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CSSC (Hong Kong) Shipping Company Limited

中國船舶集團(香港)航運租賃有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 3877)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE CONSTRUCTION OF VESSELS AND
APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Board is pleased to announce that on 1 September 2026 (after trading hours), the Company as Buyer, and Chengxi Shipyard and CSTC as the Sellers, entered into ten Shipbuilding Contracts for the construction of ten Vessels. The consideration for each Vessel is CNH323,500,000 (equivalent to approximately HK\$378,495,000) and the aggregate consideration for ten Vessels is CNH3,235,000,000 (equivalent to approximately HK\$3,784,950,000).

As at the date of this announcement, China Shipbuilding Group (through CSSC Group) is interested in 4,602,046,234 Shares, accounting for approximately 74.17% of the issued share capital of the Company. As Chengxi Shipyard and CSTC (being the Sellers) and CSSC Guangxi (being one of the Builders) are subsidiaries of China Shipbuilding Group, which is the sole shareholder of CSSC Group, the Sellers and CSSC Guangxi are connected persons of the Company. Therefore, the transactions contemplated under the Shipbuilding Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios exceed 25% but are less than 75%, accordingly, the transactions contemplated under the Shipbuilding Contracts also constitute major transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

The EGM will be convened by the Company to consider and, if thought fit, approve the Shipbuilding Contracts and the transactions contemplated thereunder. The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Shipbuilding Contracts and the transactions contemplated thereunder. The Company has appointed Somerley Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, further details in relation to the transactions, the recommendation of the Independent Board Committee, the letter of advice from the Independent Financial Adviser, and a notice of the EGM, is expected to be sent to the Shareholders on or before 31 October 2026.

BACKGROUND

The Board is pleased to announce that on 1 September 2026 (after trading hours), the Company as the Buyer, and Chengxi Shipyard and CSTC as the Sellers, entered into ten Shipbuilding Contracts for the construction of ten Vessels. The consideration for each Vessel is CNH323,500,000 (equivalent to approximately HK\$378,495,000) and the aggregate consideration for ten Vessels is CNH3,235,000,000 (equivalent to approximately HK\$3,784,950,000).

The Shipbuilding Contracts will be effective subject to, among others, the approval of the Independent Shareholders at the EGM.

CONTRACT TERMS

Consideration

The consideration of each Vessel was determined by the Buyer and the Sellers after arm's length negotiations taking into account: (i) the market price of comparable type of vessels in other shipbuilding transactions and the construction price of the same type of vessels offered by the Sellers to other independent third parties recently by reference to the publicly available industry reports (the "**Reports**") published by independent industry consultants. Based on the Reports, the consideration amount of the Vessels under the Shipbuilding Contracts is the same as the construction price of same type of vessel offered by the Sellers to other independent third parties in other transactions and lower than that of the market price of comparable type of vessels in other shipbuilding transactions; and (ii) payment terms and delivery dates of the Vessels, and was agreed between a willing buyer and a willing seller. The terms of the Shipbuilding Contracts (including the consideration for each of the Vessels) were determined on an arm's length basis and on normal commercial terms.

The Buyer shall pay the transaction consideration of CNH323,500,000 for each Vessel in five instalments based on progress intervals on the construction of each Vessel with smaller proportion of the consideration amount payable in the first four installments and the majority of the payment payable in the fifth installment upon delivery of the Vessels.

The Vessels are expected to be delivered during the period from 30 September 2029 to 31 December 2030, subject to the arrangements of delay in delivery as agreed in the Shipbuilding Contracts. In case of delay in delivery, the Sellers shall deduct the liquidated damages from the fifth installment of the consideration of each Vessel under the Shipbuilding Contracts (the exact amount of which shall be assessed based on the extent of delay from the original delivery date pursuant to the Shipbuilding Contracts with the grace period of 30 days from the agreed delivery date, subject to a maximum amount of CNH7,200,000 for each Vessel) and, accordingly, the fifth installment shall be paid on a net basis (i.e. after deducting the aforementioned liquidated damages payable by the Sellers).

In the event that any of the Shipbuilding Contracts is revoked or terminated by the Buyer in accordance with the specific terms thereof, the Sellers shall refund to the Buyer the full amount already paid by the Buyer to the Sellers, together with interests incurred thereof (the exact amount of which shall be determined based on the agreed interest rate of 6% per annum on the amount required to be refunded as calculated from the date when such sum is received by the Sellers in accordance with the terms under the Shipbuilding Contracts).

