and technical services by the Group to CSSC Group, the pricing will be no less favourable than that offered to independent third parties. The rental of the lease shall be based on market price obtained after market research of the Group with reference to the depreciation cost and amortization of assets and other expenses and after arm's length negotiation; the salary for labour supply is based on market price obtained after market research of the Group with reference to the average salary levels published by the Guangzhou Statistic Bureau and after arm's length negotiation; the pricing of the technical service is based on the existing market standards of the shipping industry, the complexity of the work involved and specifications for the work and after arm's length negotiation.

In terms of existing market standard for pricing of technical service, the Group will form a market quotation based on the costs it has incurred pertaining to areas such as labour, design software maintenance and management, coupled with the complexity of the work involved. Labour costs will be calculated referencing the salary level of technical service providers in the market. At the same time, the Group will refer to the historical price of technical service fees and consider factors such as technical complexity and workload, and accordingly negotiate with the technical service provider on a fair basis.

In respect of (c) above: for the provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies etc. by CSSC Group to the Group,

(i) The supply of electrical and mechanical engineering equipment, materials and supplies etc. will be based on market prices and not higher than those offered by Independent Third Parties. The market price is based on the market research of the Group on the prices of similar products with reference to public data of third party websites and determined according to the production specifications and after arm's length negotiation;

(ii) For ancillary parts for ships, iron outfittings etc., as the unit price is low, sporadic and complicated, and often in urgent needs, the ordering time is relatively short, the unit price is negotiated once a year through costing and the Group's supplies department shall negotiate the ordering price with the supplier accordingly taking into account the market price of raw materials with reference to public data of third party websites and specification of the supplies required for the Group's production. The Group will obtain one or more quotations from Independent Third Parties. If the price of raw materials in the market changes significantly, the Group will make appropriate adjustments in accordance with the changes in the market;

(iii) For equipment for ships, if there is a member of CSSC Group in the list of manufacturers for marine equipment, the member will participate in the competition between two or more manufacturers in the list of manufacturers comprising at least one Independent Third Party and the manufacturers under CSSC Group, and the Group's supplies department shall negotiate the price in accordance with the normal practice, and the Group will determine the price according to the market price, but will also take into account factors such as the supply cycle, the quality of the manufacturer and the standard of services to select the manufacturer, but the prices are no less favourable than the conditions offered by Independent Third Party suppliers. If two or more competitors from CSSC Group are among the competitors, the pricing will be determined after arm's length negotiation with reference to historical transaction prices; if there is only one supplier from CSSC Group for particular equipment (such as a specialized equipment where CSSC Group has the proprietary ownership and/or right to exploit them) due to limitations in technical specifications or supply conditions and as a result, there will be only one associated supplier for a particular piece of equipment, the pricing will be negotiated by the Group with the supplier according to the recent contract price of the equipment (with reference to its historical transaction price) or the unit price converted from certain technical

data, and taking into account the specific circumstance including the market price of raw materials, to ensure that such price is fair and reasonable; and

(iv) For the supplies and related logistics and distribution services procured centrally by CSSC Group, considering the low unit price and/or the short order time, the prices will be determined between CSSC Group and the Group annually based on actual costs taking into account the market price of such materials or services (including the market price quoted based on the public data from third party websites) and the specification of the production needs of the Group and after arm's length negotiation. The prices will not be less favourable than the conditions offered by Independent Third Party suppliers.

In respect of (d) above: for the provision of leasing, labour and technical services by CSSC Group to the Group,

(i) Pricing of leases for production sites or dormitories provided by CSSC Group to the Group. The lease prices are based on the market price or cost plus 10% management fee, and the market price is determined with reference to the property rent in the vicinity of the leased properties. The basis of the annual caps is the aggregate of annual depreciation expense and interest expenses calculated on the basis of the total value of the right-of-use assets recognized by the Group and the tax payable on the leased production bases and the dormitories.

In terms of the determination of the rental of the lease, the Group recognises right-of-use assets and lease liabilities (except for short-term leases and leases of low-value assets) on the commencement date of the lease term for newly associated leases in accordance with the Accounting Standards for Business Enterprises No. 21 – Leases and uses the total amount of the right-of-use assets recognised to determine the annual caps of annual lease-related associated transactions.

