
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in CSSC (Hong Kong) Shipping Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

CSSC (Hong Kong) Shipping Company Limited

中國船舶(香港)航運租賃有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 3877)

PROPOSED ADOPTION OF SHARE OPTION SCHEME AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 3 to 19 of this circular.

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the EGM to be held at 1801, 18/F, World-wide House, 19 Des Voeux Road Central, Hong Kong on Friday, 30 April 2021 at 10 a.m. (Hong Kong time) is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed in this circular. Whether or not you are able to attend such meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Precautionary measures for the EGM: In order to prevent and control the Coronavirus epidemic as well as safeguard public health, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Seating at the EGM venue will be arranged so as to allow for appropriate social distancing.
- (ii) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at each entrance of the EGM venue. Any person with a body temperature of over 37.3 degrees Celsius, or any individual who has any flu-like symptoms or is otherwise unwell will not be admitted to the EGM venue.
- (iii) Every attendee is required to wear a face mask at any time within the EGM venue.
- (iv) Any person who has travelled outside Hong Kong within 21 days immediately before the EGM, is subject to quarantine or self-quarantine in relation to the Coronavirus epidemic, or has close contact with any person under quarantine or with recent travel history shall not attend the EGM.
- (v) Any attendee who declines any of the abovementioned measures will be refused admission to the EGM venue.
- (vi) No refreshment will be served, and there will be no corporate gifts.

In addition, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolution at the EGM instead of attending the EGM in person, by completing and returning the form of proxy attached to this circular. If any Shareholder chooses not to attend the EGM in person but has any question about the resolution set out in the notice of EGM or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to our registered office.

In the event that the Coronavirus situation requires the date or/and venue of the EGM to be changed, the Company will, as soon as practicable, publish a notice on the website of the Stock Exchange at www.hkexnews.hk and its website at <http://www.csscshipping.cn> to notify Shareholders of the date, time and venue of the rescheduled meeting.

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DEFINITIONS

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

“Articles of Association”	the Articles of Association of the Company
“Board”	the board of Directors
“Company”	CSSC (Hong Kong) Shipping Company Limited (中國船舶(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)
“Conditions for Grant”	the conditions upon which the Company may grant Share Options to the Scheme Participants
“Conditions for Vesting”	the conditions upon which Share Options shall be vested in and become exercisable by the Scheme Participants
“CSSC Group”	China State Shipbuilding Corporation Limited* (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 on 29 June 1999
“Director(s)”	the director(s) of the Company
“Effective Period”	the period during which the Scheme is effective
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 30 April 2021 or any adjournment thereof
“Exercise Price”	the price per Share at which the Scheme Participants may subscribe for the Shares upon exercise of the Share Options
“Grant”	the granting of Share Options under the Scheme to the Scheme Participants
“Grant Date”	the date on which the Share Options are granted to the Scheme Participants by the Board pursuant to the Scheme

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Remuneration Committee”	the remuneration committee of the Company
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Scheme” or “Share Option Scheme”	the share option scheme of the Company proposed to be approved by the Shareholders at the EGM, a summary of the principal terms of which is set out in this circular
“Scheme Participant(s)”	the participant(s) of the Scheme
“Share Option(s)”	the option(s) to subscribe for the Shares pursuant to the terms of the Scheme
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vesting Period”	the period during which the Share Options shall be vested in and exercisable by the Scheme Participants

LETTER FROM THE BOARD

CSSC (Hong Kong) Shipping Company Limited

中國船舶(香港)航運租賃有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 3877)

Executive Directors:

Mr. Zhong Jian (*Chairman*)

Mr. Hu Kai

Registered Office:

1801, 18/F, World-wide House

19 Des Voeux Road Central

Hong Kong

Non-executive Directors:

Mr. Li Wei

Mr. Zou Yuanjing

Independent non-executive Directors:

Mdm. Shing Mo Han Yvonne

Mr. Li Hongji

Mr. Wang Dennis

14 April 2021

To the Shareholders

Dear Sir or Madam,

**PROPOSED ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 25 February 2021 in relation to the proposed adoption of the Share Option Scheme.

The purpose of this circular is to provide you with, among other things, further details of the terms of the Share Option Scheme, and to seek your approval of the resolution relating to the Share Option Scheme to be proposed at the EGM.

