THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **CSSC Offshore & Marine Engineering (Group) Company Limited**, you should at once hand this circular, together with the proxy form, to the purchaser(s) or the transferee(s) or to the bank manager, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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CSSC 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 company with limited liability incorporated in the People's Republic of China)

(H Shares Stock Code: 00317)

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS IN RELATION TO THE 2026 FRAMEWORK AGREEMENT; AND THE 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

VINCO 榮高
Vinco Financial Limited

Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the "Definitions" section of this circular.

A letter from the Board is set out on pages 6 to 43 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 44 to 45 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 46 to 82 of this circular.

The EGM will be held at the conference room of the Company at 5th Floor, Sci-Tech Building, No. 10, Jibaosha North Road, Nansha District, Guangzhou, the PRC at 10:00 a.m. on Tuesday, 30 December 2025. The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying proxy forms in accordance with the instructions printed thereon. In the case of the H Shareholders, the completed proxy forms and other authorization documents (if any) must be delivered to the H shares registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and in any event not less than 24 hours before the time scheduled for the holding of the EGM or any adjournment thereof, as the case may be, in order to be valid. Completion and return of the proxy forms will not preclude you from attending and voting in person at the EGM or any adjournment thereof, as the case may be, should you so wish.

10 December 2025

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In this circular, the following expressions shall have the following meanings unless the context indicates 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
"2025 Financial Services Framework Agreement"	the framework agreement for the continuing connected transactions of financial services for the period from 1 January 2025 to 31 December 2025 (both days inclusive) entered into between the Company and CSSC Finance on 27 September 2024 and approved by the 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
"2026 Financial Services Framework Agreement"	the framework agreement for the financial service transactions for the period from 1 January 2026 to 31 December 2026 (both days inclusive) entered into between the Company and CSSC Finance 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 under the Hong Kong Listing Rules
"Board" or "Board of Directors"	the board of Directors
"China Shipbuilding Group"	China Shipbuilding Group Co., Ltd. (中國船舶工業集團有限公司). As at the Latest Practicable Date, China Shipbuilding Group held 804,128,590 Shares of the Company directly and indirectly, representing approximately 56.89% of the issued Shares of the Company, and was 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
"Continuing Connected Transactions of Financial Services"	the continuing connected transactions contemplated under the 2026 Financial Services Framework Agreement, including provision of financial services by CSSC Finance to the Group
"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 Limited (中國船舶集團有限公司). As at the Latest Practicable Date, CSSC controlled 804,128,590 Shares of the Company indirectly through China Shipbuilding Group, representing approximately 56.89% of the issued Shares of the Company, and was an indirect controlling shareholder of the Company
"CSSC Finance"	CSSC Finance Company Limited (中船財務有限責任公司), a wholly-owned subsidiary of CSSC Group
"CSSC Group"	CSSC and its subsidiaries (including connected subsidiaries of the Company)

"Deposits"	the deposits maintained by the Group from time to time with CSSC Finance under the financial services provided by CSSC Finance to the Group pursuant to the 2026 Financial Services Framework Agreement
"Director(s)"	the director(s) of the Company
"DWT"	deadweight tonnage, the deadweight capacity with ton as unit
"EGM"	the fourth extraordinary general meeting of 2025 to be convened by the Company on 30 December 2025 for the Independent Shareholders to consider and, if thought fit, approve, among others, the 2026 Framework Agreement, the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps)
"Foreign Exchange Forward Contract(s)"	a foreign exchange forward contract or a set of such contracts proposed to be entered into by the Group under the 2026 Financial Services Framework Agreement to hedge against the Group's currency risk in relation to the possible appreciation/depreciation of RMB against foreign currencies
"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 Latest Practicable Date, a non-wholly owned subsidiary of the Company and was 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, the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps)

"Independent Financial Adviser" or "Vinco Financial"	Vinco Financial Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the 2026 Framework Agreement, the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder (including 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 resolutions
"Independent Third Party(ies)"	party who is a third party independent of the Company and its connected person(s)
"Latest Practicable Date"	5 December 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"NFRA"	the National Financial Regulatory Administration, formerly known as the China Banking and Insurance Regulatory Commission
"PBOC"	People's Bank of China
"PRC"	the People's Republic of China
"Proposed Annual Cap(s)"	the proposed annual caps for the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement, respectively
"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

"USD"	United States Dollars, the lawful currency of the United States of America
"%"	per cent.

Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the currency conversion or percentage equivalents may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.

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 company with limited liability incorporated in the People's Republic of China)
(H Shares Stock Code: 00317)

Executive Director:
Mr. Luo Bing

Non-Executive Directors:
Mr. Gu Yuan
Mr. Yin Lu
Mr. Ren Kaijiang
Mr. Nie Lijun

Independent Non-Executive Directors:
Mr. Lin Bin
Mr. Nie Wei
Mr. Li Zhijian
Ms. Xie Xin

Registered Office:
No. 10, Jibaosha North Road
Nansha District
Guangzhou, the PRC

Post code:
511462

10 December 2025

To the H Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS IN RELATION TO THE 2026 FRAMEWORK AGREEMENT; AND THE 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

I. INTRODUCTION

Reference is made to the announcement of the Company dated 30 October 2025 in relation to, among others, the terms and the Proposed Annual Caps of each of the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement, respectively.

Vinco Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms and the Proposed Annual Caps of each of the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement, respectively, and whether such transactions are in the interests of the Company and its Shareholders as a whole. The letter from the Independent Board Committee to the Independent Shareholders is also included in this circular.

The purpose of this circular is to provide you with, among others, further details of (i) the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement, respectively; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the terms and the Proposed Annual Caps of each of the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services; and (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the terms and the Proposed Annual Caps of each of the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services.

II. 2026 FRAMEWORK AGREEMENT

1. 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 was 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).

2. Principal Terms of the 2026 Framework Agreement

The principal terms of the 2026 Framework Agreement are as follows:

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 shipping products, environmental protection services 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 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 production capacity constraints or delivery schedule impacts, the Group is required to purchase complete sets or ancillary equipment and parts from CSSC Group, or during the production process, in case of 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 outsourcing of ship segments (or steel structure components) by the Group 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 from CSSC Group during the peak production period of the Group; (c) comprehensive services, which refer to 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 refer to 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), the reputation of CSSC Group in the international shipping market and its long-term relationship with shipowners 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 there 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), and 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 and other expenses of assets 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 respect of the determination of the lease, based on the Accounting Standards for Business Enterprises No. 21 – Leases, (i) for fixed assets under operating lease, depreciation shall be recognised based on the depreciation policy adopted for similar assets; and (ii) for other operating lease assets, a systemic and reasonable amortization approach shall be adopted in compliance with the business accounting standards applicable to such assets. Accordingly, the Group adopted the depreciation cost and amortization of assets as the reference point, and taking into account of the leased area, geographical location and condition of the relevant premises and the prevailing market rates for similar properties in the surrounding area, as well as the capital costs associated with inclusion of fixed assets in the leased premises and management costs for the properties under the lease to conclude the rental amount with CSSC Group.

In terms of existing market standard for pricing of technical services, 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 services fee 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 such as Icaigou (愛採購) and determined according to the production specifications and after arm's length negotiation. The Company will obtain one or more quotations from Independent Third Parties;

(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 such as Icaigou (愛採購), Steel Home (鋼之家) and Mysteel (我的鋼鐵) 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 qualification of the manufacturer and the standard of services to select the manufacturer, but the price shall be 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 development right) 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 such as Steel Home (鋼之家) and Mysteel (我的鋼鐵)) and the specification of the production needs of the Group and after arm's length negotiation. The Company will obtain one or

more quotations from Independent Third Parties to ensure that 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 supply 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;

(i) Pricing of the provision of labour supply 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

(ii) 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).

3. Historical Amounts

The table below sets out the amounts of each category of the continuing connected transactions for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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	51,775
Leasing, labour supply and technical services, etc.	16,050	5,920
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	617,535
Leasing, labour supply and technical services, etc.	137,925	28,071
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	3,976

Notes:

1. The figures for the nine months ended 30 September 2025 were unaudited figures.

2. The maximum guaranteed amounts for the year ending 31 December 2025 will 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. Specifically, the low utilisation rate for provision of shipping products, electrical and mechanical engineering equipment and metallic supplies provided by the Group to CSSC Group was mainly due to the impact of external market environment on metallic supplies resulting in the delay in projects. Besides, the low utilisation rate for provision of leasing, labour supply and technical services provided by CSSC Group to the Group was mainly due to a substantial reduction in design fees and labour costs as compared to the original plan because of higher reliance on the labour of the Group itself instead of CSSC Group, as well as the delayed settlement of costs for the repair projects.

4. 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, etc.	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.

5. Basis for Determining the Proposed Annual Caps

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 supply 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 supply 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 supply and technical services fee 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 services fee 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.

Specifically, the Directors have taken into account of the following in determining the above Proposed Annual Caps:

Products and services provided by the Group to CSSC Group

(a) Shipping products, electrical and mechanical engineering equipment and metallic supplies etc.

The Proposed Annual Caps are determined taking into account the amount of transactions expected to be incurred by the Group for the year ending 31 December 2025, in conjunction with (i) the Group's orders on hand and planned new orders; and (ii) the Group's projected year-on-year increase in sales of electrical and mechanical engineering equipment, pressure vessels and marine engineering products to CSSC Group in 2026. The formulation of the forecast of the Proposed Annual Caps for the year ending 31 December 2026 (the "**2026 Forecast**") has taken into account of the sale of shipping products of approximately RMB500 million, the sale of electrical and mechanical engineering equipment of approximately RMB150 million, the sale of metallic supplies of approximately RMB450 million, and the sale of waste and other low value products of approximately RMB137 million, whilst other sundry supplies of approximately RMB1 million are expected to be sold to CSSC Group in 2026.

The historical amount of provision of shipping products, electrical and mechanical engineering equipment and metallic supplies etc. for the nine months ended 30 September 2025 was approximately RMB517.75 million, representing approximately 18.91% of the historical annual cap for the year ending 31 December 2025. The expected transaction amount would be approximately RMB216.01 million for the three months ending 31 December 2025. The low utilisation rate for the year ending 31 December 2025 was mainly due to the project in relation to metallic supplies failed to be undertaken with an expected transaction amount of RMB1,500 million, including the construction of the facilities of offshore wind power could not be implemented on

schedule due to delay in bidding process with an expected transaction amount of approximately RMB1,300 million and LNG storage tanks failed to be undertaken on schedule due to changes in market demand with an expected transaction amount of approximately RMB200 million.

(b) Leasing, labour supply and technical services, etc

Whilst taking into account primarily the historical transaction amounts, orders in hand, expected orders, material costs and anticipated total production value of the Group, the Proposed Annual Caps comprise (i) leasing fee of approximately RMB81.00 million, (ii) labour fee of approximately RMB15.00 million, and (iii) technical services fee of approximately RMB71.40 million.

For the provision of leasing, the estimated leasing fee of approximately RMB81.00 million has been determined with reference to the Group's expected leasing arrangements for 2026. Such estimate primarily takes into account (i) the expected rental income of approximately RMB61.00 million from leasing certain finished vessels; (ii) approximately RMB15.00 million from leasing idle factory premises; and (iii) approximately RMB5.00 million arising from the leasing of ship production facilities and equipment available for temporary leasing.

For the provision of labour supply, the estimated amount of approximately RMB15.00 million has been determined with reference to the Group's projected labour requirements for 2026. In particular, the estimate takes into account (i) approximately RMB10.00 million for providing labour support services for a vessel comprehensive support project; and (ii) approximately RMB5.00 million for providing miscellaneous repair, training and other ad hoc labour services to CSSC Group.

For the provision of technical services, the estimated amount of approximately RMB71.40 million has been determined with reference to the Group's expected technical service projects for 2026. Such estimate primarily takes into account: (i) approximately RMB36.40 million for technical service projects that have been undertaken or are pending to be undertaken by a subsidiary of the Group; and (ii) approximately RMB35.00 million for additional new projects expected to require technical services.

In determining the Proposed Annual Cap, the Group has also taken into account the utilisation of the existing annual cap and the expected level of transactions for the remainder of the year as a reference. The historical transaction amount of leasing, labour supply and technical services for the nine months ended 30 September 2025 was approximately RMB59.20 million, representing approximately 36.88% of the historical annual cap for the year ending 31 December 2025. It is estimated that the expected transaction amount for the three months ending 31 December 2025 would be approximately RMB89.92 million.

Products and services provided by CSSC Group to the Group

(c) Equipment for ship, electrical and mechanical engineering equipment, ancillary parts and material supplies, etc.

Whilst based primarily on the shipbuilding orders undertaken by the Group and the production schedule of the Group, the Proposed Annual Caps are determined taking into account (i) the expected year-on-year increase in the amount of procurement based on the growth of approximately 10% in the production value which is expected to procure approximately RMB11,200 million; and (ii) few fixed asset investment projects of approximately RMB330 million.

Given that the relevant production and operation models of the Group have not changed, the Group expects that the procurement amount will increase from approximately RMB10,100 million for the year ending 31 December 2025 to approximately RMB11,200 million for the year ending 31 December 2026. In addition, the Group's planned fixed asset investment projects of approximately RMB330 million, comprising the berth project, the construction of a tugboat by a subsidiary of CSSC Group, and various technological transformation-related expenditures.

The historical transaction amount for the procurement of the equipment for ship, electrical and mechanical engineering equipment, ancillary parts and material supplies, etc. from CSSC Group for the nine months ended 30 September 2025 was approximately RMB6,175.4 million, representing approximately 58.25% of the historical annual cap for the year ending 31 December 2025. The Directors expect that the transaction amount of provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts and material supplies, etc. for the three months ending 31 December 2025 would be approximately RMB4,369.4. million, representing approximately 41.22% of the existing annual cap.

(d) Leasing, labour supply and technical services

According to the 2026 Forecast, the Proposed Annual Caps were comprised of leasing of approximately RMB3 million, labour supply of approximately RMB380 million and technical services of approximately RMB487 million. Based on the 2026 Production Plan, the expected production value has increased by approximately 10.0% for the year ending 31 December 2026 as compared to the year ending 31 December 2025. Thus, the expected transaction amount of labour supply and technical services for the year ending 31 December 2026 will increase by approximately RMB35.6 million and approximately RMB20.0 million respectively as compared to the total expected transactions of labour supply and technical services for the year ending 31 December 2025. For technical services, the Group has taken into account (i) the growth of production value; (ii) the technical services fee payable to CSSC Group in 2025 which was delayed and is expected to be paid in 2026 with the transaction amount of approximately RMB200 million; and (iii) the projects to be undertaken in 2026.

The historical transaction amount for procurement of leasing, labour supply and technical services from CSSC Group for the nine months ended 30 September 2025 was approximately RMB280.71 million, representing approximately 20.35% of the historical annual cap for the year ending 31 December 2025. The low utilisation rate was mainly due to a substantial reduction in design fees and labour costs as compared to the original plan because of increased reliance on the labour of the Group instead of CSSC Group, and the progress of price review and settlement for repair projects has been delayed which resulted in approximately RMB200 million remained unexecuted in 2025.

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

(e) Sales agency fees

The determination of the Proposed Annual Caps has taken into account of the production plan of the Group for 2026. It is expected that approximately RMB54.0 million will be paid for the sale of the vessels through CSSC Group, the calculation of sales agency fee for 2026 was based on the total contract sum and expected production process. Furthermore, the Group is expected to have sales agency fee of approximately RMB10.0 million and RMB3.0 million taking account into the expected new production contracts and expected deposit paid, respectively.

The historical transaction amount for the nine months ended 30 September 2025 was approximately RMB39.76 million, representing approximately 59.35% of the historical annual cap for the year ending 31 December 2025.

