

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF VESSEL

FINANCE LEASE AGREEMENT

On 23 November 2022 (after trading hours), CSSC Shanghai, CSSC Tianjin and CSSC Guangzhou (all being direct wholly owned subsidiaries of the Company) and CGN International entered into the Finance Lease Agreement with Summer Bihai, pursuant to which, (i) the Lessors shall acquire the Vessel under the SPA; and (ii) the Lessors shall lease the Vessel to Summer Bihai for the period of 78 months under which the Group shall receive a total lease payment of RMB255,735,000 (equivalent to approximately HK\$276,378,000).

During the lease period of the Finance Lease Agreement, the ownership of the Vessel will vest in the Lessors and Summer Bihai will be entitled to occupy and use the Vessel. Upon expiration of the lease period and subject to the fulfilment of all conditions by Summer Bihai under the Finance Lease Agreement (including payment of all the lease payments and other payables), the Lessors shall transfer the ownership of the Vessel to Summer Bihai at a nominal consideration of RMB100.00 (equivalent to approximately HK\$108.07).

ACQUISITION OF THE VESSEL

As part of the finance lease transaction under the Finance Lease Agreement, on 23 November 2022 (after trading hours), (a) CSSC Shanghai, CSSC Tianjin and CSSC Guangzhou (all being direct wholly owned subsidiaries of the Company) and CGN International as purchasers; (b) Guangzhou Shipyard International as vendor; and (c) Summer Bihai as lessee had entered into the SPA to acquire the Vessel at a total consideration of RMB700.00 million (equivalent to approximately HK\$756.50 million).

THE LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios in respect of the Finance Lease Agreement are below 5%, the Finance Lease Agreement and the transactions contemplated thereunder do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, China Shipbuilding Group (through CSSC Group) is interested in 4,602,046,234 Shares, accounting for approximately 75% of the issued share capital of the Company. As China Shipbuilding Group, the sole shareholder of CSSC Group, is the indirect shareholder of Guangzhou Shipyard International, Guangzhou Shipyard International is a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the SPA and the transactions contemplated thereunder exceeds 0.1% but all of them are less than 5% and the SPA was made on normal commercial terms, the SPA and the transactions contemplated thereunder are subject to reporting and announcement requirements but are exempt from the circular and the shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

As none of the applicable percentage ratios in respect of the Acquisition exceed 5%, the Acquisition, on a standalone basis, does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as the Group has entered into the December 2021 SPA, the May 2022 SPAs, the September 2022 SPAs and the September Options 2022 SPA with an associate of CSSC Group, the December 2021 Acquisition, the May 2022 Acquisition and the September 2022 Acquisitions and the Acquisition constitute a series of transactions conducted within a 12-month period and shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in respect of the December 2021 Acquisition, the May 2022 Acquisition, the September 2022 Acquisitions and the Acquisition on an aggregated basis exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company. Given that the Company has complied with the major transaction requirements for the December 2021 Acquisition, the May 2022 Acquisition, the September 2022 Acquisitions and that the Acquisition would not result in a higher transaction classification under the Listing Rules, therefore, the Acquisition is only subject to the relevant requirements for connected transaction under the Listing Rules.

THE FINANCE LEASE AGREEMENT

On 23 November 2022 (after trading hours), CSSC Shanghai, CSSC Tianjin and CSSC Guangzhou (all being direct wholly owned subsidiaries of the Company) and CGN International entered into the Finance Lease Agreement with Summer Bihai, pursuant to which, (i) the Lessors shall acquire the Vessel under the SPA; and (ii) the Lessors shall lease the Vessel to Summer Bihai for the period of 78 months under which the Group shall receive a total lease payment of RMB255,735,000 (equivalent to approximately HK\$276,378,000).

During the lease period of the Finance Lease Agreement, the ownership of the Vessel will vest in the Lessors and Summer Bihai will be entitled to occupy and use the Vessel. Upon expiration of the lease period and subject to the fulfilment of all conditions by Summer Bihai under the Finance Lease Agreement (including payment of all the lease payments and other payables), the Lessors shall transfer the ownership of the Vessel to Summer Bihai at a nominal consideration of RMB100.00 (equivalent to approximately HK\$108.07).

THE ACQUISITION OF THE VESSEL

As part of the finance lease transaction under the Finance Lease Agreement, on 23 November 2022 (after trading hours), (a) CSSC Shanghai, CSSC Tianjin and CSSC Guangzhou (all being direct wholly owned subsidiaries of the Company) and CGN International as purchaser; (b) Guangzhou Shipyard International as vendor; and (c) Summer Bihai as lessee had entered into the SPA to acquire the Vessel at a total consideration of RMB700.00 million (equivalent to approximately HK\$756.50 million).