LETTER FROM THE BOARD

2. SHARE OPTION SCHEME

Purposes

The Share Option Scheme aims at (1) further improving the corporate governance structure of the Company and establishing and continuously improving the balance of interest mechanism among the Shareholders, the Company's management and the Company's executives; (2) closely integrating the interests of the Shareholders and the Company's senior management members and core talents, conveying value orientation, enhancing Shareholder value, and promoting the preservation and appreciation of state-owned assets; (3) deepening the reform of the Company's remuneration system, establishing a long-term incentive mechanism, fully mobilising the enthusiasm of the Company's employees, and attracting, retaining and motivating outstanding management members and core technical backbone employees of the Company; and (4) advocating the concept of collective sustainable development of the Company and its employees and avoiding short-term behaviors, thereby ensuring the Company's sustainable development.

Scope of Scheme Participants

Participants of the Share Option Scheme shall be employees of the Company and include executive Directors and senior management members of the Company, as well as core technical personnel and backbone management whom the Board considers will have a direct impact on the Company's overall operating performance and sustainable development.

A person shall not be a Scheme Participant under the Scheme if he/she falls under any of the below:

- (i) is not an employee or staff member of the Company;
- (ii) is an independent non-executive Director or supervisor of the Company;
- (iii) is a Shareholder or de facto controller of the Company holding over 5% of the Shares, or is his/her close relative, and without the approval of the Shareholders at a general meeting;
- (iv) is prohibited from participating in share incentive schemes by the Stock Exchange; or
- (v) is determined by the Board to have otherwise seriously violated the Company's regulations.

LETTER FROM THE BOARD

The list of Scheme Participants to which Share Options may be granted shall be prepared by the Remuneration Committee, and reviewed and approved by the Board.

Shares

The shares to be issued upon exercise of the Share Options shall be ordinary shares in the Company.

Effective Period

The Scheme will be effective for a term of 10 years commencing from the date on which the Scheme is approved by the Shareholders at the EGM, unless terminated in advance by the Shareholders at a general meeting.

Maximum Quantity of Grant, Grant Date and Interval of Grant

Maximum Quantity of Grant

The maximum number of Shares to be issued upon the exercise of the Share Options shall not in aggregate exceed 613,606,623 Shares, representing approximately 10% of the total number of issued Shares of the Company as at the date of approval of the Share Option Scheme at a general meeting. In the event that the Company conducts a share consolidation or subdivision after the 10% limit has been approved at a general meeting, the maximum number of Shares that may be issued upon the exercise of all Share Options to be granted under the Share Option Scheme under the 10% limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

The maximum number of Shares which may be issued upon the exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme shall not exceed 30% of the Shares in issue from time to time.

Unless approved by the Shareholders at a general meeting, the total number of Shares issued and to be issued upon the exercise of the Share Options to any Scheme Participant shall not exceed 61,360,662 Shares, representing approximately 1% of the total number of issued Shares of the Company as at the date of approval of the Share Option Scheme at a general meeting.

LETTER FROM THE BOARD

Grant Date

Each Grant Date shall be a trading day, and no Share Option shall be granted by the Company:

- (i) within 30 days before the publication of the Company's periodic reports;
- (ii) during the period from 10 days prior to the publication of an announcement in relation to the Company's performance forecast or results to two trading days after the publication of such announcement;
- (iii) during the process of determining a major transaction or a major matter and until two trading days after the publication of an announcement in relation to such transaction or matter; and
- (iv) during the period from the date of occurrence of any other major event which may affect the trading price of the Shares to two trading days after the publication of an announcement in relation to such event.

In compliance with Rule 17.05 of the Listing Rules, the Company will not grant any Share Options after inside information has come to its knowledge until (and including) the trading day after it has announced the information. In particular, the Company will not grant any Share Options during the period commencing one month immediately before the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

LETTER FROM THE BOARD

Conditions for Grant

The Company may grant Share Options to a Scheme Participant upon fulfilment of the following conditions by the Company and the Scheme Participant:

Conditions for Grant for the Company

- (i) no Grant shall be made unless the Company's performance indicators have met the specified target values; and
- (ii) the Company is not under any of the following circumstances:
 - (1) has been issued an auditors' report by a certified public accountant with an adverse opinion or a disclaimer of opinion with respect to the financial report of the Company in the recent financial year;
 - (2) has been penalised by the Stock Exchange due to serious violations of laws or regulations within a year; or
 - (3) is prohibited by the Stock Exchange from adopting share incentive schemes.

