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

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

(H Shares Stock Code: 00317)

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS 2027 FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the 2026 Financial Services Framework Agreement which governs the continuing connected transactions between the Group and CSSC Finance for the period from 1 January 2026 to 31 December 2026 (both days inclusive) will be completed on 31 December 2026, the Company and CSSC Finance have entered into the 2027 Financial Services Framework Agreement to continue and to govern the financial services between the Group and CSSC Finance for the period from 1 January 2027 to 31 December 2027.

The entering into and the implementation of the 2027 Financial Services Framework Agreement and the continuing connected transactions contemplated thereunder (together with the Proposed Annual Caps) are conditional upon the approval by Independent Shareholders at the EGM.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, CSSC is an indirect controlling shareholder of the Company and 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 2027 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) on an annual basis for the Proposed Annual Caps for the continuing connected transactions under the 2027 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 2027 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 2027 Financial Services Framework Agreement constitutes financial assistance received by the Group from a connected person. As (i) the abovementioned services are 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 2027 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 2027 Financial Services Framework Agreement, the deposit services and foreign exchange services such as forward settlement and sale of foreign exchange under the 2027 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.

GENERAL INFORMATION

The Company will convene the EGM to seek, among others, prior approval from the Independent Shareholders for entering into the 2027 Financial Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps. A circular containing, among others, (i) details of the 2027 Financial Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders according to the applicable laws, regulations and statutes (including the Hong Kong Listing Rules) will be posted on the website of Hong Kong Stock Exchange at www.hkexnews.hk, the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Company at comec.cssc.net.cn on or before 11 December 2026 and dispatched to the Shareholders who have indicated their wish to receive a printed copy as additional time is required to compile the data and prepare the circular. Pursuant to the Hong Kong Listing Rules, China Shipbuilding Group and CSSC International Holding Company Limited will abstain from voting in relation to the resolutions to be put forward at the EGM. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders.

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

I. BACKGROUND

References are made to the announcement of the Company dated 30 October 2025 and the circular of the Company dated 10 December 2025 in relation to, among others, the 2026 Financial Services Framework Agreement.

As the 2026 Financial Services Framework Agreement governing the continuing connected transactions between the Group and CSSC Finance for the period from 1 January 2026 to 31 December 2026 (both days inclusive) will be completed on 31 December 2026, the Company and CSSC Finance have entered into the 2027 Financial Services Framework Agreement to continue and govern the financial services between the Group and CSSC Finance for the period from 1 January 2027 to 31 December 2027.

The Directors (excluding the Directors who are required to abstain from voting on the relevant Board resolution in relation to the 2027 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 2027 Financial Services 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 2027 Financial Services Framework Agreement and the continuing connected transactions contemplated thereunder (together with the Proposed Annual Caps) are 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 2026 Financial Services Framework Agreement and the continuing connected transactions contemplated thereunder (together with the relevant annual caps).

II. 2027 FINANCIAL SERVICES FRAMEWORK AGREEMENT

The 2026 Financial Services Framework Agreement which governs the continuing connected transactions between the Group and CSSC Finance for the period from 1 January 2026 to 31 December 2026 (both days inclusive) will be completed on 31 December 2026. To continue the provision of financial services by CSSC Finance to the Group, on 29 October 2026, the Company and CSSC Finance entered into the 2027 Financial Services Framework Agreement to continue and to govern the financial services between the Group and CSSC Finance for the period from 1 January 2027 to 31 December 2027.

Principal Terms of the 2027 Financial Services Framework Agreement

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 laws, regulations and policies of the State, 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, and, within the consolidated credit line, provide guarantees in respect of the Group's potential compensation and payment obligations 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 shall negotiate and enter 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 settlement period.

Pricing: The Continuing Connected Transactions of Financial Services shall be conducted in the usual course of business of the Group and on principle of fairness 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 2027 Financial Services Framework Agreement shall be from 1 January 2027 to 31 December 2027 (both days inclusive).

Historical Amounts and Proposed Annual Caps

Historical Amounts

The table below sets out the amounts of the continuing connected transactions of financial services for the nine months ended 30 September 2026 and the comparison with the annual caps approved by the Independent Shareholders under the 2026 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 2026 to ensure that the amounts will not exceed the annual caps for 2026 under the 2026 Financial Services Framework Agreement. The unaudited transaction amounts for the continuing connected transactions of financial services for the nine months ended 30 September 2026 did not exceed the annual caps for those transactions.

Unit: RMB in ten thousand

Transactions			**Historical annual Caps for the year ending 31 December 2026**	**Historical amounts for the nine months ended 30 September 2026** *(Note 1)*
Financial services provided by CSSC Finance to the Group:				
(a)	(1)	Maximum outstanding daily balance on the Deposits	2,170,000	1,496,045
	(2)	Aggregate interest on the Deposits for the year	21,420	8,620
(b)	(1)	Maximum outstanding daily balance on loans	230,000	64,000
	(2)	Aggregate interest on loans for the year	4,200	277
(c)	(1)	Maximum limit on other and bank credit services	680,600	114,565
	(2)	Aggregate fees on financial and bank credit services	810	49
(d)	Maximum outstanding daily balance of foreign exchange services such as forward settlement and sale of foreign exchange		800,000	692,806

Note:

1. The figures for the nine months ended 30 September 2026 were unaudited figures.

Proposed Annual Caps

The table below sets out the Proposed Annual Caps for Continuing Connected Transactions of Financial Services for the year 2027.