Principal terms of the SPA are set out below.

THE SPA

Date

23 November 2022 (after trading hours)

Parties

- (i) CSSC Shanghai (being a direct wholly owned subsidiary of the Company) as one of the purchasers;
- (ii) CSSC Tianjin (being a direct wholly owned subsidiary of the Company) as one of the purchasers;
- (iii) CSSC Guangzhou (being a direct wholly owned subsidiary of the Company) as one of the purchasers;
- (iv) CGN International as one of the purchasers;
- (v) Guangzhou Shipyard International as vendor; and
- (vi) Summer Bihai as lessee.

To the best of the Directors' knowledge, information, and belief having made all reasonable enquiries, each of CGN International, Summer Bihai and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Subject matter

Pursuant to the SPA, CSSC Shanghai, CSSC Tianjin, CSSC Guangzhou and CGN International had agreed to acquire, and Guangzhou Shipyard International has agreed to sell, the Vessel. Upon completion of the Acquisition, the Vessel will be owned as to approximately 70.00%, 4.29%, 17.14% and 8.57% by CGN International, CSSC Shanghai, CSSC Tianjin and CSSC Guangzhou.

The Vessel is a 1,600 tons wind turbine installation vessel which is specifically designed for the installation of offshore wind turbines.

Consideration

Pursuant to the SPA, the consideration of the Vessel is RMB700.00 million (equivalent to approximately HK\$756.50 million) (the “**Consideration**”), out of which (a) 70.00% of the Consideration (being the sum of RMB490.00 million (equivalent to approximately HK\$530.91 million)) shall be paid by CGN International; (b) 4.29% of the Consideration (being the sum of RMB30.00 million (equivalent to approximately HK\$32.50 million)) shall be paid by CSSC Shanghai; (c) 17.14% of the Consideration (being the sum of RMB120.00 million (equivalent to approximately HK\$129.69 million)) shall be paid by CSSC Tianjin; and (d) 8.57% of the Consideration (being the sum of RMB60.00 million (equivalent to approximately HK\$64.84 million)) shall be paid by CSSC Guangzhou, respectively.

The Consideration shall be paid by the Lessors to Guangzhou Shipyard International by way of bank transfer in the following manner:

- (a) 38.00% of the Consideration (being the sum of RMB266.00 million (equivalent to approximately HK\$287.47 million)) shall be paid by CGN International to Guangzhou Shipyard International according to the agreed milestones of the shipbuilding progress of the Vessel under the SPA; and
- (b) 62.00% of the Consideration (being the sum of RMB434.00 million (equivalent to approximately HK\$469.03 million)) shall be paid by the Lessors to Guangzhou Shipyard International within ten business days after fulfilment of several conditions, including but not limited to (i) the delivery of the Vessel; (ii) the registration of ownership in the name of CSSC Shanghai, CSSC Tianjin, CSSC Guangzhou and CGN International; and (iii) the registration of the bareboat charter of the Vessel by Summer Bihai, out of which, 32.00% of the Consideration shall be paid by CGN International, approximately 4.29% of the Consideration shall be paid by CSSC Shanghai, approximately 17.14% of the Consideration shall be paid by CSSC Tianjin; and approximately 8.57% of the Consideration shall be paid by CSSC Guangzhou, respectively.

The Consideration has been determined by Guangzhou Shipyard International and Summer Bihai after arm’s length negotiations taking into account the current market values of similar type of vessel by reference to the publicly available industry reports and recent comparable transactions in the industry, as well as payment terms and delivery dates of the Vessel and was agreed between a willing buyer and a willing seller.

The Consideration is expected to be funded by internal resources of the Group and the Directors considered that the proportion and payment terms of the Consideration are fair and reasonable as they reflect its contributions to and interests in 30% of the Vessel by the Group.

Delivery time

It is currently expected that the Vessel will be delivered on or before 30 September 2023.

The SPA and the Finance Lease Agreement were entered into by the Company during its ordinary and usual course of business. The entering into of the SPA and the Finance Lease Agreement would enable the Group to generate stable cashflow and is consistent with the Group's business development strategy.

The Directors (including the independent non-executive Directors) are of the view that the terms under the SPA and the Finance Lease Agreement 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.

INFORMATION OF THE PARTIES TO THE SPA AND THE FINANCE LEASE AGREEMENT

Each of CSSC Guangzhou, CSSC Shanghai and CSSC Tianjin is a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company, which is principally engaged in the provision of leasing services.