Right-of-use assets (the right to use the underlying assets in the lease term for a lessee) are initially measured at cost. The cost includes:

(i) The amount of the initial measurement of the lease liabilities (lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date of the lease term);

(ii) The amount of lease payments made on or before the commencement date of the lease term, less lease incentives received, if any;

(iii) The initial direct costs incurred by the lessee; and

(iv) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Accordingly, the annual cap for the leasing is determined based on the total amount of the right-of-use assets recognised on the commencement date of the lease, and the lease consideration (i.e., lease payments to be made), which constitutes the cost of the right-of-use assets, is determined based on the market price or cost plus 10% management fee, among which: the market price is determined with reference to the property rentals in the vicinity of the leased properties; and the cost is determined on the basis of depreciation cost and amortization of assets and other expenses;

(ii) Pricing of the provision of labour and technical services. Labour services are provided at the market prices, which are determined after arm's length negotiation based on the prices of labour services procured from the Independent Third Parties, the required skill specifications, the availability of labour and the average salary level published by the Guangzhou Statistics Bureau, and the prices of the comprehensive services are no less favourable than the conditions offered by the Independent Third Parties; and

(iii) Technical services: at market price, which is determined after arm's length negotiation with reference to the skill sets required by the prevailing market standards in the shipbuilding industry, the complexity of the work involved and the industry-specific job specifications.

In respect of (e) above: in accordance with the normal market practice and guarantee fee not higher than CSSC Group's external guarantee fee rate, the relevant terms are no less favourable than the conditions offered by Independent Third Party guarantors.

In respect of (f) above: for provision of sales agency services by CSSC Group to the Group, the pricing of sales agency fees (commissions) shall follow the international industry practice (i.e. the pricing shall be determined by the Group after conducting market research including by way of discussing with Independent Third Party shipowners on the normal sales agency fees charged and with other large corporate business owners in the industry on the agency fee rates charged by their internal sales agency entities) and in general will not exceed 1.5% of the contract price, and is payable in proportion to the progress payment per vessel. In addition, the intermediary agency fees received by CSSC Group on behalf of foreign intermediaries shall be paid by CSSC Group to the intermediaries.

Term: Conditional upon approval by the Independent Shareholders at the EGM, the term of the 2026 Framework Agreement shall be from 1 January 2026 to 31 December 2026 (both days inclusive).

Historical Amounts and Proposed Annual Caps

Historical Amounts

The table below sets out the amounts of each category of the continuing connected transactions for the six months ended 30 June 2025 and the comparison with the respective annual caps approved by the Independent Shareholders under the 2025 Framework Agreement. The Directors will closely monitor that the transaction amounts of all categories of the continuing connected transactions for the year ending 31 December 2025 to ensure that the amounts will not exceed the annual caps for 2025 under the 2025 Framework Agreement. The unaudited transaction amounts for all categories of the continuing connected transactions for the six months ended 30 June 2025 did not exceed the respective annual caps for those transactions.

Unit: RMB in ten thousand

Transactions	**Historical Annual Caps For the year ending 31 December 2025**	**Historical Amounts For the six months ended 30 June 2025** *(Note 1)*
Products and services provided by the Group to CSSC Group:		
Shipping products, electrical and mechanical engineering equipment and metallic supplies etc.	273,780	47,898
Leasing, labour supply and technical services, etc.	16,050	3,988
Products and services provided by CSSC Group to the Group:		
Equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies, etc.	1,060,135	362,243
Leasing, labour supply and technical services	137,925	17,337
Guarantee services provided by CSSC Group to the Group:		
Guarantee fee *(Note 2)*	640	–
Sales agency services provided by CSSC Group to the Group:		
Sales agency fees	6,700	2,318

Notes:

1. The figures for the six months ended 30 June 2025 were unaudited figures.

2. The maximum guaranteed amounts for the year ending 31 December 2025 did not exceed RMB1,600 million.

3. Due to the impact of changes in the types of products undertaken and project nodes, the execution rate of certain categories of continuing connected transactions is relatively low in 2025.

Proposed Annual Caps

The table below sets out the Proposed Annual Caps for each category of the Continuing Connected Transactions as of 2026.