Conditions for Grant for the Scheme Participant

- (i) the Scheme Participant should have achieved the performance appraisal rating of "good" (or equivalent) or above in the preceding financial year before the Grant, i.e. a Scheme Participant assessed by the Company should have achieved the performance appraisal rating of "good" or above in the preceding financial year before the Grant and a Scheme Participant assessed by CSSC Group should have achieved the performance appraisal rating of "B" (or other performance appraisal ratings equivalent to "good") or above in the preceding financial year before the Grant; and

LETTER FROM THE BOARD

- (ii) the Scheme Participant is not under any of the following circumstances:
- (1) has been publicly censured or declared as an ineligible candidate by the Stock Exchange during the last three years;
 - (2) has been penalised by regulatory authorities during the last three years due to serious violations of laws or regulations;
 - (3) is prohibited from acting as a Director or a member of the senior management of the Company by the relevant laws and regulations; or
 - (4) is determined by the Board to have otherwise seriously violated the Company's regulations.

In compliance with Rule 17.04 of the Listing Rules, each grant of Share Options to a Director must be approved by the independent non-executive Directors.

Value of Share Options

The Board considers that it would not be appropriate to state the value of all Share Options that can be granted under the Share Option Scheme as if they had been granted on the Latest Practicable Date. This is primarily due to the fact that the calculation of the value of the Share Options is based on a number of variables, including but not limited to the Exercise Price, the period during which a Share Option can be exercised, interest rate and expected volatility.

Based on the above, the Board believes that any calculation of the value of the Share Options as at the Latest Practicable Date based on a number of hypothetical assumptions would not be meaningful and may be misleading to the Shareholders.

Exercise Price

The Exercise Price shall be determined in accordance with the fair market price principle. The Exercise Price shall be the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date; and

LETTER FROM THE BOARD

- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for five business days prior to the Grant Date.

Time Limit for Exercise of Share Options

Restriction Period

A Share Option may be exercised at any time during a period to be determined and notified by the Directors to each Scheme Participant, which period shall commence from the 24th month after the Grant Date and shall end in any event not later than ten (10) years from the Grant Date. No Share Option shall be transferred, or used as guarantee or for repayment of debts within 24 months from the Grant Date.

Vesting Period

In respect of each Grant, upon satisfaction of the Conditions for Vesting as provided under the Scheme, the Share Options granted shall be vested in three batches as follows:

	Time when Vesting Period begins	Time when Vesting Period ends	Percentage of Share Options vested
First batch	The first trading day after 24 months from the Grant Date	10 years from the Grant Date	33%
Second batch	The first trading day after 36 months from the Grant Date	10 years from the Grant Date	33%
Third batch	The first trading day after 48 months from the Grant Date	10 years from the Grant Date	34%

LETTER FROM THE BOARD

Conditions for Vesting

The vesting of Share Options shall be conditional upon fulfilment of the following conditions by the Company and the Scheme Participant:

Conditions for Vesting for the Company

- (i) no vesting shall occur unless the Company's performance indicators have met the specified target values; and
- (ii) the Company is not under any of the following circumstances:
 - (1) has been issued an auditors' report by a certified public accountant with an adverse opinion or a disclaimer of opinion with respect to the financial report of the Company in the recent financial year;
 - (2) has been penalised by the Stock Exchange due to serious violations of laws or regulations within a year; or
 - (3) is prohibited by the Stock Exchange from adopting share incentive schemes.

Conditions for Vesting for the Scheme Participant

- (i) the vesting of Share Options is dependent on the results of individual performance appraisal. A Scheme Participant with an appraisal rating of "outstanding" (or equivalent) in the preceding financial year (i.e. a Scheme Participant assessed by the Company having achieved the performance appraisal rating of "outstanding" in the preceding financial year and a Scheme Participant assessed by CSSC Group having achieved the performance appraisal rating of "A" (or other performance appraisal ratings equivalent to "outstanding") in the preceding financial year) can vest all of his/her Share Options that could be vested. A Scheme Participant with an appraisal rating of "good" (or equivalent) in the preceding financial year can vest 95% of his/her Share Options that could be vested. A Scheme Participant with other appraisal ratings in the preceding financial year cannot vest any of his/her Share Options; and

LETTER FROM THE BOARD

- (ii) the Scheme Participant is not under any of the following circumstances:
- (1) has been publicly censured or declared as an ineligible candidate by the Stock Exchange during the last three years;
 - (2) has been penalised by regulatory authorities during the last three years due to serious violations of laws or regulations;
 - (3) is prohibited from acting as a Director or a member of the senior management of the Company by the relevant laws and regulations; or
 - (4) is determined by the Board to have otherwise seriously violated the Company's regulations.