6. Reasons for and Benefits of 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 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 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 CSSC Group with 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 CSSC Group with 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.

III. 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

1. 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 Financial Services Framework Agreement.

As the 2025 Financial Services Framework Agreement governing the continuing connected transactions between the Group and CSSC Finance for the period from 1 January 2025 to 31 December 2025 (both days inclusive) will be completed on 31 December 2025, the Company and CSSC Finance have entered into the 2026 Financial Services Framework Agreement to continue and govern the financial services between the Group and CSSC Finance 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 Financial Services 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 Financial Services 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 Financial Services Framework Agreement and the continuing connected transactions contemplated thereunder (together with the Proposed Annual Caps) 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 Financial Services Framework Agreement and the continuing connected transactions contemplated thereunder (together with the relevant annual caps).

2. Principal Terms of the 2026 Financial Services Framework Agreement

The principal terms of the 2026 Financial Services Framework Agreement are as follows:

Scope: The services to be provided by CSSC Finance to the Group:

(a) Deposit services: The Group has opened a deposit account with CSSC Finance. CSSC Finance provides the Group with various types of deposit business services, including demand deposits, call deposits, time deposits and agreement deposits, etc;

(b) Lending services: CSSC Finance shall, to the extent as permitted by national laws, regulations and policies, in accordance with the requirements of the NFRA and in conjunction with its own operating principles and credit policies, fully support the Group's capital needs in its business development, design scientific and reasonable financing solutions and provide loan services for the Group. For business applications that meet the conditions for loans from CSSC Finance, the Group will be given priority under the same conditions;

(c) Other and bank credit services: CSSC Finance shall provide collection and payment services and auxiliary services related to settlement business to the Group. Based on a comprehensive evaluation of the Group's operation and management and risk profile, CSSC Finance shall approve a consolidated credit line for the Group, which guarantees for the Group's potential liabilities for compensation and payment arising from relevant economic activities, including on-balance-sheet businesses such as loans, trade finance, bill financing and various advances, and off-balance-sheet businesses such as acceptance of bills, letters of guarantee and unused irrevocable loan commitments; and

(d) Foreign exchange services such as forward settlement and sale of foreign exchange: CSSC Finance shall, to the extent as permitted by laws, regulations and policies of the State, provide the Group with various types of foreign exchange business, including forward settlement and sale of foreign exchange, spot settlement and sale of foreign exchange, RMB foreign exchange swaps, foreign exchange trading and other foreign exchange related ancillary services. The Group negotiates and enters into contracts such as forward settlement and sale of foreign exchange with CSSC Finance, agreeing on the currency, amount and exchange rate of RMB against foreign exchange for future settlement and the completion deadline.

Pricing: The Continuing Connected Transactions of Financial Services shall be conducted in the usual course of business of the Group and on fair and normal commercial terms (and if there are no or not sufficient comparable transactions to assess whether they are conducted on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties), and such transactions shall be fair and reasonable so far as the Shareholders of the Group are concerned. Both parties shall enter into an agreement in respect of such transactions and the basis of pricing shall be specified in the agreement.

In respect of (a) above, the interest rate at which CSSC Finance takes the Group's Deposits is based on the deposit rate standard set by the PBOC, which should be no less favourable than the conditions offered by Independent Third Parties.

In respect of (b) above, the Group's borrowings from CSSC Finance are at rates no higher than the lending rates prescribed by the PBOC, which should be no less favourable than the conditions offered by Independent Third Party lenders.

In respect of (c) above, the charges are based on the standards set by the PBOC; the Group's financial handling charge standards for banking credit services with CSSC Finance should not be less favourable than the conditions offered by Independent Third Parties for credit services.

In respect of (d) above, the Group's handling fee rates for foreign exchange business such as forward settlement and sale of foreign exchange with CSSC Finance should not be less favourable than those charged by Independent Third Parties.

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

3. Historical Amounts

The table below sets out the amounts of the Continuing Connected Transactions of Financial Services for the nine months ended 30 September 2025 and the comparison with the annual caps approved by the Independent Shareholders under the 2025 Financial Services Framework Agreement. The Directors will closely monitor the transaction amounts of the Continuing Connected Transactions of Financial Services for the year ending 31 December 2025 to ensure that the amounts will not exceed the annual caps for 2025 under the 2025 Financial Services Framework Agreement. The unaudited transaction amounts for the Continuing Connected Transactions of Financial Services for the nine months ended 30 September 2025 did not exceed the 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 nine months ended 30 September 2025 *(Note 1)*
Financial services provided by CSSC Finance to the Group:				
(a)	(1)	Maximum outstanding daily balance on the Deposits	1,870,000	1,491,113
	(2)	Aggregate interest on the Deposits for the year	33,900	13,541
(b)	(1)	Maximum outstanding daily balance on loans	180,000	30,500
	(2)	Aggregate interest on loans for the year	4,300	409
(c)	(1)	Maximum limit on other and bank credit services	723,600	107,547
	(2)	Aggregate fees on financial and bank credit services	810	98
(d)		Maximum outstanding daily balance of foreign exchange services such as forward settlement and sale of foreign exchange	450,000	412,978

Note:

1. The figures for the nine months ended 30 September 2025 were unaudited figures.

4. Proposed Annual Caps

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

Unit: RMB in ten thousand

Transactions			Proposed Annual Caps For the year ending 31 December 2026
Financial services provided by CSSC Finance to the Group:			
(a)	(1)	Maximum outstanding daily balance on the Deposits	2,170,000
	(2)	Aggregate interest on the Deposits for the year	21,420
(b)	(1)	Maximum outstanding daily balance on loans	230,000
	(2)	Aggregate interest on loans for the year	4,200
(c)	(1)	Maximum limit on other and bank credit	680,600
	(2)	Aggregate fees on other and bank credit services	810
(d)	Maximum outstanding daily balance of foreign exchange services such as forward settlement and sale of foreign exchange		800,000

5. Basis for Determining the Proposed Annual Caps

In determining the Proposed Annual Caps, the Directors have taken into account the growth of the Group's production value for 2026 and the increase in the total amount of capital. In accordance with the general plan for capital receipts and expenditures for 2026, after estimation of the cash inflow and outflow at various stages during 2026, the capital stock, capital requirements and relevant businesses at various stages during the year will increase as compared to 2025, among which:

(a) Deposit services

The Proposed Annual Caps of the maximum outstanding daily balance on the Deposits are mainly determined based on estimated annual cash flows of the Group. The increase in the annual cap under the 2026 Financial Services Framework Agreement compared to last year is mainly due to the expectation that certain product phase payments will be concentrated within a certain period based on the Group's orders in hand and planned new orders, resulting in an increase in peak deposits at a certain point in time. Deposit interest is determined based on the projected deposit structure for 2026 and the corresponding interest rates.

Specifically, the maximum daily balance on the Deposits for the nine months ended 30 September 2025 was approximately RMB14,911.13 million. The aggregate interest on the Deposits for the nine months ended 30 September 2025 was approximately RMB135.41 million, representing approximately 39.94% of the Proposed Annual Caps in respect of the aggregate interest on the Deposits for the year ending 31 December 2025. Meanwhile, the expected maximum daily balance on the Deposits for the three

months ending 31 December 2025 would be approximately RMB18,436.95 million and the aggregate interest on the Deposits for the three months ending 31 December 2025 would be approximately RMB47.13 million.

The maximum daily balance had been calculated with reference to current cash position, the expected monthly cash inflow, cash outflow, new loans and repayment of loans. To this, the Group has taken into account of, among others, (i) the historical maximum daily balance of the Deposits (including accrued interest) with CSSC Finance for the nine months ended 30 September 2025; and (ii) the cash flow projection for the year ending 31 December 2026 to determine the Proposed Annual Cap for the maximum outstanding daily balance. To this, the Directors considers that the sales and purchases from ordinary course of business of the Group will record an expected growth in production value of approximately 10.0% in 2026; due to the continuous decline in market deposit interest rates in 2025, the deposit rate dropped by approximately 33% within the year, resulting in drop in the estimated deposit interest in 2026. The aforesaid cash flow projection is prepared on this basis and together with the three-year fixed deposits maintained by the Group.

The Proposed Annual Caps in respect of the aggregate interest on the Deposits for the year ending 31 December 2026 is prepared based on CSSC Finance's interest rate. Whereas the Proposed Annual Caps in respect of the aggregate interest on the Deposits is calculated based on the Proposed Annual Caps on the maximum daily balance of the Deposits. The interest rates vary as the duration of deposits and type of deposits are different. Additionally, the interest rates offered by CSSC Finance is based on the deposit rate standard set by the PBOC (0.35%-2.75%), which should be no less favourable than the terms offered by Independent Third Parties.

(b) Foreign exchange services such as forward settlement and sale of foreign exchange:

The Company is subject to high exchange rate risk as the Group's ship export orders are denominated in USD, and some of the domestic ship orders are denominated in USD but paid in RMB. Based on the Group's output value and foreign exchange collection plan for 2026, it is expected that the Group's foreign exchange business, such as forward settlement and sale of foreign exchange with CSSC Finance in 2026, will increase accordingly.

Specifically, the Proposed Annual Cap is mainly determined with reference to the purchase orders received from foreign buyers (from ship buyers who will settle the purchases in foreign currencies) of the Group for the year ending 31 December 2026. To this, the Group expects the order from foreign buyers purchase orders (the "**Foreign Orders**") (denominated in USD) would be at approximately RMB13,562.35 million for the year ending 31 December 2026. Taking into account (i) based on the forward contracts on hand as at 30 September 2025, which will be still in force in 2026, of approximately RMB4,019.59 million; (ii) in the fourth quarter of 2025, the Group expects to sign new forward contracts of approximately RMB480.19 million; (iii) the amount of forward contracts to be matured in the fourth quarter of 2025 is

approximately RMB568.00 million; (iv) the expected forward contracts to be signed in 2026 of approximately RMB4,068.70 million which is based on 30% of the Foreign Orders required for entering into a foreign exchange forward contract for the year ending 31 December 2026; and (v) the maximum daily balance of forward settlement and sale of foreign exchange amounts to RMB8,000.00 million for the year ending 31 December 2026.

6. Reasons for Entering into the 2026 Financial Services Framework Agreement

The Continuing Connected Transactions of Financial Services allow the Group to fully leverage the financial services resources of CSSC Finance in order to provide a full range of financial services for the Group's business operations to support the Group's development. In addition, the Directors have taken into consideration the following regarding the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement:

(a) The Group maintains the Deposits with CSSC Finance from time to time. The interest rate on the Deposits is based on the deposit rates published by the PBOC from time to time and is no less favourable than the conditions offered by Independent Third Parties. The Directors are of the view that there are practical needs for the Group to continue to maintain the Deposits with CSSC Finance to enable an effective transmission of funds provided by CSSC Group to the Group via CSSC Finance to the Group.

(b) Apart from maintaining the Deposits with CSSC Finance, the Group also seeks the provision of loans from CSSC Finance for standby purpose in support of the operational and production needs and to maintain the liquidity necessary for the Group from time to time. The loans will be charged by CSSC Finance at a lending rate not higher than lending rate prescribed by the PBOC or on terms no less favourable than the lending rate(s) offered by Independent Third Parties providing similar services in the PRC. The Directors are of the view that the loans granted by CSSC Finance are more efficient than the loans from other general domestic commercial banks that provide similar services for the Group. As such, the Directors are of the view that the loans granted by CSSC Finance will benefit the Group by increasing the operation efficiency in the use of funds.

(c) Due to the business operation needs, the Group shall enter into various commercial arrangements involving various financial services, including on-balance-sheet businesses such as loans, trade finance, bill financing and various advances, and off-balance-sheet businesses such as acceptance of bills, letters of guarantee and unused irrevocable loan commitments. In the past, the Group used the other and bank credit services provided by Independent Third Parties and/or CSSC Finance. The engagement of CSSC Finance for provision of the other and bank credit services would enable the Group to obtain more competitive terms. Given the business relationship between the Group and CSSC Finance, the Directors believe that other and bank credit services to be offered by CSSC Finance will be more efficient than the services offered by other general domestic commercial banks or institutions.

(d) All of the Group's export ship orders are denominated in US dollars and certain domestic ship orders are denominated in US dollars but paid in RMB. Consequently, the Company is exposed to a relatively high level of exchange rate risk. The Group historically entered into forward foreign exchange contracts with Independent Third Party banks and/or CSSC Finance to hedge against its currency risk. The forward foreign exchange contracts require no initial cash outlay or purchase cost. The principal terms of the forward foreign exchange contracts and the transaction process are as follows: the Group will first enquire from Independent Third Party banks or CSSC Finance as to the exchange rate, transaction period and transaction amount regarding specific currency whenever it intends to enter into forward foreign exchange contracts. If the terms are more favourable than those offered by Independent Third Parties to the Group, the Group will enter into forward foreign exchange contracts with CSSC Finance. With respect to each forward foreign exchange contract entered into with CSSC Finance, the transaction between the Group and CSSC Finance shall be a single transaction. Such transaction shall be executed on a pre-agreed transaction date.

The number of contracts to be entered into with CSSC Finance depends on the hedging needs of the Group. In particular, it depends on the timings of inflow of cash denominated in US dollars from the Group's operations and outflow of cash denominated in RMB for the Group's operating cost. Considering the timing of operating cash inflows denominated in US dollars and outflows denominated in RMB, contracts of varying sizes and durations may be required to mitigate exchange rate risk and lock in our profit margins. The Group will determine the quantity of contracts to be entered with CSSC Finance based on the schedule of payments from customers or to suppliers and/or subcontractors throughout the year.

The Group will also continue to enter into forward foreign exchange contracts with Independent Third Party banks if and when appropriate. The Group will compare the terms offered by Independent Third Party banks with the terms offered by CSSC Finance before deciding on whether to enter into forward foreign exchange contracts with CSSC Finance. In view of this, the Directors are of the view that entering into the forward foreign exchange contracts with CSSC Finance can provide the Group with an additional option to meet its operational needs for hedging against the relevant exchange rate risks and therefore it is in the interests of the Group and the Shareholders as a whole.

Based on the foregoing and considering that (i) the Continuing Connected Transactions of Financial Services are entered into in the usual and ordinary course of business of the Group and CSSC Finance; and (ii) the Group will be benefited from cooperation with CSSC Finance and hence enjoy competitive cost advantages and considerable interest income, the Directors (excluding the Directors who are required to abstain from voting on the relevant Board resolution in relation to the 2026 Financial Services 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 Financial

Services Framework Agreement has been entered into in the ordinary and usual course of business on normal commercial terms, is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

7. Risk Control Relating to the Deposits under the 2026 Financial Services Framework Agreement

In view of the significant amount of the Deposits placed or to be placed with CSSC Finance from time to time, CSSC Finance has provided undertakings for, among other things, ensuring the safety of the Deposits:

(i) provide to the Company, at any time, financial services with terms which are no less favourable than those for comparable financial services provided to CSSC Finance or members of CSSC Finance; and those of the comparable financial services the Company may obtain from other financial institutions by the Company;

(ii) ensure that the Financial Operation Licence (金融許可證) and other business permits, approvals and filings, etc. have been lawfully obtained by CSSC Finance and will remain valid and effective;

(iii) ensure the safe operations of its fund settlement and clearance network, assure the safety of funds, control the risk exposure and safety of the Deposits and will satisfy the safety requirements for the payment of the Deposits;

(iv) ensure strict compliance with the risk monitoring indicators for financial institutions promulgated by the NFRA and that the major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the NFRA and other relevant laws and regulations;

(v) report its business and financial positions to the Company regularly, co-ordinate with the auditors of the Company in the course of their audit work to enable the Company to fulfil the requirements of the Hong Kong Listing Rules; and

(vi) on happening of new, or special event that may possibly affect the Company, CSSC Finance shall proactively inform the Company on a timely basis.