Unit: RMB in ten thousand

Transactions	**Proposed Annual Caps For the year ending 31 December 2026**
Products and services provided by the Group to CSSC Group:	
(a) Shipping products, electrical and mechanical engineering equipment and metallic supplies etc.	123,800
(b) Leasing, labour supply and technical services, etc.	16,740
Products and services provided by CSSC Group to the Group:	
(c) Equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies, etc.	1,153,120
(d) Leasing, labour supply and technical services	87,010
Guarantee services provided by CSSC Group to the Group:	
(e) Guarantee fee *(Note 1)*	640
Sales agency services provided by CSSC Group to the Group:	
(f) Sales agency fees	6,700

Note:

1. The maximum guarantee amount for the year ending 31 December 2026 will not exceed RMB1,600 million.

The Proposed Annual Caps are determined taking into account primarily the historical transaction amounts, orders in hand, expected orders, material costs and anticipated total production value of the Group.

In determining the Proposed Annual Caps, the Directors have taken into account the expected year-on-year increase in production value in 2026 according to the Group's production and operation plan and arrangement for 2026, and the increase in the volume of connected transactions such as supplies purchases and labour services as compared to previous years due to the adjustment of product structure. Based on the estimated output value and production plan in 2026 as well as other actual situations, some of the Proposed Annual Caps under the 2026 Framework Agreement have changed year-on-year.

Products and services provided by the Group to CSSC Group

(i) In respect of the provision of shipping products, electrical and mechanical engineering equipment and metal supplies, etc. by the Group to CSSC Group, the annual caps under the 2026 Framework Agreement decreased compared with the annual caps under the 2025 Framework Agreement, which was mainly with reference to the amount of transactions expected to be incurred by the Group for the whole year of 2025, combined with the year-on-year increase in (i) the Group's orders in hand and proposed commitments; and (ii) the Group's expected sales of electrical and mechanical engineering equipment, pressure vessels and marine engineering products to CSSC Group in 2026;

(ii) In respect of leasing, labour and technical services, etc., the annual caps under the 2026 Framework Agreement are mainly estimated based on historical transactions and contracts in hand;

Products and services provided by CSSC Group to the Group

(iii) In respect of the provision of marine equipment, electrical and mechanical engineering equipment, ancillary parts and materials and supplies, etc., the annual caps under the 2026 Framework Agreement increased compared with the annual caps under the 2025 Framework Agreement, which was mainly due to the expected year-on-year increase in the amount of procurement by taking into account the amount of transactions expected to occur by the Group for the whole year of 2025, and based on the growth in production value;

(iv) In respect of the lease, labour and technical services, etc., the annual caps under the 2026 Framework Agreement decreased compared with the annual caps under the 2025 Framework Agreement, which was mainly due to the expected increase in labour and technical service fees by taking into account the amount of transactions expected to be incurred by the Group for the whole year of 2025, and based on the growth in production value and the actual condition such as the point of time at which the technical service fees for the product orders are incurred;

Guarantee services provided by CSSC Group to the Group

(v) In respect of the guarantee fee, the annual caps under the 2026 Framework Agreement are mainly estimated based on the conditions such as the order acceptance plan for 2026; and

Sales agency services provided by CSSC Group to the Group

(vi) In respect of the sales agency fees, the annual caps under the 2026 Framework Agreement are mainly estimated based on the production schedules of the orders in hand and the order acceptance plan for 2026.

Reasons for Entering Into the 2026 Framework Agreement

The Continuing Connected Transactions allow the Group to leverage on the reputation and bargaining power of CSSC Group in the international shipbuilding industry so as to provide a reliable and cost effective source of materials, labour, design, techniques and other services necessary for the business operation of the Group, and allow flexible allocation of resources between both parties so as to meet the anticipated production schedules for shipbuilding in 2026.

In addition, the Directors have taken into consideration of the followings regarding each of the Continuing Connected Transactions contemplated under the 2026 Framework Agreement:

(a) CSSC Group has the need to purchase shipping products and complete sets or or ancillary equipment while the Group has the capability of designing and manufacturing such products and could provide such products to CSSC Group; or when CSSC Group is facing a shortage in equipment, materials or supporting facilities caused by insufficient procurements, or delay in delivery of goods by suppliers, or when CSSC Group is urgently required to meet orders from its customers which temporarily exceeded the production capacity of CSSC Group, the Group may provide various equipment, materials and supporting facilities to CSSC Group to meet its routine and urgent production needs, on conditions to be determined based on comparable market prices. In addition, the Group will handle waste materials through the materials company of CSSC Group and dispose fixed assets to CSSC Group that are no longer applicable to the Group.