Conditions for Exercise

Subject to such terms and conditions as the Board may determine, a Scheme Participant is not required to achieve any performance targets before any Share Option granted and vested under the Share Option Scheme can be exercised.

Transferability of Share Options

The Share Options shall be personal to the Scheme Participant to whom the Share Options are granted (to be inherited by the legal successor(s) of the Scheme Participant on his/her death) and shall not be transferred. The Scheme Participant shall not sell, transfer, charge or pledge the Share Options or use the Share Options as guarantee or for repayment of debts, or create an encumbrance over the Share Options or an interest in favor of a third party with the Share Options, or enter into any agreement for any of the above actions.

Adjustments to Share Options

In the event of any capitalisation issue, rights issue, share subdivision or share consolidation by the Company, adjustments to the number of Share Options and/or the Exercise Price shall be made by the Board as authorised by the Shareholders at a general meeting.

LETTER FROM THE BOARD

In addition, in respect of any such adjustments, the auditors or an independent financial adviser of the Company must confirm to the Board in writing that the adjustments satisfy the requirements of the applicable laws and regulations (including the Listing Rules), the Articles of Association and the rules of the Share Option Scheme.

Adjustment to the Number of Share Options

Subject to compliance with the note to Rule 17.03(13) of the Listing Rules, if there is any capitalisation issue, rights issue, share subdivision or share consolidation after the Grant Date and prior to the exercise of the Share Options, an adjustment to the number of Share Options shall be made after obtaining the approval from the Shareholders at a general meeting. The method of adjustment is set out as below:

Capitalisation issue or share subdivision

$$Q = Q_0 \times (1 + N)$$

Where: “Q₀” represents the number of Share Options before the adjustment; “N” represents the ratio per Share of the capitalisation issue or share subdivision; “Q” represents the number of Share Options after the adjustment.

Share consolidation

$$Q = Q_0 \times N$$

Where: “Q₀” represents the number of Share Options before the adjustment; “N” represents the ratio of consolidation; “Q” represents the number of Share Options after the adjustment.

Rights issue

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: “Q₀” represents the number of Share Options before the adjustment; “P₁” represents the closing price as at the record date; “P₂” represents the subscription price; “n” represents the ratio of allotment; “Q” represents the number of Share Options after the adjustment.

LETTER FROM THE BOARD

Adjustment to the Exercise Price

Subject to compliance with the note to Rule 17.03 (13) of the Listing Rules, if there is any capitalisation issue, rights issue, share subdivision or share consolidation after the Grant Date and prior to the exercise of the Share Options, an adjustment to the Exercise Price shall be made after obtaining the approval from the Shareholders at a general meeting. The method of adjustment is set out as below:

Capitalisation issue or share subdivision

$$P = P_0 \div (1 + N)$$

Where: “P₀” represents the Exercise Price before the adjustment; “N” represents the ratio per Share of the capitalisation issue or share subdivision; “P” represents the Exercise Price after the adjustment.

Share consolidation

$$P = P_0 \div N$$

Where: “P₀” represents the Exercise Price before the adjustment; “N” represents the ratio of consolidation; “P” represents the Exercise Price after the adjustment.

Rights issue

$$P = P_0 \times (P_1 + P_2 \times N) \div ((1 + N) \times P_1)$$

Where: “P₀” represents the Exercise Price before the adjustment; “P₁” represents the closing price as at the record date; “P₂” represents the subscription price; “N” represents the ratio of allotment; “P” represents the Exercise Price after the adjustment.

LETTER FROM THE BOARD

Termination of the Scheme

If any of the following events occurs in relation to the Company, the Scheme shall be terminated, and once the resolution in relation to the termination of the Scheme due to any of the following events is considered and approved by the Board, within one year after the effective date of the resolution of the Board, no new Share Option shall be granted to the Scheme Participants and the Scheme Participants shall not exercise any Share Options or obtain any gains under the Scheme:

- (i) failure to engage an auditor to carry out audit work in accordance with the relevant procedures and requirements;
- (ii) issue of an auditors' report by a certified public accountant with an adverse opinion or a disclaimer of opinion with respect to the annual financial report of the Company;
- (iii) the institution that performs the responsibilities of an investor or the auditing department raising material objections to the financial results or the annual financial report of the Company; or
- (iv) imposition of penalties by securities regulatory authorities or other relevant departments due to serious violations by the Company.