In order to safeguard the interests of the Shareholders, the Group has adopted certain principles and standards in monitoring, amongst other things, the arrangements for the Deposits. These include an assessment of the fund operation and control of risk exposure of CSSC Finance and evaluation of its services provided through its reports to be obtained regularly as mentioned above. Therefore, given SASAC's requirement of centralization of funds held by state-owned enterprises, the undertakings provided by CSSC Finance on risk control on the financial services (including the Deposits) to be provided to the Group and that the Deposits will be subject to annual review conducted by the independent non-executive Directors and the auditors of the Company and strict compliance of risk monitoring by the NFRA on CSSC Group.

IV. FINANCIAL EFFECTS

1. Financial effects of the Sales Agency Services transaction on the Group

As mentioned above, whilst there is an increase in the orders accepted by the Group given an overall relatively high acceptance of orders for civil vessels in the market in 2025, and the production schedule for the orders on handoff the Company and the order acceptance plan for 2025 are better than expected; additionally, whereas the Sales Agency Fees are payable in proportion of the progress payment per vessel, the increase in the Sales Agency Fees corresponds to the increase in the progress payment by the shipowner, the Directors do not consider that the Sales Agency Services transaction would have an adverse impact to the Group's earnings. There is no impact of such transaction on the assets and liabilities of the Group.

2. Financial effects of the provision of equipment for ship, electrical and mechanical engineering equipment, accessories, materials and supplies etc. by CSSC Group to the Group

The shipping equipment, electrical and mechanical engineering equipment, accessories and materials and supplies purchased by the Group from CSSC Group mainly for the provision of materials, accessories, facilities and equipment, tools and related logistics and delivery services required for the production of complete sets or accessories for ship, environmental protection and heavy equipment. The Group also uses logistics and related services, etc. provided by CSSC Group. The Group purchases these types of equipment and services from CSSC Group and other independent suppliers so as to meet its routine and urgent needs. As such, the provision of equipment for ship, electrical and mechanical engineering equipment, accessories, materials and supplies, etc. by CSSC Group to the Group would have no impact on the Group's earnings and liabilities, whilst those equipment and accessories etc. would be recognised as inventories upon receipt, thereby increasing the Group's assets, and will correspondingly decrease when they are installed in the ship and delivered to the Group's customers.

3. Financial effects of the shipping products, electrical and mechanical engineering equipment, and metallic supplies by the Group to CSSC Group

The shipping products, electrical and mechanical engineering equipment, metallic supplies provided by the Group to CSSC Group are mainly shipping products and complete sets of supporting equipment, steel materials, non-ferrous metals and other materials and certain shipping electrical appliance and equipment used in shipping, environmental protection and heavy equipment sectors. CSSC Group has procurement needs for shipping products, complete sets of or supporting equipment, while the Group possesses the design and manufacturing capabilities of these products, and could provide these products to CSSC Group. Additionally, during the production processes, CSSC Group may require the Group for urgent provision of materials and equipment, if any, due to its insufficient ordering of equipment or supporting and other materials, or its suppliers delayed delivery as scheduled or for temporary demands. The Group shall also temporarily provide spare parts to assist CSSC Group in completion of

production plans, dispose waste materials to logistics subsidiaries of CSSC Group, and dispose fixed assets without usage to subsidiaries of CSSC Group. Therefore, such business relations between the Group and CSSC Group will not have any material impact on the liabilities of the Group. From an asset perspective, the transactions will generally result in a change in the composition of the Group's assets, whereby inventories or fixed assets will decrease upon the sale of shipping products, electrical and mechanical engineering equipment and metallic supplies, while monetary funds or accounts receivable will increase correspondingly. From a profit perspective, the sales of such products and materials will generate revenue and contribute positively to the Group's overall profit levels. Where such transactions generate profit, they will also be conducive to strengthening the Group's net assets.

4. Financial effects of the Deposits transaction on the Group

The Group maintains the Deposits at CSSC Finance from time to time. Such deposits are on short term basis, and can fully leverage the transitional arrangements of funding to the Company to support the development of shipbuilding industry to cope with the needs arising from its production and operation. Upon the expansion in scale of the Company, the production volume will be increased, and the needs for capital requirements for the production will also be increased correspondingly. In order to lower the capital costs and ensure the safe and effective utilization of the funds, the Company, upon considering previous deposit transactions and the practical need required for future development, believes it is practically necessary to maintain Deposits with CSSC Finance, which will generate the interest income and in turn support its working capital. The deposit interest rate offered by CSSC Finance will be based on the deposit interest rate promulgated by the PBOC from time to time. The Deposits are funds of the Group and there will be no change in the consolidated assets of the Group as a result of placing the Deposits with CSSC Finance pursuant to the terms of the 2026 Financial Services Framework Agreement. The deposit transactions would have no impact on the Group's assets and liabilities. As the Group can earn interests through the Deposits, the deposit transactions would increase the Group's earnings. As such, the Directors do not expect that the deposit transactions would have any adverse financial impact on the earnings, assets and liabilities of the Group.

Due to the sizeable amount of Deposits placed or to be placed with CSSC Finance from time to time, CSSC Finance has provided (including but not limited to) an undertaking as to the safety of the Deposits, ensuring the Deposits placed or to the placed by the Company is safe without any risk exposure. Deposits will be reviewed annually by the independent non-executive Directors and auditors of the Company and in strict compliance with the risk control imposed by the NFRA on CSSC Finance.

5. Financial effects of Foreign Exchange Forward Contracts

The Company's ship export orders are denominated in USD and some domestic ship orders are also denominated in USD with reference to RMB. The recognised assets and liabilities in USD and the unrecognised ship settlement in USD lead to foreign currency risk, which may affect the results of operation of the Group. The Foreign Exchange Forward Contracts thus hedge the Company's currency risk. The effect on the Group's earnings would be a net gain or loss from

exposure hedging representing the difference between the foreign exchange gain or loss on the asset or liability and the change in the fair value of the Foreign Exchange Forward Contracts. The Foreign Exchange Forward Contracts would have no impact to the Group's assets and liabilities.

V. INTERNAL CONTROL MEASURES

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 of the Continuing Connected Transaction under the 2026 Framework Agreement and the Continuing Connected Transactions of Financial Services under the 2026 Financial Services Framework Agreement.

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 departments, 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 Transaction and the Continuing Connected Transactions of Financial Services are conducted in accordance with the terms including the pricing principles set out in the relevant framework agreement, the Continuing Connected Transaction and the Continuing Connected Transactions of Financial Services are also subject to review by the audit committee of the Company to ascertain whether such Transactions are conducted under fair and reasonable terms and accordingly whether the interests 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 office and

the finance department of the Group. Such unit shall submit an application, together with a budget report, to the finance department of the Group at least four 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 and the Continuing Connected Transactions of Financial Services would not be exceeded:

(i) there is work allocation for each unit of the Company in relation to management of the Continuing Connected Transaction and the Continuing Connected Transactions of Financial Services and a leader and responsible person will be appointed for the management of such transactions;

(ii) in order to monitor the utilisation rate of the annual caps, there is monthly reporting 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 and 2026 Financial Services Framework Agreement.

No material reliance on CSSC Group

Despite the amount of the Proposed Annual Caps is substantial when compared with the historical revenue of the Group, the Directors are of the view that, in addition to the internal control measures to safeguard the interests of the Company and its Shareholders, there is no material reliance on CSSC Group on the following grounds:

(i) The business relationship between the Company and CSSC Group is unlikely to be materially adversely changed or terminated.

As disclosed in the section headed "Information about the Parties" below, the Company is a core listed holding subsidiary of CSSC. The Company is a large comprehensive marine and defense equipment enterprise group incorporating four sectors of maritime equipment, namely, maritime defense equipment, maritime transport equipment, maritime development equipment and maritime technology application equipment. Its principal business includes independent production and operation and manufacturing and providing customers with high-quality products through research and development of ships, seeking orders and implementing customized order production. It is also mainly engaged in assembly and construction in the ships and offshore engineering industrial chain.

Meanwhile, CSSC is a state-authorized investment institution directly supervised and administered by the SASAC. Its core business includes shipbuilding, ship-repairing, processing, export/import of marine equipment and other diversified businesses. CSSC Finance is a wholly-owned subsidiary of CSSC Group and principally engaged in provision of various financial services. As at the Latest Practicable Date, CSSC controlled 804,128,590 Shares indirectly through China Shipbuilding Group, representing approximately 56.89% of the issued Shares of the Company, and was an indirect controlling shareholder of the Company.

CSSC Group and the Group have established a stable and long-term business relationship for the procurement and sales of marine-related products and services over the years. Given CSSC's majority shareholding in the Group and the alignment of the business scopes of CSSC Group and the Group, the development of the Group matches that of CSSC Group. The Directors consider that the mutual trust built over the years renders any material adverse change or termination of the relationship among the parties unlikely.

Further, the Directors are of the view that the long-term business cooperation, including the implementation of the transactions contemplated under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement, is mutually beneficial to both CSSC Group and the Group. It enables both parties to leverage on each other's expertise and capacities in their respective regime in terms of shipping-related products, engineering equipment, material suppliers as well as production facility and manpower resources, technical services and sales agency services for more efficient operations and to better serve their respective business and customer needs. Please also refer to the sections headed "Reasons for Entering into the 2026 Framework Agreement" and "Reasons for Entering into the 2026 Financial Services Framework Agreement" for details.

(ii) Based on the audited management account of the Group, for the year ended 31 December 2023 and the year ended 31 December 2024, the procurement of products and services by the Group from CSSC Group amounted to approximately RMB7,873.85 million and RMB6,273.72 million, accounting for approximately 47.59% and 32.12% of the total purchases of the Group, whilst the sales of products and services by the Group to CSSC Group for the respective year amounted to approximately RMB338.10 million and RMB1,372.81 million, accounting for approximately 2.09% and 7.08% of the operating income derived by the principal business of the Group for the respective year. Based on the unaudited management account of the Group, for the nine months ended 30 September 2025, the procurement of products and services by the Group from CSSC Group amounted to RMB6,456.07 million, accounting for approximately 45.89% of the total purchases of the Group, whilst the sales of products and services by the Group to CSSC Group for the period amounted to RMB576.95 million, accounting for approximately 4.03% of the operating income derived by the principal business of the Group for the period. Although the proportions of certain raw materials and ancillary equipment purchased by the Group from CSSC Group is relatively high, the proportions mainly reflect the industrial chain concentration and scale coordination characteristics of the shipbuilding industry, and is not sufficient to constitute the Group's irreplaceable dependence on CSSC Group at the level of procurement, sales or operation. The main income sources of the Group

are diversified, and the amount of sales to CSSC Group accounts for a lower proportion of the overall income of the Group, which can reflect the operating independence and the dispersion of the customer base of the Group.

The further increase in certain of the Proposed Annual Caps was mainly driven by the expected year-on-year increase of 10.0% in production value of the Group with reference to the historical transaction amounts, orders in hand and expected orders, etc. Please refer to the paragraphs headed "Basis for Determining the Proposed Annual Caps" under the sections headed "2026 Framework Agreement" and "2026 Financial Services Framework Agreement". Based on the above, the Directors do not consider that there is undue reliance by the Group on CSSC Group. The above cap adjustment reflects the expected growth in the Group's overall business size and does not involve any change in the Group's dependence on CSSC Group.

(iii) The Group has been operating independently from CSSC Group. The Group has full rights, hold and enjoy the benefit of all relevant licenses, have sufficient capital and employees necessary to make all decisions on, and to carry out, its own business operation independent from CSSC Group and will continue to do so after the entering into the 2026 Framework Agreement. Each of CSSC Group and the Group has its own team of quality personnel to be responsible for the day-to-day operations and is responsible for its own employee recruitment. The Group also does not have any material reliance on CSSC Group in sourcing of production projects or the resources required to carry out those projects.

(iv) The Proposed Annual Caps serve as the maximum limit of potential transaction amounts to be conducted between the Group and CSSC Group. There is also no procurement or purchase commitment by either party to the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement. The procurement and purchase obligations under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement are non-exclusive, and merely provide the Group with an additional option in sourcing qualified suppliers and serve as an additional sales channel (as the case may be). The Group is free to negotiate and select its suppliers or customers which can offer more favourable terms to the Group.

VI. INFORMATION ABOUT THE PARTIES

The Company

The Company is a core listed holding subsidiary of CSSC (a large-scale state-owned enterprise) in Southern China. As at the Latest Practicable Date, the Company had a major non-wholly owned subsidiary, Huangpu Wenchong. The Group's principal products include military ships, marine police equipment and public service ships as the representative defense equipment products, 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 Latest Practicable Date, CSSC, the indirect controlling shareholder of the Company, controlled 804,128,590 Shares of the Company indirectly through China Shipbuilding Group, representing 56.89% of the issued Shares of the Company.

CSSC Finance

CSSC Finance is a wholly-owned subsidiary of CSSC Group. The principal business of CSSC Finance includes deposit-taking, loans granting, acceptance and discounting of bills, inter-bank borrowing business and provision of other financial services.

VII. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

Regarding the 2026 Framework Agreement

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.

Regarding the 2026 Financial Services Framework Agreement

CSSC is an indirect controlling shareholder of the Company and CSSC Finance is a wholly-owned subsidiary of CSSC Group and therefore CSSC Finance is a connected person of the Company. Accordingly, the transactions contemplated under the 2026 Financial Services Framework Agreement constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) calculated on annual basis for the Proposed Annual Caps for the continuing connected transactions under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and bank credit services by CSSC Finance to the Group) exceed 5%, the continuing connected transactions (save for the provision of the loans, other and bank credit services by CSSC Finance to the Group) contemplated under the 2026 Financial Services Framework Agreement constitute non-exempt continuing connected transactions of the Company that are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The provision of the loans, other and bank credit services by CSSC Finance to the Group pursuant to the 2026 Financial Services Framework Agreement constitute financial assistance received by the Group from a connected person. As (i) the abovementioned 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 financial services, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, the provision of the loans, other and bank credit services by CSSC Finance to the Group pursuant to the 2026 Financial Services Framework Agreement is exempt from the 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 in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 25% for the deposit services and foreign exchange services such as forward settlement and sale of foreign exchange under the 2026 Financial Services Framework Agreement, the deposit services and foreign exchange services such as forward settlement and sale of foreign exchange under the 2026 Financial Services Framework Agreement constitute non-exempt continuing connected transactions and major transactions (as such services do not involve acquisition

or disposal of assets) of the Company that are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

VIII. DIRECTORS' INTEREST IN THE ABOVE TRANSACTIONS

Since Mr. Luo Bing, Mr. Gu Yuan, Mr. Yin Lu, Mr. Ren Kaijiang and Mr. Nie Lijun hold managerial positions in 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 the 2026 Framework Agreement and the 2026 Financial Services 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 resolutions.

IX. THE EGM

The EGM will be held at the conference room of the Company at 5th Floor, Sci-Tech Building, No. 10, Jibaosha North Road, Nansha District, Guangzhou, the PRC at 10:00 a.m. on Tuesday, 30 December 2025. The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

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 Latest Practicable Date) will abstain from voting in relation to the relevant resolutions at the forthcoming EGM. The Company confirms that each of China Shipbuilding Group and CSSC International Holding Company Limited controls the voting rights in respect of their respective shares of the Company.

Save for the above, 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.

Any Shareholder who is entitled to attend and vote at the EGM has the right to appoint one or more proxies to do so on his/her behalf. The proxy need not be a Shareholder. In order to ensure validity. the H Shareholders must deliver the completed proxy forms and other authorization documents (if any) to the H shares registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. A Shareholder who has completed and delivered a proxy form can still attend the EGM and vote in person should he/she wish.