Unit: RMB in ten thousand

Transactions			Proposed Annual Caps For the year ending 31 December 2027
Financial services provided by CSSC Finance to the Group:			
(a)	(1)	Maximum outstanding daily balance on the Deposits	2,690,000
	(2)	Aggregate interest on the Deposits for the year	25,500
(b)	(1)	Maximum outstanding daily balance on loans	220,000
	(2)	Aggregate interest on loans for the year	4,100
(c)	(1)	Maximum limit on other and bank credit services	922,000
	(2)	Aggregate fees on other and bank credit services	1,060
(d)	Maximum outstanding daily balance of foreign exchange services such as forward settlement and sale of foreign exchange		1,800,000

In determining the Proposed Annual Caps, the Directors have taken into account the growth of the Group's output value for 2027 and the increase in the total amount of capital. In accordance with the general plan for capital receipts and expenditures for 2027, after estimation of the cash inflow and outflow at various stages during 2027, it is expected that the fund balances, capital requirements and relevant businesses at various stages during the year will increase as compared to 2026, 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 year-on-year increase in the annual cap of the maximum outstanding daily balance on the Deposits under the 2027 Financial Services Framework Agreement is mainly due to the expectation that certain milestone payments for certain products will be collected centrally during a certain period under the Group's orders on hand and new orders acceptance plan, resulting in an increase in peak deposits at a certain point. The interest on the Deposits is determined based on the predicted deposit structure for 2027 and corresponding related interest rates.

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

As the majority of the Group's export ship orders are denominated in US dollars and certain domestic ship orders are also denominated in US dollars, the Company is exposed to a relatively high level of exchange rate risk. Based on the Group's output value and foreign exchange collection plan for 2027, it is expected that the Group's foreign exchange business such as forward settlement and sale of foreign exchange with CSSC Finance in 2027 will increase accordingly.

Reasons for Entering into the 2027 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 2027 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, so as to facilitate the Group's coordinated conduct of relevant financial businesses and improve fund utilization efficiency.

(b) Apart from maintaining the Deposits with CSSC Finance, the Group also seeks the provision of loans from CSSC Finance to meet 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 has to 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 the 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) As the majority of the Group's export ship orders are denominated in US dollars and certain domestic ship orders are also denominated in US dollars, the Company is exposed to a relatively high level of exchange rate risk. The Group has 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 the Group's profit margins. The Group will determine the quantity of contracts to be entered into 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 2027 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 2027 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.

Risk Control Relating to the Deposits under the 2027 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 financial services to the Company at any time on terms no less favourable than those offered to CSSC Finance or CSSC Finance's member entities for comparable financial services, and those available to the Company from other financial institutions for comparable financial services;

(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 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 the occurrence of any 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.

INTERNAL CONTROL MEASURES IN RELATION TO THE CONTINUING CONNECTED TRANSACTIONS OF FINANCIAL SERVICES

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

Such arrangements shall include:

(i) each Continuing Connected Transaction of Financial Services shall be conducted on a non-exclusive basis. The Group has the flexibility to enter into arrangements with third party(ies) for 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 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 Transactions of Financial Services are also subject to review by the audit committee of the Company to ascertain whether such Continuing Connected Transactions of Financial Services 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 and the finance department of the Company. Such unit shall submit an application, together with a budget report, to the finance department of the Company at least 4 months prior to the proposed transaction.

The Group will also, through the Group's monitoring mechanism and measures, endeavour to ensure that the annual caps of each Continuing Connected Transaction of Financial Services will not be exceeded:

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

(ii) in order to monitor the utilization rate of the annual caps, there is monthly 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 in the Company to ensure that the individual transactions are conducted within the 2027 Financial Services Framework Agreement.

III. INFORMATION ABOUT THE PARTIES

The Company

The Company is a core holding subsidiary of CSSC (a large-scale state-owned enterprise) in Southern China. As at the date of this announcement, the Company has a major non-wholly owned subsidiary, Huangpu Wenchong. The Group's principal products include military ships, marine police equipment and public service ships as the representative defense equipment products, feeder containerships, bulk carriers, small and medium-sized gas carriers, dredgers, offshore engineering platforms and wind power installation platforms as the representative marine offshore products as well as energy equipment and industrial internet platforms as the representative emerging business products.

CSSC Finance

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

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 export of labour services. As at the date of this announcement, CSSC, the indirect controlling shareholder of the Company, controls 804,128,590 Shares of the Company indirectly through China Shipbuilding Group, representing 56.89% of the issued Shares of the Company.