Any Share Options granted prior to such termination of the Share Option Scheme following the occurrence of any of the events set out above shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

LETTER FROM THE BOARD

Lapse and Cancellation of Share Options

If any of the following events occurs in relation to a Scheme Participant, the Board shall cease granting new Share Options, cancel Share Options which are not yet exercised by him/her, and recover any gains obtained by him/her from the exercise of the Share Options:

- (i) the results of an economic accountability audit indicate a failure in performing his/her duties effectively or a serious breach or dereliction of his/her duties;
- (ii) there has been a violation of the applicable PRC laws and regulations or the provisions of the Articles of Association;
- (iii) the Scheme Participant, during his/her employment, has engaged in the acceptance or solicitation of bribes, corruption, theft, leaking of commercial and technological secrets of the Company, related party transactions to the prejudice of the interests and reputation of the Company, or other illegal behaviours that have a material adverse impact on the image of the Company;
- (iv) the Scheme Participant has not performed or duly performed his/her duties, causing the Company to suffer a material loss of assets;
- (v) the Scheme Participant has transferred the Share Options or used them as guarantee or for repayment of debts; or
- (vi) the Scheme Participant is determined by the Board to have otherwise seriously violated the Company's regulations.

Amendments to the Scheme

Subject to the relevant laws and regulations, the approval by SASAC and the approval by the Shareholders at a general meeting, the Board may amend the Scheme in accordance with the authorisation by the Shareholders and implement the amendments.

LETTER FROM THE BOARD

Authorisation to the Board

The Board proposes to be granted with the following authorisation from the Shareholders to act as the executive body of the Scheme and be responsible for its implementation and administration:

- (i) to grant Share Options to the Scheme Participants upon fulfilment of the Conditions for Grant by the Company and the Scheme Participants, and to deal with all matters necessary for the grant of Share Options;
- (ii) to confirm if the Company and the Scheme Participants fulfil the Conditions for Vesting, and to deal with all matters necessary for the vesting of Share Options to the Scheme Participants;
- (iii) to adjust the number of Share Options and the Exercise Price pursuant to the provisions of the Scheme upon any capitalisation issue, rights issue, share subdivision or share consolidation;
- (iv) to handle the matters in relation to the exercised or outstanding Share Options pursuant to the provisions of the Scheme if special circumstances stated under the Scheme (such as resignation, retirement and death of the Scheme Participants) occur;
- (v) to decide, pursuant to the provisions of the Scheme, whether to recover the gains obtained by the Scheme Participants from the exercise of Share Options;
- (vi) to administer other matters necessary for carrying out the Scheme; and
- (vii) depending on the circumstances, to authorise the Remuneration Committee to handle certain matters relating to the Share Options, in which case the same shall be included and explained in a resolution of the Board and subject to the approval by the Shareholders at a general meeting.

None of the Directors is a trustee of the Share Option Scheme or has a direct or indirect interest in any trustee of the Share Option Scheme.

Application for Listing

Application will be made by the Company to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares to be issued and allotted pursuant to the exercise of any Share Options granted under the Scheme.

LETTER FROM THE BOARD

3. EGM AND FORM OF PROXY

A notice convening the EGM to be held at 1801, 18/F, World-wide House, 19 Des Voeux Road Central, Hong Kong on Friday, 30 April 2021 at 10 a.m. (Hong Kong time) is set out on pages EGM-1 to EGM-3 of this circular. An ordinary resolution will be proposed at the EGM to approve, among other things, the proposed adoption of the Share Option Scheme. The proxy form for use at the EGM is enclosed with this circular. Whether or not Shareholders are able to attend the EGM, they are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meetings (as the case may be) should they so desire.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had a material interest in the adoption of the Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto at the EGM.

4. VOTING AT THE EGM BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the EGM will therefore demand a poll for the resolution to be passed at the EGM. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

5. CLOSURE OF REGISTER OF MEMBERS

To ascertain the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 28 April 2021 to Friday, 30 April 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 27 April 2021.

LETTER FROM THE BOARD

6. RANKING OF SHARES

Shares allotted and issued upon the exercise of an Share Option shall be identical to the then existing Shares of the Company and subject to all the provisions of the Articles of Association for the time being in force, and will rank *pari passu* in all respects with, and shall have the same voting, dividend, transfer and other rights (including those rights arising on a winding-up of the Company), as the existing Shares of the Company on the date of allotment and, without prejudice to the generality of the foregoing, shall entitle the holders thereof to participate in all dividends or all other distributions paid or made on or after the date on which the Shares are allotted and issued, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which the Shares are allotted and issued.