All resolutions to be proposed at the EGM will be voted on by way of poll in accordance with the Hong Kong Listing Rules.

X. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will close from Tuesday, 23 December 2025 to Tuesday, 30 December 2025 (both days inclusive), during which period no transfer of Shares will be registered.

XI. RECOMMENDATIONS

Taking into account of the further details of the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement, the Board (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the advice from the Independent Financial Adviser) is of the view that the terms and the Proposed Annual Caps of each of the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Framework Agreements and the 2026 Financial Services Framework Agreement are on normal commercial terms and are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends all Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

XII. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
CSSC Offshore & Marine Engineering (Group) Company Limited
Li Zhidong
Company Secretary

CSSC 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 company with limited liability incorporated in the People's Republic of China)

(H Shares Stock Code: 00317)

10 December 2025

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS IN RELATION TO THE 2026 FRAMEWORK AGREEMENT; AND THE 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

We refer to the circular dated 10 December 2025 (the "**Circular**") issued by the Company of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular have the same meanings herein.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms and Proposed Annual Caps of each of the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement, respectively, as set out in the Circular are fair and reasonable and to recommend the Independent Shareholders as to whether or not they should approve the terms and the Proposed Annual Caps of each of the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement, respectively. Vinco Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 43 of this Circular, and the text of the letter from the Independent Financial Adviser, as set out on pages 46 to 82 of this Circular, both of which provide details of the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement (together with the Proposed Annual Caps), respectively. Your attention is also drawn to the additional information set out in Appendix II to the Circular.

Having considered the terms of the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement (including the Proposed Annual Caps), the advice of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that the terms and the Proposed Annual Caps of each of the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement are entered into in the ordinary and usual course of business of the Group on normal commercial terms and are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions for approving each of the Continuing Connected Transactions and the Continuing Connected Transactions of Financial Services and the Proposed Annual Caps contemplated under the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement to be proposed at the EGM.

Yours faithfully
For and on behalf of the
Independent Board Committee

Mr. Lin Bin **Mr. Nie Wei** **Mr. Li Zhijian** **Ms. Xie Xin**

Independent non-executive Directors

The following is the text of the letter of advice from Vinco Financial to the Independent Board Committee and the Independent Shareholders in connection with the terms and the Proposed Annual Caps of each of the Continuing Connected Transactions contemplated under the 2026 Framework Agreement and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement, respectively, which has been prepared for the purpose of incorporation in this circular:

Vinco Financial Limited

10 December 2025

To the Independent Board Committee and the Independent Shareholders of
CSSC Offshore & Marine Engineering (Group) Company Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS IN RELATION TO THE 2026 FRAMEWORK AGREEMENT AND THE 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

A. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Proposed Annual Caps of each of the Continuing Connected Transactions contemplated under the 2026 Framework Agreement and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement, respectively, details of which are set out in the letter from the Board (the "**Letter from the Board**") of the circular (the "**Circular**") issued by the Company to the Shareholders dated 10 December 2025 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Continuing Connected Transactions under the 2026 Framework Agreement and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement

Reference is made to the announcements of the Company dated 30 October 2025 in relation to, among others, the terms and the Proposed Annual Caps of each of the Continuing Connected Transactions contemplated under the 2026 Framework Agreement and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement.

2026 Framework Agreement

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

2026 Financial Services Framework Agreement

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 Financial Services Framework Agreement. As the 2025 Financial Services Framework Agreement governing the continuing connected transactions between the Group and CSSC Finance for the period from 1 January 2025 to 31 December 2025 (both days inclusive) will be completed on 31 December 2025, the Company and CSSC Finance have entered into the 2026 Financial Services Framework Agreement to continue and govern the financial services between the Group and CSSC Finance for the period from 1 January 2026 to 31 December 2026.

Hong Kong Listing Rules Implication

Regarding the 2026 Framework Agreement

As at the Latest Practicable Date, 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 the 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 the CSSC Group to the Group under the 2026 Framework Agreement are 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, accessories, materials and supplies by the Group to the CSSC Group as well as the provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies by the 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, accessories, materials and 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 the 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.

Regarding the 2026 Financial Services Framework Agreement

As at the Latest Practicable Date, CSSC is an indirect controlling shareholder of the Company and CSSC Finance is a wholly-owned subsidiary of the CSSC Group and therefore CSSC Finance is a connected person of the Company. Accordingly, the transactions contemplated under the 2026 Financial Services Framework Agreement constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) calculated on annual basis for the Proposed Annual Caps for the Continuing Connected Transactions of Financial Services under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group) exceed 5%, the Continuing Connected Transactions of Financial Services (save for the provision of the loans, other and bank credit services by CSSC Finance to the Group) contemplated under the 2026 Financial Services Framework Agreement constitute non-exempt continuing connected transactions of the Company that are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The provision of the loans, other and bank credit services by CSSC Finance to the Group pursuant to the 2026 Financial Services Framework Agreement constitute financial assistance received by the Group from a connected person. As (i) the provision of abovementioned 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 financial services, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, the provision of the loans, other and bank credit services by CSSC Finance to the Group pursuant to 2026 Financial Services Framework Agreement is exempt from the 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 in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 25% and one of them exceeds 100% for the deposit services and foreign exchange services such as forward settlement and sale of foreign exchange under the 2026 Financial Services Framework Agreement, the deposits services and foreign exchange services such as forward settlement and sale of foreign exchange under the 2026 Financial Services Framework Agreement constitute non-exempt continuing connected transactions and major transactions (as such services do not involve an acquisition or disposal of assets) of the Company that are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

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 Latest Practicable Date) will abstain from voting in relation to the relevant resolutions at the forthcoming EGM. The Company confirms that each of China Shipbuilding Group and CSSC International Holding Company Limited controls the voting rights in respect of their shares of the Company. Save for the above, 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.

Independent Board Committee

The Independent Board Committee comprising Mr. Lin Bin, Mr. Nie Wei, Mr. Li Zhijian and Ms. Xie Xin, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms and the Proposed Annual Caps of each of (i) the Continuing Connected Transactions contemplated under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group); and (ii) the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group). We have been appointed and approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms and conditions of each of (i) the Continuing Connected Transactions contemplated under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group); and (ii) the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group). In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Hong Kong Listing Rules, our role is to give you an independent opinion as to whether the Proposed Annual Caps of each of the Continuing Connected Transactions contemplated under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group) and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group) are in the ordinary and usual course of business of the Group on normal commercial terms, and in the interests of the Company and Independent Shareholders as a whole and whether the Proposed Annual Caps of each of the Continuing Connected Transactions contemplated under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its

member entities to the Group) and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group) are fair and reasonable so far as the Independent Shareholders are concerned.

Our Independence

As at the Latest Practicable Date, we were not connected with the Directors, chief executive and substantial Shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Hong Kong Listing Rules to act as the Independence Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated thereunder and the terms and the Proposed Annual Caps of each of (i) the Continuing Connected Transactions contemplated under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group); and (ii) the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group). We are eligible to give independent advice and recommendations on the transactions contemplated thereunder and the terms and the Proposed Annual Caps of each of (i) the Continuing Connected Transactions contemplated under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group); and (ii) the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group). Apart from the normal professional fees payable to us in connection with the present appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial Shareholders or associates. During the past two years, we were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company in respect of each of two continuing connected transactions and major transactions (the "**Appointments**"), details of which are set out in the circulars of the Company dated 7 December 2023 and 12 November 2024, respectively. The professional fees in connection with the Appointments have been fully settled and we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we consider that we are eligible to give independent advice on the terms and the Proposed Annual Caps of each of (i) the Continuing Connected Transactions contemplated under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group); and (ii) the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group), and the transactions contemplated thereunder.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts, the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

We also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

The Directors collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed all currently available information and documents particularly, (i) the annual report of the Company for the year ended 31 December 2024; (ii) the interim report of the Company for the six months ended 30 June 2025; (iii) the management accounts of the Company for the nine months ended 30 September 2025; (iv) the 2025 Framework Agreement; (v) the 2025 Financial Services Framework Agreement; (vi) the circular of the Company dated 12 November 2024 in relation to the 2025 Framework Agreement and 2025 Financial Service Framework Agreement; (vii) the 2026 Financial Services Framework Agreement; (viii) the 2026 Framework Agreement; (ix) the announcement of the Company dated 30 October 2025 in relation to the Continuing Connected Transactions under 2026 Framework Agreement; (x) the announcement of the Company dated 30 October 2025 in relation to the Continuing Connected Transactions of Financial Services under the 2026 Financial Services Framework Agreement; (xi) the historical transactions between the Group and the CSSC Group under the 2025 Framework Agreement; (xii) the historical transactions between the Group and the Independent Third Parties and their samples of transaction documents; (xiii) the

Contract Management Rules; (xiv) the board meeting minutes in relation to internal control; and (xv) the forecast of the Proposed Annual Caps for 2026 (the "**2026 Forecast**"). Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the entering into the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group) and the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group) and the continuing connected transactions contemplated thereunder, as referred to in Rule 13.80 of the Hong Kong Listing Rules (including the notes thereto).

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms and the Continuing Connected Transactions contemplated under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group) and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group) (including the Proposed Annual Caps) and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion on the fairness and reasonableness of the terms and the Proposed Annual Caps of each of (i) the Continuing Connected Transactions contemplated under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group); and (ii) the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group) and whether such Continuing Connected Transactions contemplated under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group) and the Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group) are in the interests of the Company and its Shareholders as a whole, we have taken the following factors and reasons into consideration:

1. Background of the parties involved

(i) Information of the Company

The Company is a core listed holding subsidiary of CSSC (a large-scale state-owned enterprise) in Southern China. As at the Latest Practicable Date, the Company has a major non-wholly owned subsidiary, Huangpu Wenchong. The Group's principal products include military ships, marine police equipment and public service ships as the representative defense equipment products, 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.

(ii) Information of 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 Latest Practicable Date, 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.

(iii) Information of CSSC Finance

CSSC Finance is a wholly-owned subsidiary of the CSSC Group. The principal business of CSSC Finance includes deposit-taking, loans granting, acceptance and discounting of bills, inter-bank borrowing business and provision of other financial services.

2. Background of the 2026 Framework Agreement and the 2026 Financial Services Framework Agreement

Continuing Connected Transactions contemplated under the 2026 Framework Agreement

As the 2025 Framework Agreement which governs the Continuing Connected Transactions between the Group and the 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 the CSSC Group for the period from 1 January 2026 to 31 December 2026.

Each of the Continuing Connected Transactions (save for the guarantee services provided by CSSC and its member entities to the Group) are categorised as follows:

Products and services to be provided by the Group to the 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. The 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 the 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, the 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 the CSSC Group in completing the production plan, the sale of waste materials by the Group to logistics companies of the CSSC Group, and the sale of obsolete fixed assets by the Group to subsidiaries of the CSSC Group; and

(b) Leasing, labour supply and technical services:

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

(ii) Labour supply: This primarily involves the provision of training, shipbuilding and workforce lease. The Group can provide the 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; and

(iii) Technical services: These mainly involve technical services such as product installation, usage, maintenance and repair provided by the Group to the CSSC Group, and provision of shipping products, environmental protection services and other engineering design, scientific research projects and professional services, self-produced software and relevant technical services.

Products and services to be provided by the 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 the CSSC Group can provide such materials, supplies, equipment and related services. The Group has joined the centralized procurement plan of CS Materials, a member unit of the 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 production capacity constraints or delivery schedule impacts, the Group is required to purchase complete sets or ancillary equipment and parts from the CSSC Group, or during the production process, in case of insufficient orders for production materials, supplier delays in delivery, or urgent temporary needs, the member of the 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, the 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 the 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 outsourcing of ship segments (or steel structure components) by the Group to the 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 from the CSSC Group during the peak production period of the Group; (c) comprehensive services, which refer to services provided by the CSSC Group to the Group, such as advertising, exhibitions, medical, catering, conferences, nursery, training, property management and water and electricity resale; and

(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, the CSSC Group will provide such services in order to keep up with the production plan; the Group shall cooperate with the member units of the CSSC Group in research and development of new products and processes.

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

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

Continuing Connected Transactions of Financial Services contemplated under the 2026 Financial Services Framework Agreement

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 Financial Services Framework Agreement. As the 2025 Financial Services Framework Agreement governing the continuing connected transactions between the Group and CSSC

Finance for the period from 1 January 2025 to 31 December 2025 (both days inclusive) will be completed on 31 December 2025, the Company and CSSC Finance have entered into the 2026 Financial Services Framework Agreement to continue and govern the financial services between the Group and CSSC Finance for the period from 1 January 2026 to 31 December 2026.

Each of the Continuing Connected Transaction of Financial Services (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group) are categorised as follows:

Services to be provided by CSSC Finance to the Group

(a) Deposit services: The Group has opened a deposit account with CSSC Finance. CSSC Finance provides the Group with various types of deposit business services, including demand deposits, call deposits, time deposits and agreement deposits, etc; and

(b) Foreign exchange services such as forward settlement and sale of foreign exchange: CSSC Finance shall, to the extent as permitted by laws, regulations and policies of the State, provide the Group with various types of foreign exchange business, including forward settlement and sale of foreign exchange, spot settlement and sale of foreign exchange, RMB foreign exchange swaps, foreign exchange trading and other foreign exchange related ancillary services. The Group negotiates and enters into contracts such as forward settlement and sale of foreign exchange with CSSC Finance, agreeing on the currency, amount and exchange rate of RMB against foreign exchange for future settlement and the completion deadline.

3. Reasons for and benefits of entering into the 2026 Framework Agreement

As stated in the Letter from the Board, the Continuing Connected Transactions allow the Group to leverage on the reputation and bargaining power of the CSSC Group in the international shipbuilding industry so as 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 (the "**2026 Production Plan**"). According to the 2026 Production Plan, the total production value is expected to increase in 2026, representing an increase of approximately 10% compared to 2025. We note that the total production value in 2026 are calculated based on (i) the contract value of each vessel; and (ii) the production schedule. There are 124 projects in total in 2026, of which 118 projects had been signed, accounting for approximately 91.4% of the total production value. We have randomly selected 8 signed contracts, representing not less than 5.0% of the total production value in the 2026 Production Plan and reviewed their contract value and timeline. The samples were selected based on the following criteria that ensuring (i) the projects with CSSC Group involved different subsidiaries rather than selecting all samples from the same entity; and (ii) the samples covered different vessel models to enhance the diversity and relevance across product categories. We were advised by the management of the Group that assumptions and calculations made for each project in the 2026 Production Plan are similar among others.

Therefore, we consider the selected samples of contracts, as not less than 5.0% of the total production value provides a meaningful coverage to access the reasonableness of the overall plan, to be fair and representative of the estimated production value in the 2026 Production Plan. Accordingly, we are of the view that the 2026 Production Plan has been properly prepared and is fair and reasonable.

Based on (i) our discussion with the management of the Group; and (ii) the 2026 Production Plan, we are of the view that the above-mentioned considerations are fair and reasonable in determining the Proposed Annual Caps (save for the guarantee services provided by CSSC and its member entities to the Group).

No material reliance on the CSSC Group

As stated in the Letter from the Board, despite the fact that the amount of the Proposed Annual Caps is substantial when compared with the historical revenue of the Group, the Directors are of the view that, in addition to the internal control measures to safeguard the interests of the Company and its Shareholders, there is no material reliance on the CSSC Group on the following grounds:

(i) The business relationship between the Company and the CSSC Group is unlikely to be materially adversely changed or terminated.

As disclosed in the section headed "Information of the Company" above, the Company is a core listed holding subsidiary of CSSC. The Company is a large comprehensive marine and defense equipment enterprise group incorporating four sectors of maritime equipment, namely, maritime defense equipment, maritime transport equipment, maritime development equipment and maritime technology application equipment. Its principal business includes independent production and operation and manufacturing and providing customers with high-quality products through research and development of ships, seeking orders and implementing customized order production. It is also mainly engaged in assembly and construction in the ships and offshore engineering industrial chain.