The products and services to be provided by the Group to CSSC Group are different from those to be provided by CSSC Group to the Group. The products and services to be provided by the Group to CSSC Group mainly consist of the sales of shipping products, electrical and mechanical engineering equipment and metallic supplies, while the products and services to be provided by CSSC Group to the Group are mainly for the raw materials and equipment for shipbuilding, technical services for the entire ship and comprehensive services. CSSC Group shall produce the shipping products and equipment, while the

Group has the capability to design and manufacture the products which are required for the production of CSSC Group. The Board is of the view that there is no mutual provision of similar services.

(b) The primary purpose for provision of production areas and staff quarters leasing service by the Group to CSSC Group is to fully utilize certain properties held by the Group to gain cost efficiency on those properties. The Group will provide to CSSC Group labour supply, primarily by providing training and supplying short-term labour, shipbuilding labour supply etc. According to the demands for technicians, the Group may provide to CSSC Group staff skill training and appraisals and technical services relating to businesses of the Group and short-term labour supply when CSSC Group is in short of labour force for shipbuilding services. Besides, the Group will provide technical services such as installation, usage and maintenance services and design, research and development, self-developed software and related technical services of shipping products or other engineering projects in relation to the businesses of the Group to CSSC Group from time to time. The Directors are of the view that the provision of such services to CSSC Group enables the Group to leverage its excess production capacity and existing shipbuilding-related techniques to earn additional income for the Group.

(c) The equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies purchased by the Group from CSSC Group are mainly for the provision of materials, ancillary parts, equipment, tools and related logistics and delivery services required for the production of complete sets or ancillary equipment in the fields of ships, environmental protection and heavy equipment. The Group seeks to acquire these types of equipment and services from CSSC Group and other independent suppliers so as to meet its routine and urgent needs. Considering that (i) CSSC Group is engaged in the centralized production and manufacturing of some of such equipment; (ii) CSSC Group is able to obtain competitive prices on certain materials by making bulk order through its centralized procurement system; and (iii) the Group needs to invest in fixed assets for production and operations, and CSSC Group can provide the Group with the required production equipment, the Directors are of the view that CSSC Group has the capacity to supply various shipbuilding materials or to provide necessary services when the Group has the production needs. Likewise, the Directors are of the view that it is more cost-effective to purchase materials and equipment through bulk purchase from CSSC Group.

(d) Labour services primarily include the secondment of labour force and subcontracting of shipbuilding works or steel structure works to CSSC Group during the Group's peak production period. Given that the need for labour varies in different stages of production, the Directors consider that procurement of labour with specialised skills from CSSC Group during the Group's peak production period would be beneficial to the Group as it would not be required to maintain a large workforce of its own at all times. As CSSC Group is specialised in the design of certain types of shipping products and equipment, the Group also engages CSSC Group to provide design and technical services to meet the different requirements for production progresses. The Group has purchased the

comprehensive services from CSSC Group for years on terms no less favourable than those offered by Independent Third Parties to the Group, and thus the Directors believe that it would be more cost-efficient for the Group to retain CSSC Group for provision of the comprehensive services.

(e) The provision of guarantee services in respect of the Group's borrowings or operating activities by CSSC Group constitutes financial assistance by a connected person in favour of the Group. Considering that (i) the guarantee is to be provided by CSSC Group in favour of the Group and on normal commercial terms that are comparable to or more favourable than those offered by Independent Third Parties for similar services in the PRC; and (ii) no security over the assets of the Group is granted in respect of such services, the Directors consider that the guarantee to be provided by CSSC Group will be more efficient than the services offered by other Independent Third Parties. The finance department and the relevant management members will be responsible for reviewing and scrutinizing the terms offered by CSSC Group to the Group against those provided to the Group by Independent Third Parties for providing similar services in order to ensure that the Group can obtain the most favourable terms available at all the relevant times and that, among others, the Contract Management Rules are complied with.

(f) The Group used to leverage on CSSC Group's reputation in the international shipbuilding market, its long-established relationships with shipowners and its bargaining power to sell the Group's products. Therefore, the Directors are of the view that it is in the interests of the Company and its Shareholders as a whole to continue to use the agency services provided by CSSC Group.