7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 this circular or any statement herein misleading.

8. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the terms of the Share Option Scheme will be available for inspection during normal business hours at the registered office of the Company at 1801, 18/F, World-wide House, 19 Des Voeux Road Central, Hong Kong from the date of this circular to and including the date of the EGM.

LETTER FROM THE BOARD

9. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the proposed adoption of the Share Option Scheme and the proposed authorisation to the Board to handle all matters in relation to the Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend all Shareholders to vote in favour of the resolution relating to the Share Option Scheme to be proposed at the EGM.

Yours faithfully,

By order of the Board

CSSC (Hong Kong) Shipping Company Limited

Zhong Jian

Chairman

NOTICE OF EGM

CSSC (Hong Kong) Shipping Company Limited

中國船舶(香港)航運租賃有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 3877)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of CSSC (Hong Kong) Shipping Company Limited (the “**Company**”) will be held at 1801, 18/F, World-wide House, 19 Des Voeux Road Central, Hong Kong on Friday, 30 April 2021 at 10 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval of the listing of, and permission to deal in, the shares of the Company which fall to be allotted and issued (the “**Option Shares**”) pursuant to the exercise of any share options (the “**Share Options**”) granted under the share option scheme proposed to be adopted by the Company (the “**Share Option Scheme**”), the details of which are set out in the circular of the Company dated 14 April 2021, the Share Option Scheme be and is hereby approved to be a share option scheme of the Company, and the board of directors of the Company (the “**Board**”) (or a duly authorised committee thereof) be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or desirable in order to give full effect to the Share Option Scheme, including but not limited to:

- (a) granting Share Options during the term of the Share Option Scheme and cancelling Share Options in accordance with the terms of the Share Option Scheme;
- (b) allotting and issuing Option Shares pursuant to the exercise of Share Options in accordance with the terms of the Share Option Scheme;

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- (c) modifying and/or amending the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the terms of the Share Option Scheme relating to the modification and/or amendment thereof and is subject to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);
- (d) applying at appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, all or part of the Option Shares; and
- (e) acting as the executive body of the Share Option Scheme, and being responsible for its implementation and administration.”

By order of the Board of
CSSC (Hong Kong) Shipping Company Limited
Zhong Jian
Chairman

Hong Kong, 14 April 2021

Notes:

1. The resolution set out in this notice will be taken by poll pursuant to the Listing Rules. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM. A proxy need not be a member of the Company but must be present in person to represent him/her.
3. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the EGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint registered holders of a share in the Company, any one of such joint holders may vote, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

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6. For the purpose of determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 28 April 2021 to Friday, 30 April 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 27 April 2021.
7. References to times and dates in this notice are to Hong Kong time and dates.
8. Precautionary measures for the EGM: In order to prevent and control the Coronavirus epidemic as well as safeguard public health, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:
- (i) Seating at the EGM venue will be arranged so as to allow for appropriate social distancing.
 - (ii) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at each entrance of the EGM venue. Any person with a body temperature of over 37.3 degrees Celsius, or any individual who has any flu-like symptoms or is otherwise unwell will not be admitted to the EGM venue.
 - (iii) Every attendee is required to wear a face mask at any time within the EGM venue.
 - (iv) Any person who has travelled outside Hong Kong within 21 days immediately before the EGM, is subject to quarantine or self-quarantine in relation to the Coronavirus epidemic, or has close contact with any person under quarantine or with recent travel history shall not attend the EGM.
 - (v) Any attendee who declines any of the abovementioned measures will be refused admission to the EGM venue.
 - (vi) No refreshment will be served, and there will be no corporate gifts.

In addition, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolution at the EGM instead of attending the EGM in person, by completing and returning the form of proxy attached to this circular. If any Shareholder chooses not to attend the EGM in person but has any question about the resolution set out in this notice or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to our registered office.

In the event that the Coronavirus situation requires the date or/and venue of the EGM to be changed, the Company will, as soon as practicable, publish a notice on the website of the Stock Exchange at www.hkexnews.hk and its website at <http://www.cssshipping.cn> to notify Shareholders of the date, time and venue of the rescheduled meeting.

As at the date of this notice, the board of directors of the Company comprises Mr. Zhong Jian and Mr. Hu Kai as executive directors, Mr. Li Wei and Mr. Zou Yuanjing as non-executive directors, and Mdm. Shing Mo Han Yvonne, Mr. Li Hongji and Mr. Wang Dennis as independent non-executive directors.