Meanwhile, CSSC is a state-authorized investment institution directly supervised and administered by the SASAC. Its core business includes shipbuilding, ship-repairing, processing, export/import of marine equipment and other diversified businesses. CSSC Finance is a wholly-owned subsidiary of the CSSC Group and principally engaged in provision of various financial services. As at the Latest Practicable Date, CSSC controlled 804,128,590 Shares 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.

The CSSC Group and the Group have established a stable and long-term business relationship for the procurement and sales of marine-related products and services over the years. Given CSSC's majority shareholding in the Group and the alignment of the business scopes of the CSSC Group and the Group, the development of the Group

matches that of the CSSC Group. Based on the confirmation of the management of the Company and the annual report of the Company for the year ended 31 December 1993 we have reviewed, we noted the CSSC Group and the Group have maintained this business relationship for more than 30 years. In our opinion, the mutual trust built over the years renders any material adverse change or termination of the relationship among the parties unlikely.

Further, the Directors are of the view that the long-term business cooperation, including the implementation of the transactions contemplated under the 2026 Framework Agreement is mutually beneficial to both the CSSC Group and the Group. It enables both parties to leverage on each other's expertise and capacities in their respective regime in terms of shipping-related products, engineering equipment, material suppliers as well as production facility and manpower resources, technical services and sales agency services for more efficient operations and to better serve their respective business and customer needs.

(ii) Based on the audited account of the Group, for the year ended 31 December 2023, the year ended 31 December 2024 and the unaudited management account of the Group for the nine months ended 31 September 2025 we have obtained from the Company, the procurement of products and services by the Group from the CSSC Group amounted to approximately RMB7,873.85 million, RMB6,273.72 million and RMB6,456.07 million, accounting for approximately 47.59%, 32.12% and 45.89% of the total purchases of the Group, whilst the sales of products and services by the Group to the CSSC Group for the respective year/period amounted to approximately RMB338.10 million, RMB1,372.81 million and RMB576.95 million, accounting for approximately 2.09%, 7.08% and 4.03% of the operating income derived by the principal business of the Group for the respective year/period. Although the proportions of certain raw materials and ancillary equipment purchased by the Group from CSSC Group is relatively high, the proportions mainly reflect the industrial chain concentration and scale coordination characteristics of the shipbuilding industry, and is not sufficient to constitute the Group's irreplaceable dependence on CSSC Group at the level of procurement, sales or operation. The main income sources of the Group are diversified, and the amount of sales to CSSC Group accounts for a lower proportion of the overall income of the Group, which can reflect the operating independence and the dispersion of the customer base of the Group.

The further increase in certain of the Proposed Annual Caps was mainly driven by the expected year-on-year increase of 10.0% in production value of the Group with reference to the historical transaction amounts, orders in hand and expected orders, etc. The above cap adjustment reflects the expected growth in the Group's overall business size and does not involve any change in the Group's dependence on CSSC Group. Based on the above, we concur with the view of the Directors that there is no undue reliance by the Group on the CSSC Group.

(iii) The Group has been operating independently from the CSSC Group. The Group has full rights, hold and enjoy the benefit of all relevant licenses, have sufficient capital and employees necessary to make all decisions on, and to carry out, its own business operation independent from the CSSC Group and will continue to do so after the entering into the 2026 Framework Agreement. Each of the CSSC Group and the Group has its own team of quality personnel to be responsible for the day-to-day operations and is responsible for its own employee recruitment. We have collected relevant certificate issued by China Classification Society Certification Co., Ltd. to verify the quality management system for design and construction of ships including marine engineering equipment and ship repair and the announcement regarding list of enterprises meeting the Shipbuilding Industry Standard Conditions published by the Ministry of Industry and Information Technology of the PRC, that both could demonstrate the Group can operate independently from the CSSC Group. As confirmed by the management of the Group, the Group also does not have any material reliance on the CSSC Group in sourcing of production projects or the resources required to carry out those projects.

(iv) The Proposed Annual Caps serve as the maximum limit of potential transaction amounts to be conducted between the Group and the CSSC Group. There is also no procurement or purchase commitment by either party to the 2026 Framework Agreement. As confirmed by the management of the Group, we noted the procurement and purchase obligations under the 2026 Framework Agreement are non-exclusive, and merely provide the Group with an additional option in sourcing qualified suppliers and serve as an additional sales channel (as the case may be). Based on our review of the 2026 Framework Agreement, we noted that the Group will ensure that all transactions are conducted on fair principles and general commercial terms and that pricing for such transactions will be determined based on prevailing market prices and through fair negotiation between the Group and the CSSC Group. Having considered the Group's procurement policies, historical transaction patterns, and alternative sourcing arrangements, we are of the view that the Group is free to negotiate and select its suppliers or customers which can offer more favourable terms to the Group.

We noted that the amount of the Proposed Annual Caps is substantial when compared with the historical revenue of the Group. However, pursuant to the 2026 Framework Agreement, the Company will only select CSSC as its supplier or customer if the terms offered are no less favourable than those offered by Independent Third Parties under comparable circumstances. Based on the above considerations including (i) long term business cooperation and the ratio of the purchase and sales engaged with the CSSC Group compared with the total purchase and sales of the Group for the two years ended 31 December 2024 and the nine months ended 30 September 2025; (ii) the sufficient capacity of the Group to operate independently from the CSSC Group; and (iii) the non-exclusive transactions between the Group and the CSSC Group, we are of the view that the Continuing Connected Transactions under the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group) subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirement and will be entered into in the ordinary and usual course of our business and on normal commercial terms or better that are fair and reasonable and in

the interests of the Company and Shareholders as a whole. Having considered the above and the factors discussed under paragraph headed "3. Reasons for and benefits of entering into the 2026 Framework Agreement", we are of the view that, as long as the terms offered by CSSC, as a supplier, are no less favourable than those offered by Independent Third Parties which the Group has carefully considered in accordance to the pricing policy of the 2026 Framework Agreement and adhered strictly to the internal control procedures in the selection process, we concur with the view of the Directors that the 2026 Framework Agreement would be in the interests of the Company and its Shareholders as a whole and not lead to material reliance of the Company on CSSC.

The Continuing Connected Transactions under the 2026 Framework Agreement and the respective Proposed Annual Caps

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

A. Shipping products, electrical and mechanical engineering equipment, and metallic supplies etc.

As stated in the Letter from the Board, the CSSC Group has the need to purchase shipping products and complete sets or ancillary equipment while the Group has the capability of designing and manufacturing such products and could provide such products to the CSSC Group; or when the 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 the CSSC Group is urgently required to meet orders from its customers which temporarily exceeded the production capacity of the CSSC Group, the Group may provide various equipment, materials and supporting facilities to the 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 logistics company of the CSSC Group, and the sale of obsolete fixed assets by the Group to subsidiaries of the CSSC Group.

The products and services to be provided by the Group to the CSSC Group are different from those to be provided by the CSSC Group to the Group. The products and services to be provided by the Group to the CSSC Group mainly consists of the sales of shipping products, electrical and mechanical engineering equipment and metallic supplies, while the products and services to be provided by the CSSC Group to the Group are mainly for the raw materials and equipment for shipbuilding, technical services for the entire ship and comprehensive services. The 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 the CSSC Group. The Board is of the view that there is no mutual provision of similar services.

As stated in the Letter from the Board, pursuant to the 2026 Framework Agreement, for the provision of shipping products, electrical and mechanical equipment, and metallic materials by the Group to the 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*（中國船舶工業行業協會）(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. We have reviewed the contract price as well as market price of the respective equipment and/or material and noted that the sales prices charged to the CSSC Group were no less favourable than the prevailing market prices. Therefore, we are of the view that the terms offered by the CSSC Group are no less favourable than that offered by the Independent Third Parties.

Based on the above, we are of the view that the aforesaid terms are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Proposed Annual Cap

As set out in the Letter from the Board, the Proposed Annual Cap in respect of the provision of shipping products, electrical and mechanical engineering equipment and metallic supplies etc. for the year ending 31 December 2026 is RMB1,238.00 million.

The historical amount of provision of shipping products, electrical and mechanical engineering equipment and metallic supplies etc. for the nine months ended 30 September 2025 was approximately RMB517.75 million, representing approximately 18.91% of the historical annual cap for the year ending 31 December 2025. The expected transaction amount would be approximately RMB216.01 million for the three months ending 31 December 2025. We understand from the management of the Group that the low utilisation rate for the year ending 31 December 2025 was mainly due to the project in relation to metallic supplies failed to be undertaken with an expected transaction amount of approximately RMB1,500 million, including the construction of the facilities of offshore wind power could not be implemented on schedule due to delay in bidding process with an expected transaction amount of approximately RMB1,300 million and LNG storage tanks failed to be undertaken due to changes in market demand with an expected transaction amount of approximately RMB200 million.

As stated in the Letter from the Board, the Proposed Annual Caps are determined taking into account the amount of transactions expected to be incurred by the Group for the whole year of 2025, in conjunction with (i) the Group's orders on hand and planned new orders; and (ii) the Group's expected sales of electrical and mechanical engineering equipment, pressure vessels and marine engineering products to the CSSC Group in 2026. The formulation of the forecast of the Proposed Annual Cap in respect of the provision of shipping products, electrical and mechanical engineering equipment and metallic supplies etc. for the year ending 31 December 2026 (the "**2026 Forecast**") has taken into account of the sales of shipping products of approximately RMB500 million, the sale of electrical and mechanical engineering equipment of approximately RMB150

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million, the sale of metallic supplies of approximately RMB450 million, the sale of waste and other low value products of approximately RMB137 million, other sundry supplies of approximately RMB1 million are expected to sell to the CSSC Group in 2026. We have assessed the internal correspondence concerning the existing agreement and anticipated agreements to be signed, together with the respective prices to be charged to the CSSC Group for the estimated sales for shipping products in 2026 which we found they are consistent with the 2026 Forecast. Besides, we have obtained ten signed contracts which would attributable to approximately RMB40 million of sales amount, and reviewed the corresponding terms, contract value and the expected transaction. Moreover, based on the government public document regarding the wind power project we have collected and the discussion with the management of the Company, we understand that the CSSC Group has secured the wind power project and expected the Company to supply certain amount of metallic supplies in 2026. Also, we have collected the contract on hand regarding sale of metallic supplies with an expected sales amount of approximately RMB158 million from Company. Furthermore, we have also obtained and reviewed the invitation of bidding contract related to construction project which may require supply of mechanical engineering equipment with an expected sales amount of approximately RMB100 million to the CSSC Group, together representing over 10.0% of the Proposed Annual Cap in respect of provision of shipping products, electrical and mechanical engineering equipment, metallic supplies and waste and other low value products. Also, based on the historical transaction amount for the sales of waste and other low-value products in 2025, we understand that the proportion of waste sales was approximately 0.6% of the production value. Accordingly, combined with the historical transaction record including the two contracts of waste sales, we noted it is consistent with the 2026 Forecast. The samples were selected based on the following criteria that ensuring (i) the expected transactions with the CSSC Group involved different subsidiaries rather than selecting all samples from the same entity; and (ii) the samples covered different shipping products, electrical and mechanical engineering equipment, metallics supplies and waste and other low value products to enhance the diversity and relevance across product categories. We were advised by the management of the Group that assumptions and calculations made for the expected transaction amount are generally consistent within each of the abovementioned four categories in the 2026 Forecast while different across categories. Therefore, we consider the selected samples of contracts, internal record and the invitation of bidding contract covered different product categories, as not less than 5.0% of the total estimated transaction amount of the Proposed Annual Cap in respect of provision of shipping products, electrical and mechanical engineering equipment, metallic supplies and waste and other low value products to the CSSC Group provides a meaningful coverage to demonstrate the fairness and reasonableness of such estimated transaction amount for the year ending 31 December 2026. As such, we are of the view that the 2026 Forecast including the corresponding Proposed Annual Cap is fair and reasonable.

Based on the above, we are of the view that the basis adopted to determine the Proposed Annual Cap in respect of the provision of shipping products, electrical and mechanical engineering equipment and metallic supplies for the year ending 31 December 2026 based on the 2026 Forecast and is fair and reasonable so far as the Independent Shareholders are concerned.

B. Leasing, labour supply and technical services etc.

The primary purpose for provision of production areas and staff quarters leasing service by the Group to the CSSC Group is to fully utilize certain properties held by the Group to gain cost efficiency on those properties. The Group will provide to the 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 the CSSC Group staff skill training and appraisals and technical services relating to businesses of the Group and short-term labour supply when the 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 in relation to the businesses of the Group to the CSSC Group from time to time. The Directors are of the view that the provision of such services to the CSSC Group enables the Group to leverage its excess production capacity and existing shipbuilding-related techniques to earn additional income for the Group.

As set out in the Letter from the Board, for the provision of leasing, labour supply and technical services by the Group to the 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 amortisation and other expenses of assets 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*（廣州市統計局）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 respect of the determination of the lease, based on the Accounting Standards for Business Enterprises No. 21 – Leases, (i) for fixed assets under operating lease, depreciation shall be recognised based on the depreciation policy adopted for similar assets; and (ii) for other operating lease assets, a systemic and reasonable amortization approach shall be adopted in compliance with the business accounting standards applicable to such assets. Accordingly, the Group adopted the depreciation cost and amortization of assets as the reference point, and taking into account of the leased area, geographical location and condition of the relevant premises and the prevailing market rates for similar properties in the surrounding area, as well as the capital costs associated with inclusion of fixed assets in the leased premises and management costs for the properties under the lease to conclude the rental amount with

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the CSSC Group. 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. We have obtained and reviewed technical services agreements entered into between the Group and the CSSC Group on a random basis and noted that quotations from Independent Third Parties were obtained by the Group in order to ensure the price offered by the Group was no less favourable than those enjoyed by the Independent Third Parties and noted that the pricing of technical services were determined by the parties at arm's length negotiation and no less favourable than those enjoyed by Independent Third Parties. The contract sum of the above samples represent more than 5.0% of the historical amount of continuing connected transactions in respect of leasing, labour supply and technical services in 2025. We consider the above samples of agreements are fair and representative because, in respect of the selection criteria, (i) they were all transactions under the 2025 Framework Agreement which were randomly selected and involved relevant sales to the CSSC Group from the Group; and (ii) they were transactions that took place within 2025. As we did not identify issues when we reviewed such samples, we did not require further samples and this sample size is in line with our usual practice.

Based on the above, we are of the view that the terms for the provision of leasing, labour supply, and technical services etc. are on normal commercial terms, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Proposed Annual Cap

As set out in the Letter from the Board, the Proposed Annual Cap in respect of the provision of leasing, labour supply and technical services etc. to the CSSC Group for the year ending 31 December 2026 is RMB167.40 million. The historical amount of the leasing, labour supply and technical services for the nine months ended 30 September 2025 was approximately RMB59.20 million, representing approximately 36.88% of historical annual cap for the year ending 31 December 2025. The Company estimates that the expected transaction amount would be approximately RMB89.92 million for the three months ending 31 December 2025. We have reviewed three leasing agreements in aggregate amount of approximately RMB34.50 million and noted that the amounts would be payable in the three months ending 31 December 2025.

As stated in the Letter from the Board, the Proposed Annual Cap in respect of the provision of leasing, labour supply and technical services etc. to the CSSC Group is determined taking into account primarily the historical transaction amounts, orders in hand, expected orders, material costs and anticipated total production value of the Group. We have obtained the 2026 Forecast and found the corresponding Proposed

Annual Cap is composed of (i) leasing fee of approximately RMB81.00 million; (ii) labour fee of approximately RMB15.00 million; and (iii) technical services fee of approximately RMB71.40 million.