Pricing of sales agency fees or commission is determined and agreed based on arm's length negotiation between the parties, having reference to the then prevailing rate of brokerage fees at the time of entering into the specific transactions. The rate of brokerage fees will vary according to the size and type of vessels. The Group will also consider the terms offered by other independent service providers and choose to transact with the counterparty which offers more favourable terms that are in the interests of the Group.

On bases summarized above and given that (i) the Continuing Connected Transactions are entered into under the usual and ordinary course of business of the Group and CSSC Group; and (ii) the Group will be benefited from better allocation of resources with CSSC Group and hence enjoy competitive cost advantages, the Directors (excluding the Directors who are required to abstain from voting on the relevant Board resolutions in relation to the 2026 Framework Agreement and the independent non-executive Directors, the views of whom will be included in the letter from the Independent Board Committee to the Shareholders) are of the view that the 2026 Framework Agreement has been entered into in the normal and ordinary course of business on normal commercial terms, is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES IN RELATION TO THE CONTINUING CONNECTED TRANSACTIONS

The Group will, through the Group's internal control procedures (including the Contract Management Rules) and a series of risk management arrangements in accordance with the regulatory requirements, endeavor to maintain its independence in decision-making as well as the fairness of the prices and terms of each continuing connected transaction.

Such arrangements shall include:

(i) each continuing connected transaction shall be conducted on a non-exclusive basis. The Group has the flexibility to enter into arrangement with third party(ies) for purchasing or selling equipment and materials and/or provision of services as it deems fit;

(ii) the pricing mechanism is transparent and the implementation of such pricing mechanism is subject to strict scrutiny by the Group's contract review committee involving specific functional departments, administrative department, finance department and legal department, etc. of the Group in accordance with the Contract Management Rules; and

(iii) apart from the annual review by all independent non-executive Directors and external auditors of the Group to confirm that, among others, the continuing connected transactions are conducted in accordance with the terms including the pricing principles set out in the relevant framework agreement, the continuing connected transactions are also subject to review by the audit committee of the Company to ascertain whether such continuing connected transactions are conducted under fair and reasonable terms and accordingly whether the interest of the Company will be affected.

The details of the Group's monitoring mechanism and measures are as follows:

(i) the Group consists of various units and each unit is assigned with its respective annual caps. The aggregate annual caps assigned to each unit shall be, and in any event shall not exceed, the proposed annual caps of the Group for a particular year;

(ii) each unit has to ensure that the relevant transaction amount shall not exceed the assigned annual caps strictly; and

(iii) in the event that there is a proposed increase in transaction amount due to production or operation need by a unit which might exceed the assigned annual caps to such unit, the proposed transaction shall not be conducted without prior approval from the Board and the finance department of the Company. Such unit shall submit an application, together with a budget report, to the finance department of the Company at least 4 months prior to the proposed transaction.

The Group will also, through the Group's monitoring mechanism and measures, endeavour to ensure that the annual caps of each continuing connected transaction would not be exceeded:

(i) there is work allocation for each unit of the Company in relation to management of continuing connected transactions and a leader and responsible person will be appointed for the management of continuing connected transactions;

(ii) in order to monitor the utilization rate of the annual caps, there is monthly feedback system with strict management and rigid control;

(iii) each unit has to comply with the policy of the Company strictly for monitoring and inspection of the continuing connected transactions and issue warning when the utilization rate is close to the annual caps; and

(iv) compliance with the internal policy in relation to continuing connected transactions of the Company is taken into account in the economic assessment of each unit of the Company.

The Board is of the view that there are adequate internal controls in place to ensure that the individual transactions are conducted within the 2026 Framework Agreement.

III. INFORMATION ABOUT THE PARTIES

The Company

The Company is a core subsidiary and platform of CSSC (a large-scale state-owned enterprise) in Southern China. As at the date of this announcement, the Company has a major non-wholly owned subsidiary, Huangpu Wenchong. The Group's principal products of shipbuilding and marine products include military ships, marine police equipment and public service ships as the representative defense equipment, feeder containerships, dredgers, offshore engineering platforms and wind power installation platforms as the representative marine offshore products as well as energy equipment, high-end steel structures, construction machinery, environmental protection equipment and industrial internet platforms as the representative marine application business products.