CGN International is a company incorporated under the laws of the PRC and is principally engaged in finance lease business. As at the date of this announcement, CGN International is owned as to approximately 61.34% by CGN Capital Holdings Co., Ltd.* (中廣核資本控股有限公司) and as to approximately 38.66% by CGNPC International Limited* (中廣核國際有限公司), respectively. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, CGN Capital Holdings Co., Ltd. and CGNPC International Limited are ultimately owned by the State-owned Assets Supervision and Administration Commission of the State Council. Therefore, CGN International and its ultimate beneficial owner are third parties independent of, and not connected with, the Company and its connected persons.

Summer Bihai is a company incorporated under the laws of the PRC and is principally engaged in the sale and research and development of offshore wind turbine power equipment and the provision of related services. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, Summer Bihai is owned as to 95.00% by Qin Hua* (秦華) and as to 5.00% by Qin Yun* (秦雲), respectively. Summer Bihai and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons.

Guangzhou Shipyard International is a company incorporated under the laws of the PRC and is principally engaged in shipbuilding business. As at the date of this announcement, Guangzhou Shipyard International is owned as to approximately (a) 55.64% by CSSC Holdings; (b) 41.92% by CSSC Offshore & Marine Engineering (Group) Company Limited* (中船海洋與防務裝備股份有限公司), being a subsidiary of CSSC Group; and (c) 2.44% by China Shipbuilding Group, respectively. Accordingly, Guangzhou Shipyard International is a connected person of the Company.

CSSC Holdings is a joint stock limited company incorporated in the PRC and its shares are listed on the Shanghai Stock Exchange. CSSC Group is the controlling shareholder of CSSC Holdings. The principal activities of CSSC Holdings include investment in shipping industry and diesel engine manufacturing industry, sale of civilian ships, manufacture, installation and sale of special equipment and engineering equipment for ships, development of shipbuilding technology, technology transfer, technical service, technical consultation, import and export of goods and technology, and leasing of own equipment. As at the date of this announcement, CSSC Group directly and indirectly holds approximately 50.42% of the issued shares of CSSC Holdings.

CSSC Offshore & Marine Engineering (Group) Company Limited is a large comprehensive marine and defense equipment enterprise group incorporating four segments of maritime equipment, being maritime defense equipment, maritime transport equipment, maritime development equipment and maritime expedition equipment. As at the date of this announcement, CSSC Group directly and indirectly holds approximately 58.52% of the issued shares of CSSC Offshore & Marine Engineering (Group) Company Limited, and is the controlling shareholder of CSSC Offshore & Marine Engineering (Group) Company Limited. CSSC Group is owned by China Shipbuilding Group, which is directly supervised and managed by the State-owned Assets Supervision and Administration Commission of the State Council.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The Group has striven to maintain a diversified, modern and youthful vessel portfolio. The Board considers that, the entering into of the Finance Lease Agreement and the SPA are conducive to the finance lease business of the Group as they would enable the Group to generate stable cashflow and is in line with the Group's business development strategy.

THE LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios in respect of the Finance Lease Agreement are below 5%, the Finance Lease Agreement and the transactions contemplated thereunder do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, China Shipbuilding Group (through CSSC Group) is interested in 4,602,046,234 Shares, accounting for approximately 75% of the issued share capital of the Company. As China Shipbuilding Group, the sole shareholder of CSSC Group, is the indirect shareholder of Guangzhou Shipyard International, Guangzhou Shipyard International is a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the SPA and the transactions contemplated thereunder exceeds 0.1% but all of them are less than 5% and the SPA was made on normal commercial terms, the SPA and the transactions contemplated thereunder are subject to reporting and announcement requirements but are exempt from the circular and the shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

As none of the applicable percentage ratios in respect of the Acquisition exceed 5%, the Acquisition, on a standalone basis, does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as the Group has entered into the December 2021 SPA, the May 2022 SPAs, the September 2022 SPAs and the September Options 2022 SPA with an associate of CSSC Group, the December 2021 Acquisition, the May 2022 Acquisition and the September 2022 Acquisitions and the Acquisition constitute a series of transactions conducted within a 12-month period and shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in respect of the December 2021 Acquisition, the May 2022 Acquisition, the September 2022 Acquisitions and the Acquisition on an aggregated basis exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company. Given that the Company has complied with the major transaction requirements for the December 2021 Acquisition, the May 2022 Acquisition, the September 2022 Acquisitions and that the Acquisition would not result in a higher transaction classification under the Listing Rules, therefore, the Acquisition is only subject to the relevant requirements for connected transaction under the Listing Rules.