For the provision of leasing, based on the current negotiations between the Group and CSSC Group in respect of certain finished shipping products and the ship production facilities and equipment available for temporary leasing, the estimated leasing fee is approximately RMB81.00 million. Such estimate primarily takes into account (i) the expected rental income of approximately RMB61.0 million from leasing certain finished vessels; (ii) approximately RMB15.0 million from leasing idle factory premises; and (iii) approximately RMB5.0 million arising from the leasing of ship production facilities and equipment available for temporary leasing, We have obtained three vessels leasing agreements and each of their annual leasing fees are RMB1.6 million, RMB21.6 million and RMB25.9 million respectively, representing approximately 60.6% of the total expected leasing fee in 2026. Besides, we have also reviewed a leasing agreement of approximately 14.7 million related to idle factory premises. For the provision of labour supply, the estimated amount is determined with reference to the Group's projected labour requirements for 2026. As confirmed by the Directors, for the provision of labour supply, based on the orders in hand and the expected orders, it is expected that the provision of labour supply will be approximately RMB15.0 million in 2026. We understand from the management of the Group that in 2026 the Group will provide labour support services of approximately RMB10.0 million to the CSSC Group for a certain vessel comprehensive support project and approximately RMB5.0 million for other miscellaneous repair, training and other ad hoc labour services. Besides, we have collected two contracts of approximately RMB1.9 million regarding provision of labour supply to the CSSC Group and reviewed the corresponding terms, contract value and the expected scope of services. In relation to technical services, the estimated amount primarily takes into account approximately RMB36.40 million for technical service projects that have been undertaken or are pending to be undertaken by a subsidiary of the Group that we have obtained and reviewed the contracts of approximately RMB9.3 million. Furthermore, we noted there are other additional projects being expected to require technical services for additional new projects, which contribute to approximately RMB35.0 million based on the 2026 Forecast we have reviewed. The samples were selected based on the following criteria that ensuring (i) the expected transactions with the CSSC Group involved different subsidiaries rather than selecting all samples from the same entity and (ii) the samples covered provision of leasing, labour supply and technical services to the CSSC Group to enhance the diversity and relevance across service categories. We were advised by the management of the Group that assumptions and calculations for the expected transaction amount are generally consistent within each of the abovementioned three categories in the 2026 Forecast while different across categories. Therefore, we consider the selected samples of contracts and the correspondence documents covered different service categories, as not less than 5.0% of the total estimated transaction amount of the Proposed Annual Cap in respect of provision of leasing, labour supply and technical services etc. to the CSSC Group provides a meaningful coverage to demonstrate the fairness and reasonableness of such

estimated transaction amount for the year ending 31 December 2026. As such, we are of the view that the 2026 Forecast including the corresponding Proposed Annual Cap is fair and reasonable.

Based on the above, we are of the view that the basis adopted to determine the Proposed Annual Cap in respect of the provision of leasing, labour supply and technical services etc. to the CSSC Group for the year ending 31 December 2026 is fair and reasonable so far as the Independent Shareholders are concerned.

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

C. Equipment for ship, electrical and mechanical engineering equipment, ancillary parts and material supplies, etc.

As stated in the Letter from the Board, the equipment for ship, electrical and mechanical engineering equipment, ancillary parts and materials and supplies purchased by the Group from the CSSC Group 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 the CSSC Group and other independent suppliers so as to meet its routine and urgent needs. Considering that (i) the CSSC Group is engaged in the centralized production and manufacturing of some of such equipment; (ii) the 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 the CSSC Group can provide the Group with the required production equipment, the Directors are of the view that the 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 the CSSC Group.

As stated in the Letter from the Board, the pricing policies for the provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies etc. by the CSSC Group to the Group are as follows:

(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 such as Icaigou* (愛採購) and determined according to the production specifications and after arm's length negotiation. The Company will obtain one or more quotations from Independent Third Parties;

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(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 such as Icaigou* (愛採購), Steel Home* (鋼之家) and Mysteel* (我的鋼鐵) 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 the 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 the 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 qualification of the manufacturer and the standard of services to select the manufacturer, but the price shall be no less favourable than the conditions offered by Independent Third Party suppliers. If two or more competitors from the CSSC Group are among the competitors, the pricing will be determined after arm's length negotiations with reference to historical transaction prices; if there is only one supplier from the CSSC Group for particular equipment (such as a specialized equipment where the CSSC Group has the proprietary ownership and/or development right) 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 of the equipment (with reference to its historical transaction prices) or a unit price converted from certain technical data for that piece of equipment, and taking into account the substantive circumstance including the market price of raw materials, to ensure that such price is fair and reasonable; and

(iv) The prices of the supplies and related logistics and distribution services procured centrally by the CSSC Group, considering the low unit price and/or the short order time, the price will be determined between the parties annually based on actual costs taking into account the market price of such materials or services (including with reference to the market price as quoted on the public data of third party websites such as Steel Home* (鋼之家) and Mysteel* (我的鋼鐵) and the specification of the production needs of the Group) and after arm's length negotiation. The Company will obtain one or more quotations from Independent Third Parties to ensure that the prices will not be less favourable than the conditions offered by Independent Third Party suppliers.

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As discussed with the management of the Group, the Group will conduct market research on the prices of similar products with reference to public data of third party websites: (i) Icaigou*（愛採購）(https://b2b.baidu.com/), (ii) Steel Home*（鋼之家）(https://www.steelhome.cn/) and (iii) Mysteel*（我的鋼鐵）(https://www.mysteel.com/) if there is technical specifications or limitations on conditions of supply in order to make negotiation with the CSSC Group by making reference to the market price of similar products. Based on our discussion with the management of the Group, the Group obtains quotations from the Independent Third Parties to ensure the prices offered by the CSSC Group are no less favourable to those offered by the Independent Third Parties, which is part of the pricing policies. In addition, we have obtained and reviewed agreements on a randomly basis under each of equipment for ship, electrical and mechanical engineering equipment, ancillary parts and material supplies entered into between the CSSC Group and the Group and noted that there were at least two quotations from Independent Third Parties obtained by the Group regarding the procurement of equipment for ship, electrical and mechanical engineering equipment, ancillary parts and material supplies before entering into each of the agreements, we are of the view that the pricing and the contract terms offered by the CSSC Group to the Group in relation to the relevant purchases were no less favourable to those offered by Independent Third Parties. In respect of the prices of the supplies and related logistics and distribution services, we noted that the prices of the supplies and related logistics and distribution services were no less favourable to those offered by the Independent Third Party according to the agreements we have obtained and reviewed. Since the contract sum of the above samples represent more than 5.0% of the historical amount of continuing connected transactions in respect of equipment for ship, electrical and mechanical engineering equipment, ancillary parts and material supplies in 2025, we consider the above samples of agreements are representative because, in respect of the selection criteria, (i) they were all transactions under the 2025 Framework Agreement which were randomly selected and involved relevant purchases by the Group from the CSSC Group; and (ii) they were transactions that took place within 2025. As we did not identify issues when we reviewed such samples, we did not require further samples and this sample size is in line with our usual practice.

Having considered the above, we are of the view that the provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies etc. by the CSSC Group to the Group contemplated under the 2026 Framework Agreement will allow the Group to secure a stable supply of equipment and materials for its business in a cost-effective manner.

Proposed Annual Cap

As set out in the Letter from the Board, the Proposed Annual Cap in respect of the provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts and material supplies, etc. for the year ending 31 December 2026 is RMB11,531.20 million. Such Proposed Annual Cap was mainly determined based on the shipbuilding orders received by the Group and the production schedule of the Group. The historical transaction amount for the nine months ended 30 September 2025

was approximately RMB6,175.35 million, representing approximately 58.25% of the historical annual cap for the year ending 31 December 2025. As advised by the Company, the expected transaction amount of provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts and material supplies, etc. for the three months ending 31 December 2025 would be approximately RMB4,369.40. million, representing approximately 41.22% of the existing annual cap. We have compared the expected transaction amount for the year ending 31 December 2025 with the Proposed Annual Cap for the year ending 31 December 2026, there is a growth rate of approximately 10%. Therefore we are of the view that the expected transaction amount for the year ending 31 December 2026 based on the historical transactions is fair and reasonable.

As stated in the Letter from the Board, the corresponding Proposed Annual Cap is determined taking into account (i) the expected year-on-year increase in the amount of procurement based on the growth of approximately 10% in the production value which is expected to procure approximately RMB11,200 million; and (iii) few fixed asset investment projects of approximately RMB330 million. Based on the 2026 Forecast and 2026 Production Plan we have obtained and reviewed, we noted the expected production value has increased by approximately 10% for the year ending 31 December 2026 as compared to the year ending 31 December 2025. Thus, the expected transaction amount for the year ending 31 December 2026 will increase to approximately RMB11,200 million as compared to the total expected transactions for the year ending 31 December 2025 of approximately RMB10,100 million. In this regard, we have obtained and reviewed three contracts of procurements related to the production of vessels, which will be undertaken in 2026, representing more than approximately 25% of the expected transactions of approximately RMB11,200 million. As discussed with the management of the Group, other than the expected transaction as mentioned above, we received and reviewed the internal documents related to few fixed asset investment projects scheduled for 2026 including the bid confirmation documents and the contracts, which represent an estimated total value of approximately RMB330 million, comprising the berth project, the construction of a tugboat by a subsidiary of CSSC Group, and various technological transformation-related expenditures.

Based on the above, we are of the view that the basis adopted to determine the Proposed Annual Cap in respect of the provision of equipment for ship, electrical and mechanical engineering equipment, ancillary parts, materials and supplies etc. provided by the CSSC Group to the Group for the year ending 31 December 2026 is fair and reasonable so far as the Independent Shareholders are concerned.

D. Leasing, labour supply and technical services

Labour services primarily include the secondment of labour force and subcontracting of shipbuilding works or steel structure works to the 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 the 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 the CSSC Group is specialised in the design of certain types of ship products and equipment, the Group also engages the CSSC Group to provide design and technical services to meet the requirements for different production progresses. The Group has purchased the comprehensive services from the CSSC Group for years on terms no less favourable than terms available from Independent Third Parties, and thus the Directors believe that it would be more cost-efficient for the Group to retain the CSSC Group for provision of the comprehensive services.

As stated in the Letter from the Board, the pricing policy of the transactions in relation to the leasing, labour supply and technical service shall be as follow:

(i) Pricing of leases for production sites or dormitories provided by the CSSC Group to the Group. The lease prices are based on the market price or cost plus a 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 cap on 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 liability (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 paid on or before the commencement date of the lease term less lease incentive 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 a 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 amortisation 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 negotiations 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.

As discussed with the management of the Company, there was no production sites or dormitories provided by the CSSC Group to the Group in 2025. As for the provision of labour, we obtained and received labour contracts signed with the CSSC Group in 2025 on a random basis and reviewed the terms of the contracts. We compared the terms with those signed with the Independent Third Parties and noted that the unit prices offered by the CSSC Group were no less favourable than the terms offered by the Independent Third Parties. Also, we have checked the average salary level published by the Guangzhou Municipal Bureau of Statistics and obtained relevant market research on the labour cost. We noted that the unit prices offered by the CSSC Group were comparable to the average salary level published by the Guangzhou Municipal Bureau of Statistics. For the technical services, as advised by the management of the Group, although the technical services required specific skill sets offered by the Group, the CSSC Group made reference to the prevailing market standards in the shipbuilding industry. We have obtained and reviewed technical contracts signed with the CSSC Group in 2025 on a

random basis and each of them consisted of at least two quotations from the Independent Third Parties. We understand that the quotations made by the shipbuilding companies have been indicators of the market. We noted that the prices offered by the Group are close to the market price. Since the contract sum of the above samples represent more than 5% of the historical amount of continuing connected transactions in respect of leasing, labour supply and technical services in 2025, we consider the above samples of agreements are representative. We consider the above samples of agreements are fair and representative because, in respect of the selection criteria, (i) they were all transactions under the 2025 Framework Agreement which were randomly selected and involved relevant purchases by the Group from the CSSC Group; and (ii) they were transactions that took place within 2025. As we did not identify issues when we reviewed such samples, we did not require further samples and this sample size is in line with our usual practice.

Based on the above, we are of the view that the aforesaid terms of lease of production areas and equipment, labour supply and technical services, and comprehensive services by the CSSC Group are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the said transactions are in the interests of the Company and the Shareholders as a whole.

Proposed Annual Cap

As set out in the Letter from the Board, the Proposed Annual Cap in respect of the lease of production areas and equipment, labour supply and technical services by the CSSC Group for the year ending 31 December 2026 is RMB870.10 million. The historical transaction amount for the nine months ended 30 September 2025 was approximately RMB280.71 million, representing approximately 20.35% of the historical annual cap for the year ending 31 December 2025. In this respect, we have enquired the management of the Group and understand that the low utilisation rate was mainly due to a substantial reduction in design fees and labour costs as compared to the original plan because of increased reliance on the labour of the Group itself instead of the CSSC Group; and the progress of price review and settlement for repair projects has been delayed which resulted in approximately RMB200 million remained unexecuted in 2025.

According to the 2026 Forecast, the corresponding Proposed Annual Cap is comprised of leasing of approximately RMB3 million, labour supply of approximately RMB380 million, technical services of approximately RMB487 million. In respect of leasing, we have obtained an office leasing contract which would attributable to approximately RMB1.4 million and reviewed the corresponding terms, leasing fee and the fire safety responsibility statement. Based on the 2026 Production Plan, we noted the expected production value has increased by approximately 10% for the year ending 31 December 2026 as compared to the year ending 31 December 2025. Thus, the expected transaction amount of labour supply and technical services for the year ending 31 December 2026 will increase by approximately RMB35.6 million and approximately RMB20.0 million respectively as compared to the total expected transactions of labour supply and technical services for the year ending 31 December 2025. In respect of labour supply, we noted the recurring labour supply is expected to rise by 10% due to the 10% growth in production value. Besides, there will be ten relevant projects to be implemented in 2026. Accordingly, we have obtained and reviewed four contracts in relation to labour supply for these projects for the year ending 31 December 2026 to access the scope of service, terms and arrangements and confirmed they align with the anticipated amount stated on the 2026 Forecast. For technical services, the Group has taken into account (i) the 10% growth in production value together with the historical transactions for recurring services is expected to result in approximately RMB220 million based on the Company's internal record we have obtained and reviewed; (ii) the technical services fee payable to the CSSC Group in 2025 which was delayed and is expected to be paid in 2026 with the transaction amount of approximately RMB200 million as confirmed by the management of the Company; and (iii) the projects to be undertaken in 2026. including an estimated value of approximately RMB50 million to be charged by the CSSC Group attributable to the higher standards and requirements that the Company must meet for the projects currently undertaken based on the business strategy announced by the Company. The samples were selected based on the following criteria that ensuring (i) the expected transactions with the CSSC Group involved different subsidiaries rather than selecting all samples from the same entity and (ii) the samples covered the lease of production areas and equipment, labour supply and technical services by the CSSC Group to enhance the diversity and relevance across service

categories. We were advised by the management of the Group that assumptions and calculations for the expected transaction amount are generally consistent within each of the abovementioned three categories in the 2026 Forecast while different across categories. Therefore, we consider the selected samples of contracts and the correspondence documents covered different service categories, as not less than 5.0% of the total estimated transaction amount of the Proposed Annual Cap in respect of the lease of production areas and equipment, labour supply and technical services by the CSSC Group provides a meaningful coverage to demonstrate the fairness and reasonableness of such estimated transaction amount for the year ending 31 December 2026. As such, we are of the view that the 2026 Forecast including the corresponding Proposed Annual Cap is fair and reasonable.