CSSC

CSSC is a state-authorized investment institution directly supervised and administered by the SASAC, and its core business includes shipbuilding, ship-repairing, processing, export/import of marine equipment, diversified businesses such as other steel structure manufacturing and international cooperation, joint venture operations, financing, technology trading and workforce exportation. As at the date of this announcement, CSSC, the indirect controlling shareholder of the Company, controls 804,128,590 Shares of the Company indirectly through China Shipbuilding Group, representing 56.89% of the issued Shares of the Company.

IV. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, CSSC is an indirect controlling shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2026 Framework Agreement constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules for the Proposed Annual Caps of the Continuing Connected Transactions (save for the guarantee services provided by CSSC and its member entities to the Group) under the 2026 Framework Agreement exceed 5% on annual basis, the Continuing Connected Transactions (save for the guarantee services provided by CSSC and its member entities to the Group) contemplated under the 2026 Framework Agreement constitute non-exempt continuing connected transactions of the Company that are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The provision of guarantee services by CSSC Group to the Group pursuant to the 2026 Framework Agreement constitutes financial assistance received by the Group from a connected person. As (i) the provision of guarantee services is to be provided to the Group on normal commercial terms that are comparable to or more favourable than those offered by Independent Third Parties for similar services in the PRC; and (ii) no security over the assets of the Group is granted in respect of such guarantee services, according to Rule 14A.90 of the Hong Kong Listing Rules, the provision of the guarantee services by CSSC Group to the Group under the 2026 Framework Agreement is exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules for each of the provision of shipping products, electrical and mechanical engineering equipment, and metallic supplies by the Group to CSSC Group as well as the provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies by CSSC Group to the Group under the 2026 Framework Agreement exceed 25% but all are less than 100%, each of the provision of shipping products, electrical and mechanical engineering equipment, and metallic supplies by the Group to CSSC Group as well as the provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies by CSSC Group to the Group under the 2026 Framework Agreement also constitutes a non-exempt connected transaction and a major transaction of the Company, and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules as well as the relevant major transaction requirements under Chapter 14 of the Hong Kong Listing Rules.

V. DIRECTORS' INTEREST IN THE ABOVE TRANSACTIONS

Since each of Mr. Luo Bing, Mr. Gu Yuan, Mr. Ren Kaijiang and Mr. Yin Lu holds managerial positions at CSSC Group and/or its associates, in accordance with the Company's internal control policy on connected transactions, they had abstained from voting on relevant Board resolutions to approve (among others) the entering into of the 2026 Framework Agreement, the terms and Proposed Annual Caps of the transactions contemplated thereunder. Save for the above, none of the Directors has or is deemed to have a material interest in the above matters and has to abstain from voting on the relevant Board resolution.

VI. GENERAL INFORMATION

The Company will convene the EGM to seek, among other things, the Independent Shareholders' prior approval on the entering into of the 2026 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps.

China Shipbuilding Group and CSSC International Holding Company Limited (together holding 804,128,590 Shares of the Company, representing 56.89% of all the issued Shares of the Company as at the date of this announcement) will abstain from voting on, among others, the resolution in relation to the terms and Proposed Annual Caps of the Continuing Connected Transactions contemplated under the 2026 Framework Agreement at the forthcoming EGM. The Company confirms that China Shipbuilding Group and CSSC International Holding Company Limited control the voting rights in respect of their respective Shares of the Company.

Save for (i) the above; and (ii) the announcement dated 30 October 2025 of the Company relating to, among others, the entering into of the 2026 Financial Services Framework Agreement between the Company and CSSC Finance Company Limited (中船财務有限責任公司), which mentioned that China Shipbuilding Group and CSSC International Holding Company Limited shall abstain from voting for the relevant resolutions in respect of such agreements at the EGM, to the best of the Director's knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has a material interest in the resolutions to be proposed at the EGM and will abstain from voting at the EGM.

The Company has formed an Independent Board Committee comprising of all the independent non-executive Directors, namely Mr. Lin Bin, Mr. Nie Wei, Mr. Li Zhijian and Ms. Xie Xin, to advise the Independent Shareholders on whether, among other things, the terms of the 2026 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on, among other things, the 2026 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps.