SOURCE OF FUNDS

The aggregate consideration of CNH3,235,000,000 (equivalent to approximately HK\$3,784,950,000) is expected to be funded by internal resources of the Group and bank borrowings.

INFORMATION OF THE PARTIES TO THE SHIPBUILDING CONTRACTS

The Buyer

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

The Sellers

Chengxi Shipyard is a company established under the laws of the PRC and is principally engaged in the shipbuilding business. As at the date of this announcement, Chengxi Shipyard is a subsidiary of China Shipbuilding Group.

CSTC is a company established under the laws of the PRC and is a subsidiary of China Shipbuilding Group. CSTC acts as a trading intermediary under the Shipbuilding Contracts, facilitating the transactions between the Buyer and the Builders and providing professional advice to optimise the construction and delivery process of the Vessels. As at the date of this announcement, CSTC is a subsidiary of China Shipbuilding Group.

CSSC Guangxi

CSSC Guangxi is a company established under the laws of the PRC and is principally engaged in the shipbuilding business. As at the date of this announcement, CSSC Guangxi is a subsidiary of China Shipbuilding Group.

China Shipbuilding Group is a state-authorised investment institution directly supervised and administered by the State-owned Assets Supervision and Administration Commission of the State Council, 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.

Both Chengxi Shipyard and CSSC Guangxi are the Builders and are jointly responsible for the design, construction and delivery of the Vessels.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE SHIPBUILDING CONTRACTS

The Company is a shipyard-affiliated leasing company and is principally engaged in the provision of leasing services. The Board is continuously seeking to optimise the quality of the fleets of the Group and adjust the Group's fleet profile as appropriate.

The acquisition of the Vessels is consistent with the Group's ongoing strategy to renew its fleet with modern and high-quality vessels. In view of increasingly stringent maritime regulations, the Company has decided to order brand-new vessels that comply with the latest environmental requirements and incorporate tailor-made designs. The Vessels are more fuel-efficient and of higher operational efficiency than the existing bulk carriers of the Group currently in operation, which meet the latest environmental regulations and prevailing specification requirements in the shipping industry. This decision supports the Company's long-term objective of maintaining a modern fleet and is in line with the Group's business development strategy. Furthermore, China Shipbuilding Group is a leading state-owned shipbuilding conglomerate in the PRC and has solid experience and substantial expertise in shipbuilding and is equipped with capabilities in constructing a wide range of vessels. During the ordinary and usual course of business of the Group, the Group has been purchasing vessels from China Shipbuilding Group and/or its associates since its establishment in 2012. The vessels purchased from China Shipbuilding Group and/or its associates have been used for the Group's operating lease business and for direct finance lease transactions (both being the Group's principal businesses). When the Vessels are delivered from the Builders, the Group would be able to generate leasing income by leasing the vessels to customer(s).

The Builders, being subsidiaries of the China Shipbuilding Group, have been well-recognised for its manufacturing process and quality control, which is crucial to the performance of the Vessels. The Group has previously engaged the Builders as shipbuilders for other shipbuilding transactions and hence collaboration with the same shipbuilder is expected to generate synergy effects in vessel construction. Furthermore, CSTC has extensive experience in coordinating the shipbuilders and the buyers as well as monitoring the shipbuilding progress.

Therefore, engaging CSTC as a trader under the Shipbuilding Contracts not only is in line with the common practice in the market, but also allows the Group to obtain professional advice from CSTC and further optimise the construction and delivery process of the Vessels. It is also noted that CSSC Guangxi and Chengxi Shipyard had entered into letters of intent with other independent third-party buyers for the construction of the same type of vessel ordered by the Group. Hence, it is believed that the Builders are well-recognised by the market for the construction of such vessel. In addition, the Vessels delivery schedule offered by the Builders is also in line with the strategic plan of the Group, and the consideration offered by the Builders is comparable to those offered by other shipbuilders (including independent third-party shipbuilders) as obtained by the Group through market researches.

The Company believes that the Shipbuilding Contracts and the transactions contemplated thereunder will enable the Group to optimise the fleet profile through ongoing asset portfolio management, which is in line with the Group's business development strategy.