Having considered the above, we are of the view that the basis for determining the Proposed Annual Caps for the year ended 31 December 2026 for leasing, labour supply and technical services is fair and reasonable so far as the Independent Shareholders are concerned.

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

E. Sales agency fees

As advised by the management of 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 the CSSC Group on behalf of foreign intermediaries shall be paid by the CSSC Group to the intermediaries. We have obtained and received agency contracts entered into in 2025 on a random basis and noted that the commission is less than 1.5%. The contract amount of each of the above samples represent more than 5% of the historical transaction amount of continuing connected transactions in respect of sales agency fees in 2025. We consider the above samples of agreements are fair and representative because, in respect of the selection criteria, (i) they were all transactions under the 2025 Framework Agreement which were randomly selected and involved relevant purchases by the Group from the CSSC Group; and (ii) they were transactions that took place within 2025. As we did not identify issues when we reviewed such samples, we did not require further samples and this sample size is in line with our usual practice. As confirmed by the Directors, it is an international industry practice to have an in-house broker for each shipbuilding company. We have obtained an inquiry made by the Group to an Independent Third Party agency and note that the agency fee is 2%. We are of the view that the terms of the sales agency services provided by the CSSC Group is no less favourable than the terms offered by the Independent Third Party agency.

As stated in the Letter from the Board, Group used to leverage on the 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 the 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.

Having considered the above, we are of the view that sales agency services contemplated under the 2026 Framework Agreement will enables the Group to rely on the assistance of the CSSC Group in addition to its own external operations due to the reputation of the CSSC Group in the international shipping market and its long-term relationship with shipowners.

Proposed Annual Cap

As set out in the Letter from the Board, the Proposed Annual Cap in respect of the sales agency fees for the year ending 31 December 2026 is RMB67.00 million. The historical transaction amount for the nine months ended 30 September 2025 was approximately RMB39.76 million, representing approximately 59.35% of the historical annual cap for the year ending 31 December 2025. Based on the procurement plan we reviewed, we noted the expected transaction amount would be approximately RMB14.85 million for the three months ending 31 December 2025 which indicates a growth of approximately 22.69% in 2026 is expected.

The determination of the corresponding Proposed Annual Cap has taken into account the 2026 Production Plan we have reviewed. We noted approximately RMB54 million is expected to be paid to the CSSC Group as sales agency fees for the sale of vessels through the CSSC Group in 2026 based on the estimates of production and payment milestones for the order in hand. As advised by the Company, the calculation of sales agency fee for 2026 is based on the total contract sum and expected production process. We reviewed three relevant contracts with contract sum of approximately RMB4.54 million, which approximately RMB3.08 million to be executed in 2026 and represented not less than 5% of the expected commission amount of approximately RMB54 million mentioned earlier. Furthermore, the Group is expected to have sales agency fee of approximately RMB10 million and RMB3 million taking account into the expected new production contracts and expected deposit paid respectively. The samples were selected based on the following criteria that ensuring (i) the expected transactions with the CSSC Group involved different subsidiaries rather than selecting all samples from the same entity and (ii) the samples covered different projects to enhance the diversity and relevance across sales agency service categories. We were advised by the management

of the Group that assumptions and calculations for the expected transaction amount for each project are similar among others. Therefore, we consider the selected samples of contracts and the correspondence documents covered different projects, as not less than 5.0% of the total estimated transaction amount of the Proposed Annual Cap in respect of the sales agency services provides a meaningful coverage to demonstrate the fairness and reasonableness of such estimated transaction amount for the year ending 31 December 2026. As such, we are of the view that the 2026 Forecast including the corresponding Proposed Annual Cap is fair and reasonable.

Based on the above, we are of the view that the basis adopted to determine the Proposed Annual Caps in respect of the sales agency services for the year ending 31 December 2026 is fair and reasonable so far as the Independent Shareholders are concerned.

4. Reasons for and benefits of entering into the 2026 Financial Services Framework Agreement

As stated in the Letter from the Board, the Continuing Connected Transactions of Financial Services allow the Group to fully leverage the financial services resources of CSSC Finance in order to provide a full range of financial services to the Group's business operations to support the Group's development.

a. Deposits services

As stated in the Letter from the Board, the Group maintains the Deposits with CSSC Finance from time to time. The interest rate on the Deposits is based on the deposit rates published by the PBOC from time to time and is no less favourable than the conditions offered by Independent Third Parties. The Directors are of the view that there are practical needs for the Group to continue to maintain the Deposits with CSSC Finance to enable an effective transmission of funds provided by the CSSC Group to the Group via CSSC Finance to the Group.

As set out in the paragraph headed "Risk Control Relating to the Deposits under the 2026 Financial Services Framework Agreement" in the Letter from the Board, CSSC Finance has provided undertakings for, among other things, ensuring the safety of the Deposits to provide to the Company, at any time, financial services with terms which are no less favourable than for comparable financial services provided to CSSC Finance or members of CSSC Finance; and those of the comparable financial services the Company may obtain from other financial institutions. Furthermore, the Group has adopted certain principles and standards in monitoring, amongst other things, the arrangements for the Deposits. The Deposits will also be subject to annual review conducted by the independent non-executive Directors, the auditors of the Company, and strict compliance of risk monitoring by the NAFR on CSSC Finance.

Pursuant to the 2026 Financial Services Framework Agreement, interests on the Deposits will be based on rates on deposits published by the PBOC from time to time. We have obtained and reviewed deposit slips with different deposit period and thus the

interest rates provided to us on a random basis by the Company relating to deposit interest rates offered by CSSC Finance on RMB deposits to the Group and noted that the rates were more favourable to those quoted by the PBOC at the relevant time. The deposit amounts of each of the above samples represent more than 5% of the historical maximum amount of daily balance of deposits in 2025. We consider the above samples of agreements are fair and representative because, in respect of the selection criteria, (i) they were all transactions under the 2025 Financial Services Framework Agreement which were randomly selected and involved deposits with CSSC Finance; (ii) they were transactions that took place within 2025. As we did not identify issues when we reviewed such samples, we did not require further samples and this sample size is in line with our usual practice.

Based on the above, we are of the view that the terms for placing the Deposits with CSSC Finance are on normal commercial terms and are fair and reasonable, and the arrangements for the Deposits are in the interests of the Company and the Shareholders as a whole.

Proposed Annual Caps

As set out in the Letter from the Board, the Proposed Annual Cap of the maximum outstanding daily balance on the Deposits is mainly determined based on estimated annual cash flows of the Group. The increase in the annual cap under the 2026 Financial Services Framework Agreement compared to last year is mainly due to the expectation that certain product phase payments will be concentrated within a certain period based on the Group's orders in hand and planned new orders, resulting in an increase in peak deposits at a certain point in time. Deposit interest is determined based on the projected deposit structure for 2026 and the corresponding interest rates. We noted the maximum daily balance on the Deposits with CSSC Finance amount to RMB21,700.00 million for the year ending 31 December 2026. The Proposed Annual Caps in respect of the aggregate interest on the Deposits which amount to RMB214.20 million for the year ending 31 December 2026. The maximum daily balance on the Deposits for the nine months ended 30 September 2025 was approximately RMB14,911.13 million. The aggregate interest on the Deposits for the nine months ended 30 September 2025 was approximately RMB135.41 million, representing approximately 39.94% of the Proposed Annual Caps in respect of the aggregate interest on the Deposits for the year ending 31 December 2025. We note that the expected maximum daily balance on the Deposits for the three months ending 31 December 2025 would be approximately RMB18,436.95 million and the aggregate interest on the Deposits for the three months ending 31 December 2025 would be approximately RMB47.13 million. We received the schedule of deposits and the calculation of interest of respective deposits for the three months ending 31 December 2025. We are of the view that the expected maximum daily balance on the Deposits and the aggregate interest on the Deposits for the year ending 31 December 2026 based on the historical transaction for the nine months ended 30 September 2025 and the expected transaction amount for the three months ending 31 December 2025 are fair and reasonable.

As advised by the Group, the maximum daily balance had been calculated with reference to current cash position, the expected monthly cash inflow, cash outflow, new loans and repayment of loans. We have reviewed (i) the historical maximum daily balance of deposits (including accrued interest) with CSSC Finance for the nine months ended 30 September 2025; and (ii) the cash flow projection for the year ending 31 December 2026. We have further discussed with the management of the Group and noted that the Group takes into account (a) the sales and purchases from ordinary course of business of the Group with reference to the expected growth in production value of approximately 10% in 2026; and (b) due to the continuous decline in market deposit interest rates in 2025, the deposit rate dropped by approximately 33% within the year, resulting in drop in the estimated deposit interest in 2026. In addition, we have reviewed a list of three-year fixed deposits As such, we are of the view that the cash flow projection for the year ending 31 December 2026 is properly prepared and the maximum daily balance for the year ending 31 December 2026 is fair and reasonable. As confirmed by the Company, the Proposed Annual Cap in respect of the aggregate interest on the Deposits for the year ending 31 December 2026 is prepared based on the CSSC Finance's interest rate table provided to the Company. We have reviewed CSSC Finance's interest rate table provided by the Company, and noted the Proposed Annual Cap in respect of the aggregate interest on the Deposits are calculated based on the Proposed Annual Cap on the maximum daily balance of the Deposits and the estimated interest rate. The interest rates vary as the duration of deposits and type of deposits are different. Additionally, we have reviewed the interest rate basis published by the PBOC (0.35%-2.75%) and noted that the interest rate provided by CSSC Finance was higher than that provided by the PBOC. Therefore, we are of the view that the terms offered by CSSC Finance were no less favourable than that offered by the Independent Third Parties. Furthermore, as confirmed by the Company, CSSC Finance's interest rate table will adjust from time to time according to PBOC's interest rate policy.

Based on the above, we are of the view that the basis for determining the Proposed Annual Caps for the Deposits are fair and reasonable so far as the Independent Shareholders are concerned.

b. Foreign exchange services such as forward settlement and sale of foreign exchange, etc.

As stated in the Letter from the Board, CSSC Finance shall, to the extent as permitted by laws, regulations and policies of the State, provide the Group with various types of foreign exchange business, including forward settlement and sale of foreign exchange, spot settlement and sale of foreign exchange, RMB foreign exchange swaps, foreign exchange trading and other foreign exchange related ancillary services. The Group negotiates and enters into contracts such as forward settlement and sale of foreign exchange with CSSC Finance, agreeing on the currency, amount and exchange rate of RMB against foreign exchange for future settlement and the completion deadline.

Based on our discussion with the Company, the nature of the Foreign Exchange Forward Contracts is derivatives, whose settlement is based on the difference between the forward exchange rate at the establishment and the spot exchange rate at the time of settlement so as to limit the currency risk of the Group. The Group's ship export orders are denominated in US dollars, where some of the domestic ships orders are denominated in USD but payable in RMB. The Group's exposure is that there is a fixed currency rate for the Foreign Exchange Forward Contracts for not more than 95% of the contracted amount and the payment for the remaining 5% of the contracted amount will be with reference to the relevant currency rate at the date of payment in general. CSSC Finance will enter into the Foreign Exchange Forward Contracts with the Group and provide the currency requested in the contract.

The Group will also continue to enter into Foreign Exchange Forward Contracts with Independent Third Party banks if and when appropriate. The Group will compare the terms offered by Independent Third Party banks with the terms offered by CSSC Finance before deciding on whether to enter into Foreign Exchange Forward Contracts with CSSC Finance. In view of this, the Directors consider that the entering into the Foreign Exchange Forward Contracts with CSSC Finance provide an extra option for the Group to fulfil its operational needs to hedge against risks relating to exchange rates and therefore it is in the interests of the Group and the Shareholders as a whole.

We have obtained and reviewed on a random basis and compared historical Foreign Exchange Forward Contract entered into between the Group and CSSC Finance against the then forward rate quotations provided by Independent Third Parties, respectively, and noted that the forward rates applicable to the Foreign Exchange Forward Contracts with CSSC Finance were in line with the then prevailing market rate for similar transactions with Independent Third Parties in 2025. The contract sum of the above samples represent more than 5% of the historical maximum amount of forward settlement and sale of foreign exchange in 2025. We consider the above samples of agreements are fair and representative because, in respect of the selection criteria, (i) they were all transactions under the 2025 Financial Services Framework Agreement which were randomly selected and involved forward settlement with CSSC Finance; and (ii) they were transactions that took place within 2025. As we did not identify issues when we reviewed such samples, we did not require further samples and this sample size is in line with our usual practice. Therefore, we are of the view that the terms offered by CSSC Finance are no less favourable than that offered by the Independent Third Parties.

Proposed Annual Cap

As set out in the Letter from the Board, the maximum daily balance of forward settlement and sale of foreign exchange amounts to RMB8,000.00 million for the year ending 31 December 2026. The maximum daily balance for the nine months ended 30 September 2025 were approximately RMB4,129.78 million.

As advised by the Company, the above estimated principal amounts are mainly determined with reference to the purchase order (from ship buyers who will settle the purchases in foreign currencies) of the Group for the year ending 31 December 2026. As we understand from the management of the Company, the Group expects the order from foreign buyers purchase orders (the "**Foreign Orders**") (denominated in US dollars) required for entering into a foreign exchange forward contract would be at approximately RMB13,562 million for the year ending 31 December 2026. Pursuant to the 2026 Forecast we reviewed, we noted the following factors have been taken into account in estimating the transaction amount for the year ending 31 December 2026, (i) based on the forward contracts on hand as at 30 September 2025, which will be still in force in 2026, of approximately RMB4,020 million; (ii) in the fourth quarter of 2025, the Group expects to sign new forward contracts of approximately RMB480 million; (iii) the amount of forward contracts to be matured in the fourth quarter of 2025 is approximately RMB568 million.; (iv) the expected forward contracts to be signed in 2026 of approximately RMB4,068 million which is based on 30% of the Foreign Orders required for entering into a foreign exchange forward contract for the year ending 31 December 2026; and (v) the maximum daily balance of forward settlement and sale of foreign exchange amounts to RMB8,000.00 million for the year ending 31 December 2026. Besides, we have obtained and received the list of forward contracts and noted that there are 45 contracts which would be still in force in 2026.

Based on the above, we are of the view that the basis for determining the Proposed Annual Cap for maximum daily balance of forward settlement and sale of foreign exchange is fair and reasonable so far as the Independent Shareholders are concerned and such transactions are in the interests of the Company and the Shareholders as a whole.

Risk Control Relating to the Deposits under the 2026 Financial Services Framework Agreement

In view of the significant amount of the Deposits placed or to be placed with CSSC Finance from time to time, CSSC Finance has provided an undertaking for, among other things, ensuring the safety of the Deposits:

(i) provide to the Company, at any time, financial services with terms which are no less favourable than for comparable financial services provided to CSSC Finance or members of CSSC Finance; and those of the comparable financial services the Company may obtain from other financial institutions by the Company;

(ii) ensure that the Financial Operation Licence (金融許可證) and other business permits, approvals and filings, etc. have been lawfully obtained by CSSC Finance and will remain valid and effective;

(iii) ensure the safe operations of its fund settlement and clearance network, assure the safety of funds, control the risk exposure and safety of the Deposits and will satisfy the requirements for the payment of the Deposits;

(iv) ensure the strict compliance with the risk monitoring indicators for financial institutions promulgated by the NFRA and that the major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the NFRA and other relevant laws and regulations;

(v) report its business and financial positions to the Company regularly, co-ordinate with the auditors of the Company in the course of their audit work to enable the Company to fulfil the requirements of the Hong Kong Listing Rules; and

(vi) on happening of new, or special event that may possibly affect the Company, CSSC Finance shall proactively inform the Company on a timely basis.