A circular containing, among others, (i) details of the 2026 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be posted on the website of Hong Kong Stock Exchange at www.hkexnews.hk, the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Company at comec.cssc.net.cn on or before 12 December 2025 and dispatched to the Shareholders who have indicated their wish to receive a printed copy as additional time is required to compile the data and prepare the circular.

VII. DEFINITIONS

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

"2025 Framework Agreement"	the framework agreement for the continuing connected transactions for the period from 1 January 2025 to 31 December 2025 (both days inclusive) entered into between the Company and CSSC on 27 September 2024 and approved by Independent Shareholders on 29 November 2024
"2026 Framework Agreement"	the framework agreement for the Continuing Connected Transactions for the period from 1 January 2026 to 31 December 2026 (both days inclusive) entered into between the Company and CSSC on 30 October 2025, subject to the approval by the Independent Shareholders at the EGM
"A Share(s)"	domestic shares of the Company with nominal value of RMB1.00 each listed on the Shanghai Stock Exchange
"associate(s)"	has the meaning ascribed to it in the Hong Kong Listing Rules
"Board"	the board of Directors
"China Shipbuilding Group"	China State Shipbuilding Corporation Limited (中國船舶工業集團有限公司). As at the date of this announcement, China Shipbuilding Group holds 804,128,590 Shares of the Company directly and indirectly, representing approximately 56.89% of the issued Shares of the Company, and is a controlling shareholder of the Company

"Company"	CSSC Offshore & Marine Engineering (Group) Company Limited, a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"connected subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Continuing Connected Transactions"	the continuing connected transactions contemplated under the 2026 Framework Agreement, including (i) provision of products and services by the Group to CSSC Group; (ii) provision of products and services by CSSC Group to the Group; (iii) provision of guarantee services by CSSC Group to the Group; and (iv) provision of sales agency service by CSSC Group to the Group, further details of which are set out in the section headed "Principal Terms of the 2026 Framework Agreement" in this announcement
"Contract Management Rules"	the contract management rules under the Group's internal procedures to ensure that the contracts from time to time entered into by the Group are in compliance with the Civil Code of the People's Republic of China (中華人民共和國民法典), the Practice Note No. 16 of the Enterprise Internal Control – Contract Management (企業內部控制應用指引第16號 — 合同管理) and other relevant PRC laws and regulations. Such rules are applicable to all sale and purchase contracts of the Group so that all the suppliers or purchasers (as the case may be) would be treated equally and would submit their respective tender and compete with each other through the same platform

"controlling shareholder(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"CS Materials"	China National Shipbuilding Equipment & Materials Co., Ltd. (中國船舶集團物資有限公司), a wholly-owned subsidiary of CSSC
"CSSC"	China State Shipbuilding Corporation (中國船舶集團有限公司). As at the date of this announcement, CSSC controls 804,128,590 Shares of the Company indirectly through China Shipbuilding Group, representing approximately 56.89% of the issued Shares of the Company, and is an indirect controlling shareholder of the Company
"CSSC Group"	CSSC and its subsidiaries (including connected subsidiaries of the Company)
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting to be held by the Company for the Independent Shareholders to consider and approve, if thought fit, among other things, the 2026 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign shares of the Company listed on the Hong Kong Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huangpu Wenchong"	CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司), a company established on 1 June 1981 in the PRC and as at the date of this announcement, a non-wholly owned subsidiary of the Company and is owned as to 54.5371% by the Company

"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders in connection with the 2026 Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps
"Independent Shareholders"	Shareholders other than CSSC and its associates, none of them will be required to abstain from voting at the EGM to be convened for approval of the relevant transactions
"Independent Third Party(ies)"	party who is a third party independent of the Company and its connected person(s)
"PRC"	the People's Republic of China
"Proposed Annual Caps"	the proposed annual caps for the Continuing Connected Transactions contemplated under the 2026 Framework Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	shares of RMB1.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares

"subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"%"	per cent.

By order of the Board
CSSC Offshore & Marine Engineering (Group) Company Limited
Li Zhidong
Company Secretary

Guangzhou, 30 October 2025

As at the date of this announcement, the Board of the Company comprises eight Directors, namely an executive Director Mr. Luo Bing; non-executive Directors Mr. Gu Yuan, Mr. Ren Kaijiang and Mr. Yin Lu; and independent non-executive Directors Mr. Lin Bin, Mr. Nie Wei, Mr. Li Zhijian and Ms. Xie Xin.