IV. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, CSSC is an indirect controlling shareholder of the Company and 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 2027 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) on an annual basis for the Proposed Annual Caps for the continuing connected transactions under the 2027 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 2027 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 2027 Financial Services Framework Agreement constitutes financial assistance received by the Group from a connected person. As (i) the abovementioned services are 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 2027 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 2027 Financial Services Framework Agreement, the deposit services and foreign exchange services such as forward settlement and sale of foreign exchange under the 2027 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.

V. DIRECTORS' INTERESTS IN THE ABOVE TRANSACTIONS

Since each of Mr. Weng Hongbing, Mr. Gu Yuan, Mr. Yin Lu, Mr. Ren Kaijiang and Mr. Cheng Bolin holds managerial positions at CSSC Group and/or its associates, in accordance with the Company's internal control policy on connected transactions, they had abstained from voting on relevant Board resolutions to approve (among others) the entering into of the 2027 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 resolution.

VI. GENERAL INFORMATION

The Company will convene the EGM to seek, among other things, the Independent Shareholders' prior approval on the entering into of the 2027 Financial Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps.

China Shipbuilding Group and CSSC International Holding Company Limited (together holding 804,128,590 Shares of the Company, representing 56.89% of all the issued Shares of the Company as at the date of this announcement) will abstain from voting on, among other things, the resolution in relation to the terms and Proposed Annual Caps of the Continuing Connected Transactions of Financial Services contemplated under the 2027 Financial Services Framework Agreement at the forthcoming EGM. The Company confirms that China Shipbuilding Group and CSSC International Holding Company Limited control the voting rights in respect of their respective Shares of the Company.

Save for (i) the above; and (ii) the announcement of the Company dated 29 October 2026 relating to, among other things, the proposed entering into of the 2027 Framework Agreement between the Company and CSSC, which mentioned that China Shipbuilding Group and CSSC International Holding Company Limited shall abstain from voting for the relevant resolutions at the EGM, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has a material interest in the resolutions to be proposed at the EGM and will abstain from voting at the EGM.

The Company has formed an Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lin Bin, Mr. Nie Wei, Mr. Li Zhijian and Ms. Xie Xin, to advise the Independent Shareholders on, among other things, whether the terms of the 2027 Financial Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on, among other things, the 2027 Financial Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps.

A circular containing, among others, (i) details of the 2027 Financial Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders according to the applicable laws, regulations and statutes (including the Hong Kong Listing Rules), will be posted on the website of Hong Kong Stock Exchange at www.hkexnews.hk, the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Company at comec.cssc.net.cn on or before 11 December 2026 and dispatched to the Shareholders who have indicated their wish to receive a printed copy as additional time is required to compile the data and prepare the circular.

VII. DEFINITIONS

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

"2026 Financial Services Framework Agreement"	the framework agreement for the continuing connected transactions of financial services 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, approved by the Independent Shareholders on 30 December 2025
"2027 Financial Services Framework Agreement"	the framework agreement for the financial service transactions for the period from 1 January 2027 to 31 December 2027 (both days inclusive) entered into between the Company and CSSC Finance on 29 October 2026 and conditional on 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 State Shipbuilding Corporation Limited (中國船舶工業集團有限公司). As at the date of this announcement, China Shipbuilding Group holds 804,128,590 Shares of the Company directly and indirectly, representing approximately 56.89% of the issued Shares of the Company, and is a controlling shareholder of the Company
"Company"	CSSC Offshore & Marine Engineering (Group) Company Limited, a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"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
"CSSC"	China State Shipbuilding Corporation Limited (中國船舶集團有限公司). As at the date of this announcement, CSSC controls 804,128,590 Shares of the Company indirectly through China Shipbuilding Group, representing approximately 56.89% of the issued Shares of the Company, and is an indirect controlling shareholder of the Company
"CSSC 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
"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 2027 Financial Services Framework Agreement
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting to be held by the Company for the Independent Shareholders to consider and approve, if thought fit, among other things, the 2027 Financial Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps
"Continuing Connected Transactions of Financial Services"	the continuing connected transactions contemplated under the 2027 Financial Services Framework Agreement, including the financial services to be provided by CSSC Finance to the Group, further details of which are set out in the section headed "Principal Terms of the 2027 Financial Services Framework Agreement" in this announcement
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign shares of the Company listed on the Hong Kong Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huangpu Wenchong"	CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司), a company established on 1 June 1981 in the PRC and as at the date of this announcement, a non-wholly owned subsidiary of the Company and is owned as to 54.5371% by the Company

"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders in connection with the 2027 Financial Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps
"Independent Shareholders"	Shareholders other than CSSC and its associates, none of them will be required to abstain from voting at the EGM to be convened for approval of the relevant transactions
"Independent Third Party(ies)"	party who is a third party independent of the Company and its connected person(s)
"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 Caps"	the proposed annual caps for the continuing connected transactions contemplated under the 2027 Financial Services Framework Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	shares of RMB1.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Listing Rules

"%"	per cent

By order of the Board
CSSC Offshore & Marine Engineering (Group) Company Limited
Weng Hongbing
Chairman

Guangzhou, 29 October 2026

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