The Company is of the view that the terms under the Shipbuilding Contracts were arrived at after arm's length negotiations between the parties thereto and were on normal commercial terms and in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

THE LISTING RULES IMPLICATIONS

As at the date of this announcement, China Shipbuilding Group (through CSSC Group) is interested in 4,602,046,234 Shares, accounting for approximately 74.17% of the issued share capital of the Company. As Chengxi Shipyard and CSTC (being the Sellers) and CSSC Guangxi (being one of the Builders) are subsidiaries of China Shipbuilding Group, which is the sole shareholder of CSSC Group, the Sellers and CSSC Guangxi are connected persons of the Company. Therefore, the transactions contemplated under the Shipbuilding Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios exceed 25% but are less than 75%, accordingly, the transactions contemplated under the Shipbuilding Contracts also constitute major transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

GENERAL

Since China Shipbuilding Group, the sole shareholder of CSSC Group, is the indirect shareholder of the Chengxi Shipyard and CSTC (being the Sellers) and CSSC Guangxi as at the date of this announcement, China Shipbuilding Group and its associates will be required to abstain from voting on the resolution(s) in relation to the Shipbuilding Contracts and the transactions contemplated thereunder to be proposed at the EGM.

Save for Mr. Li Hongtao, Mr. Liu Hui, Mr. Xie Weizhong and Mr. Chi Benbin, who are considered to be interested in the Shipbuilding Contracts by virtue of their directorial and/or managerial positions in China Shipbuilding Group, none of the other Directors has abstained from voting at the Board meeting to approve the Shipbuilding Contracts and the transactions contemplated thereunder.

EGM

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

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

A circular containing, among other things, (i) further details in relation to the transactions contemplated under the Shipbuilding Contracts, (ii) the recommendation of the Independent Board Committee in relation to the Shipbuilding Contracts and the transactions contemplated thereunder, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Shipbuilding Contracts and the transactions contemplated thereunder; and (iv) a notice of the EGM required under the Listing Rules, is expected to be sent to the Shareholders on or before 31 October 2026 as additional time is required for the Company to prepare the relevant information for inclusion in the circular.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Builders”	collectively, CSSC Guangxi and Chengxi Shipyard
“Buyer”	the Company or its nominee
“Chengxi Shipyard”	Chengxi shipyard Co., Ltd., a company established under the laws of the PRC and indirectly wholly owned by China Shipbuilding Group, being the shipyard responsible for the design, construction and delivery of Vessels
“China Shipbuilding Group”	China State Shipbuilding Corporation Limited* (中國船舶集團有限公司), a wholly state-owned limited liability company established under the laws of the PRC, being the sole shareholder of CSSC Group and one of the controlling shareholders of the Company
“CNH”	RMB in the offshore market
“Company”	CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司), a company incorporated under the laws of Hong Kong with limited liability on 25 June 2012, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3877)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSSC Group”	China State Shipbuilding Corporation* (中國船舶工業集團有限公司), a wholly state-owned limited liability company established under the laws of the PRC and one of the controlling shareholders of the Company
“CSSC Guangxi”	China State Shipbuilding Corporation Guangxi Shipbuilding Co., Ltd.* (中國船舶集團廣西船舶有限公司), a company established under the laws of the PRC and indirectly controlled by China Shipbuilding Group, being the shipyard responsible for the design, construction and delivery of Vessels
“CSTC”	China Shipbuilding Trading Co., Ltd.* (中國船舶工業貿易有限公司), a company established under the laws of the PRC and a wholly owned subsidiary of China Shipbuilding Group, acting as trading intermediary under the Shipbuilding Contracts
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, approve the Shipbuilding Contracts and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the Shipbuilding Contracts and the transactions contemplated thereunder
“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Shipbuilding Contracts and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who do not have a material interest in the Shipbuilding Contracts and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China
“RMB”	the lawful currency of the PRC
“Sellers”	collectively, Chengxi Shipyard and CSTC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shipbuilding Contracts”	shipbuilding contracts entered into between the Buyer and the Sellers on 1 September 2026 in respect of the construction of the Vessels
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vessels”	ten (10) 80,000 DWT Grain Carriers (Bulk Carriers) with Hull Numbers CX9809A, CX9810A, CX9811A, CX9812A, CX9813A, CX9814A, CX9815A, CX9816A, CX9817A and CX9818A to be constructed pursuant to the Shipbuilding Contracts, and unless otherwise stated, a “Vessel” means any of them
“%”	per cent

In this announcement, for the purpose of illustration only, amounts quoted in CNH have been converted into HK\$ at the rate of CNH1 to HK\$1.17. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

By order of the Board
CSSC (Hong Kong) Shipping Company Limited
Li Hongtao
Chairman

Hong Kong, 1 September 2026

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