In order to safeguard the interests of the Shareholders, the Group has adopted certain principles and standards in monitoring, amongst other things, the arrangements for the Deposits. These include an assessment of the fund operation and control of risk exposure of CSSC Finance and evaluation of its services provided through its reports to be obtained regularly as mentioned above. Therefore, given SASAC's requirement of centralization of funds held by state-owned enterprises, the undertakings provided by CSSC Finance on risk control on the financial services (including the Deposits) to be provided to the Group and that the Deposits will be subject to annual review conducted by the independent non-executive Directors and the auditors of the Company and strict compliance of risk monitoring by the NAFR on the CSSC Group. As such, we are of the view that the risk control relating to the Deposits under the 2026 Financial Services Framework Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

OPINION

Having considered the above reasons, we are of the view that (i) the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group) and the Continuing Connected Transactions (including the respective Proposed Annual Caps); and (ii) the 2026 Financial Services Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group) and the Continuing Connected Transactions of Financial Services (including the respective Proposed Annual Caps) are entered in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders; and we advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM approving (i) the 2026 Framework Agreement (save for the guarantee services provided by CSSC and its member entities to the Group) and the Continuing Connected Transactions (including the respective Proposed Annual Caps); and (ii) the 2026 Financial Services

Framework Agreement (save for the provision of the loans, other and financial and credit services by CSSC Finance to the Group) and the Continuing Connected Transactions of Financial Services (including the respective Proposed Annual Caps).

Yours faithfully,
For and on behalf of
Vinco Financial Limited
Alister Chung
Managing Director

Note: Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Financial Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

I. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Company for the years ended 31 December 2022, 2023 and 2024, together with relevant notes thereto, have been disclosed in the following documents published on the website of HKEX News (www.hkexnews.hk) and the website of the Company (comec.cssc.net.cn):

The annual report of the Company for the year ended 31 December 2022 published on 26 April 2023 (page 83 to page 279). Please refer to the following link to the Annual Report 2022 published on website of the Hong Kong Stock Exchange:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042601469.pdf

The annual report of the Company for the year ended 31 December 2023 published on 25 April 2024 (page 95 to page 281). Please refer to the following link to the Annual Report 2023 published on website of the Hong Kong Stock Exchange:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042500077.pdf

The annual report of the Company for the year ended 31 December 2024 published on 25 April 2025 (page 93 to page 267). Please refer to the following link to the Annual Report 2024 published on website of the Hong Kong Stock Exchange:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042501181.pdf

The interim report of the Company for the six months ended 30 June 2025 published on 25 September 2025 (page 35 to page 201). Please refer to the following link to the Interim Report 2025 published on website of the Hong Kong Stock Exchange:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0925/2025092500031.pdf

II. INDEBTEDNESS

As at 31 October 2025, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had bank borrowings of approximately RMB5,071.4 million, including short-term bank borrowings of approximately RMB601.0 million, long-term bank borrowings due within one year of RMB3,271.5 million and long-term bank borrowings of approximately RMB1,252.9 million. The earliest maturity date of the bank borrowings was 5 November 2025 and the latest maturity date of the bank borrowings was 5 June 2036.

As at 31 October 2025, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, save as disclosed above and after prudent and reasonable enquiries by the Directors, the bank borrowings were unguaranteed and unsecured.

As at 31 October 2025, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had lease liabilities of approximately RMB117.9 million and the lease liabilities payable within one year was approximately RMB67.0 million. The lease liabilities were unguaranteed and unsecured.

Save as aforementioned, and apart from intra-group liabilities within the Group and normal trade business, at the close of business on 31 October 2025, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group did not have any other outstanding borrowings, loan capital issued and outstanding or agreed to be issued, debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, loans or other similar indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases, operating lease, hire purchase commitments, guarantees or other contingent liabilities.

III. WORKING CAPITAL

As at the Latest Practicable Date, having made appropriate inquiries and taking into account of the financial resources available of the Group including the internally generated funds and present available banking facilities, the Directors are of the opinion that the working capital available is sufficient for the Group's requirements for at least 12 months from the date of this circular.

IV. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the first half of 2025, the Group resolutely fulfilled its primary responsibility of strengthening the military and ensuring combat readiness, continued to focus on the marine defense industry, actively advanced the development of new-quality and new-domain combat capabilities, and enhanced equipment supply capacity. Additionally, the Group closely followed global shipbuilding market trends, strengthened its order acquisition strategy based on market demand, focused on main ship types, and enhanced independent research and development. The Group achieved cumulative operating orders of RMB15.498 billion, representing a period-on-period increase of 64.6%, and completed 88.8% of the annual plan. The Group received new shipbuilding orders for 32 ships of 6 types, including containerships, special vessels, and gas carriers. Among these, the Company's "Honghu" series of feeder containerships continued to lead the global niche market, while medium-sized containerships expanded their capacity ranging from 4,300 TEU to 9,200 TEU, demonstrating significant improvements in product competitiveness and fleet portfolio development.

The Group focused on the goals of ensuring timely delivery, expediting delivery and delivering high-quality vessels. Leveraging the advantages of abundant orders on hand and bulk building of its main ship types, the Group deepened project management, plan management, cost control, production resource allocation and human resource coordination, driving simultaneous improvements in delivery quality, shipbuilding efficiency and cost control standards, and achieving early delivery of multiple product types compared to contract schedules. During the reporting period, the Group completed and delivered 16 vessels with a total of 454,600 DWT, including feeder containerships, scientific exploration ships, fishery aquaculture ships and other products; the Group achieved an operating revenue of RMB10.173 billion, representing a year-on-year increase of 16.54%.

As of 30 June 2025, the Group held orders with the total contract value of approximately RMB68 billion, of which the total contract value of shipbuilding orders on hand was approximately RMB65 billion, including 140 vessels and 1 offshore equipment with a total of 4,664,000 DWT; and the total contract value of the orders on hand for offshore wind power equipment, ship repairs and other non-shipbuilding products was approximately RMB3 billion.

The macroeconomic environment remains fundamentally stable. It is anticipated that the global economy will maintain a modest growth in 2025. However, uncertainties such as geopolitical tensions and trade protectionism are projected to disrupt the global economic and trade order. As the year 2025 will mark the conclusion of the 14th Five-Year Plan, the domestic economy is expected to continue its steady and progressive trend. Proactive fiscal policies and accommodative monetary policies will provide a favourable monetary and financial environment for economic growth. Emerging industries such as digital economy, green economy, and high-end manufacturing are poised for a rapid development. Nevertheless, it remains imperative to monitor the ripple effects stemming from uncertainties including international monetary policies and restructuring of global industrial and supply chains.

The defense industry is navigating a strategic opportunity window. Against the backdrop of continued tensions in the global geopolitical situation and prolonged geopolitical conflicts, there persists an enduring necessity to strengthen the nation's defense capabilities. Achieving the centennial goal of military establishment by 2027 as scheduled is a key node in the process of advancing the modernisation of national defense and the military. The subversive role of emerging technologies has put forward new requirements for the national defense and military manufacturing industry of the PRC, such as "new-quality and new-domain", "intelligentization", "combat-oriented military training" and "border, maritime and air defense construction", leading the subsequent development direction of national defense and military enterprises. Increasingly diversified forms of maritime conflict will further increase the market for official law enforcement equipment, especially in high-performance large vessels, highly automated vessels and the provision of fishery law enforcement facilities, etc. The green and low-carbon development path will bring long-term demand for the renewal and replacement of official law enforcement vessels.

The shipbuilding and marine industry maintains a high level of prosperity. The global shipbuilding industry is at a new historical juncture with the overlapping of the "dual cycles" of the renewal of ageing vessels and the green transformation of the fleet. From the perspective of renewal demand, by the end of 2024, the global capacity of vessels aged 20 years and above exceeded 374 million DWT, which was 8.1% higher than the orders held by global shipyards of 346 million DWT during the same period. There was still room for orders to be released, while the capacity of vessels aged 15-19 years exceeded 440 million DWT, with strong potential demand for ordering. From the perspective of green development, the entry into force and implementation of major regulations such as FuelEU Maritime are beneficial to the new shipbuilding market to a certain extent. It is expected that the global shipbuilding market will continue to show the development trend of "positive demand and tight supply".

Emerging industries present both opportunities and challenges. According to the Global Wind Energy Council (GWEC), the global offshore wind power industry is poised for continued growth. Between 2023 and 2033, the installed capacity of offshore wind power worldwide is expected to increase from

10.9GW to 66.2GW, with a CAGR of 19.8%. The domestic market will rebound during the final phase of the 14th Five-Year Plan, and the overseas market will grow significantly in the next few years. However, with the rapid growth of domestic production capacity and intensifying market competition, manufacturers will face challenges in securing orders and maintaining profitability.

With the aim of strengthening the military, serving the nation, and deeply exploring the marine segment, the Group is committed to building high-quality marine equipment and becoming a world-class listed marine defense equipment company with a rational industrial structure, leading core technologies, excellent quality and services and strong international competitiveness.

Facing the new development landscape of the shipbuilding market, the Company adheres to the enterprise spirit of "innovation, efficiency, cooperation and win-win", follows the development concept of "devoting to both manufacturing and service", and actively builds up three major industrial layouts of marine defense equipment, ship and offshore engineering equipment and marine science and technology innovation equipment. The Company fully aligns with major strategies such as the "Belt and Road" Initiative, military-civilian integration development, the building of a strong manufacturing country and the building of a strong maritime country, while promoting the expansion and extension of the traditional manufacturing industry in a more valuable direction, strengthening and optimising the main business, vigorously expanding emerging industries, driving transformation and upgrading into advanced manufacturing and service industries, and achieving high-quality development.

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

II. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had or were deemed or taken to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group and had interests as recorded in the register to be kept under section 336 of the SFO:

Name of shareholder	Class of shares	Number of long positions held (shares)	Capacity	Approximate shareholding percentage of issued H Shares (%)	Approximate shareholding percentage of issued A Shares (%)	Percentage of total issued share capital (%)
China State Shipbuilding Corporation Limited	A Shares	481,337,700 (L)	Beneficial owner	—	58.60	34.05
CSSC International Holding Company Limited	H Shares	322,790,890 (L)	Beneficial owner	54.52	—	22.84

Note: L = Long position

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no other persons (other than the Directors and chief executives of the Company) had, or were deemed or taken to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or held any option in respect of such share capital.

III. DIRECTORS' INTERESTS

As at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be

notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register to be kept under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As at the Latest Practicable Date,

- none of the Directors had entered into any existing or proposed service contract with any member of the Group, excluding those contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation; and

- none of the Directors or their associates had any direct or indirect interest in any assets which had been, since 31 December 2024 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by, or leased to any member of the Group, or proposed to be acquired, or disposed of by, or leased to any member of the Group.

IV. COMPETING INTERESTS AND OTHER INTERESTS

So far as the Directors were aware, none of the Directors or their respective associates had any interests which competed or were likely to compete, either directly or indirectly, with the business of the Group.

None of the Directors or their associates were materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

V. EXPERT

The following is the qualification of the professional adviser who has given opinion or advice which is contained in this circular:

Name	Qualification
Vinco Financial	a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Vinco Financial:

- did not have any direct or indirect shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

- did not have any direct or indirect interest in any assets which had been, since 31 December 2024 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by, or leased to any member of the Group, or proposed to be acquired, or disposed of by, or leased to any member of the Group.

Vinco Financial has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and the references to its name and logo in the form and context in which it is included. The letter of advice from Vinco Financial is given as at the date of this circular for incorporation herein.

VI. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

VII. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or operational position of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up.

VIII. MATERIAL CONTRACT

No contracts (other than those entered into in the ordinary course of business), which are or may be material, have been entered into by the Group within two years prior to the date of this circular and up to the Latest Practicable Date.

IX. GENERAL

The registered office of the Company is located at No. 10, Jibaosha North Road, Nansha District, Guangzhou, the PRC (post code: 511462).

The H share registrar and H share transfer office of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The company secretary of the Company is Mr. Li Zhidong. Mr. Li Zhidong, aged 59, senior engineer. He graduated from Shanghai Jiaotong University with a bachelor's degree, majored in ship engineering, in engineering in July 1987 and graduated from China Europe International Business School with a master's degree, majoring in business administration in November 1997. He served as the head of general office, chief legal advisor, assistant to general manager, board secretary and Hong Kong company secretary of Guangzhou Shipyard International Company Limited(廣州廣船國際股份有限公司). He is currently the secretary to the Board and Hong Kong company secretary of the Company.

The following Directors are directors or employees of CSSC Group: Mr. Luo Bing is the chairman and secretary of the Party committee of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); Mr. Gu Yuan is the deputy general manager of the department of asset management of CSSC and director of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); Mr. Ren Kaijiang is the director of CSSC Science & Technology Co., Ltd.(中船科技股份有限公司), Chongqing Chuandong Shipbuilding Heavy Industry Company Limited(重慶川東船舶重工有限責任公司) and CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); Mr. Yin Lu is the deputy general manager of the department of safety, quality and environment of CSSC and director of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); and Mr. Nie Lijun is the deputy secretary of the Party committee and the chairman of the labour union of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司). Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had interests or short positions in the Shares and underlying Shares of the Company which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

X. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of HKEX News (www.hkexnews.hk) and the website of the Company (comec.cssc.net.cn) from the date of this circular up to and including the date of the EGM:

- the 2026 Framework Agreement;
- the 2026 Financial Services Framework Agreement;
- the written consent of Vinco Financial; and
- the letter of advice dated 10 December 2025 from Vinco Financial to the Independent Board Committee and the Independent Shareholders.

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 company with limited liability incorporated in the People's Republic of China)

(H Shares Stock Code: 00317)

NOTICE OF THE FOURTH EXTRAORDINARY GENERAL MEETING OF 2025

NOTICE IS HEREBY GIVEN that the fourth extraordinary general meeting of 2025 (the "**EGM**") of CSSC Offshore & Marine Engineering (Group) Company Limited (the "**Company**") will be held at the conference room of the Company at 5th Floor, Sci-Tech Building, No. 10, Jibaosha North Road, Nansha District, Guangzhou, The People's Republic of China (the "**PRC**") at 10:00 a.m. on Tuesday, 30 December 2025, at which the following matters will be proposed for consideration:

ORDINARY RESOLUTIONS

1. To consider and approve the resolution on the signing of the 2026 Continuing Connected Transactions Framework Agreement between the Company and China State Shipbuilding Corporation Limited; and

2. To consider and approve the resolution on the signing of the 2026 Financial Services Framework Agreement between the Company and CSSC Finance Company Limited.

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

Guangzhou, 10 December 2025

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

Notes:

1. For details of the resolutions to be considered at the EGM and other related matters, please refer to the announcement of the Company dated 30 October 2025 published on the website of The Stock Exchange of Hong Kong Limited and the circular despatched on 10 December 2025.

2. Any shareholder who is entitled to attend and vote at the EGM has the right to appoint one or more proxies to do so on behalf of himself, and the proxy needs not be a shareholder of the Company. In order to ensure validity, completed proxy forms and other authorization documents (if any) must be delivered to the registered office of the Company not less than 24 hours before the time scheduled for the holding of the EGM (in case of holders of A shares). Holders of H shares must deliver completed proxy forms and other authorization documents (if any) to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the proxy forms will not preclude the shareholders from attending and voting in person at the EGM should they so wish.

3. The resolutions at the EGM will be voted on by poll.

4. Shareholders and proxies must show their identification documents when attending the EGM.

5. The EGM will last for half a day. Shareholders and proxies attending the EGM shall be responsible for their own traveling and accommodation expenses.

6. The registered office of the Company is at the Board of Directors' Office of CSSC Offshore & Marine Engineering (Group) Company Limited at No. 10, Jibaosha North Road, Nansha District, Guangzhou, the PRC (post code: 511462).

   Contact persons: Li Zhidong/Qiu Zhilin
   Telephone: (8620) 3666 6912
   Fax: (8620) 3666 6925