Since Mr. Zhong Jian is an executive Director and chairman of the Board who is also a supervisor of CSSC Holdings and Mr. Zou Yuanjing is a non-executive Director who is also a director of Shanghai Waigaoqiao Shipbuilding Co., Ltd.* (上海外高橋造船有限公司), which is a subsidiary of CSSC Group, Mr. Zhong Jian and Mr. Zou Yuanjing are considered to have material interest and had abstained from voting at the Board meeting with respect to the review and approval of the SPA and the transactions contemplated thereunder. Save as disclosed above, none of the Directors had a material interest in the Acquisition and hence no other Directors were required to abstain from voting on such Board resolution.

DEFINITIONS

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

“Acquisition”	the acquisition of the Vessel
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company

“CA Shipping”	CA Shipping Company Limited, the joint venture established by Fortune Vcontainer Carriers and ASL NAVIGATION LIMITED in Hong Kong and is a non-wholly owned subsidiary of the Company
“CGN International”	CGN International Financial Leasing Co., Ltd.* (中廣核國際融資租賃有限公司), a company established under the laws of the PRC
“China Shipbuilding Group”	China State Shipbuilding Corporation* (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
“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)
“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 Guangzhou”	CSSC Finance Leasing (Guangzhou) Co., Ltd.* (中船融資租賃(廣州)有限公司), a company established under the laws of the PRC and is a direct wholly-owned subsidiary of the Company

“CSSC Holdings”	China CSSC Holdings Limited* (中國船舶工業股份有限公司), a joint-stock company incorporated in the PRC with limited liability whose shares are listed on the Shanghai Stock Exchange (stock code: 600150) and one of the controlling shareholders of the Company
“CSSC Shanghai”	CSSC Finance Leasing (Shanghai) Co., Ltd.* (中船融資租賃(上海)有限公司), a company established under the laws of the PRC and is a direct wholly-owned subsidiary of the Company
“CSSC Tianjin”	CSSC Finance Leasing (Tianjin) Co., Ltd.* (中船融資租賃(天津)有限公司), a company established under the laws of the PRC and is a direct wholly-owned subsidiary of the Company
“December 2021 Acquisition”	the acquisition of one liquefied natural gas carrier and bearing the builder’s hull number H1830A under the December 2021 SPA
“December 2021 SPA”	the agreement dated 6 January 2022 entered into between Fortune Pillar Shipping Limited (a wholly-owned special purpose vehicle of the Company) as purchaser and Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. (a subsidiary of CSSC Group) as vendor in respect of the acquisition of one liquefied natural gas carrier and bearing the builder’s hull number H1830A. For further details, please refer to the announcement of the Company dated 28 December 2021
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement in respect of the Vessel entered into between the Lessors and Summer Bihai on 23 November 2022

“Fortune Vcontainer Carriers”	Fortune Vcontainer Carriers Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Shipyard International”	Guangzhou Shipyard International Company Limited* (廣船國際有限公司), a company established under the laws of the PRC and a subsidiary of CSSC Holdings
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huangpu Wenchong Shipbuilding”	CSSC Huangpu Wenchong Shipbuilding Company Limited* (中船黃埔文沖船舶有限公司), a company established under the laws of the PRC and a subsidiary of CSSC Group
“Lessors”	collectively, CSSC Guangzhou, CSSC Shanghai, CSSC Tianjin and CGN International
“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
“May 2022 Acquisition”	the acquisition of four 1,100 TEU high-quality feeder container ships under the May 2022 SPAs
“May 2022 SPAs”	collectively, (i) the two novation agreements dated 27 May 2022 entered into among ASL Shipping, Limited, CA Shipping and Wuchang Shipbuilding Industry Group Co., Ltd.* (武昌船舶重工集團有限公司) for the transfer of rights and obligations of ASL Shipping, Limited regarding two 1,100 TEU container vessels under the initial shipbuilding contracts to CA Shipping, and (ii) two shipbuilding agreements dated 27 May 2022 as supplemented by addendum dated 13 June 2022 entered into between CA Shipping or its nominee as purchaser and Wuchang Shipbuilding Industry Group Co., Ltd.* (武昌船舶重工集團有限公司) as seller for the acquisition of two 1,100 TEU container vessels. For further details, please refer to the circular of the Company dated 16 June 2022

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“September 2022 Acquisitions”	the acquisition of four 1,600 TEU container vessels bearing the builder’s hull numbers H2483, H2484, H2485, and H2486 under the September SPAs and four 1,600 TEU container vessels under the September 2022 Options SPA
“September 2022 Options SPA”	the agreement entered into between CA Shipping as purchaser and Huangpu Wenchong Shipbuilding as vendor on 1 August 2022 in respect of the acquisition of four options to acquire four 1,600 TEU container vessels
“September 2022 SPAs”	the agreements entered into between CA Shipping or its nominee as purchaser and Huangpu Wenchong Shipbuilding as vendor on 1 August 2022 in respect of the September 2022 Acquisition. For further details, please refer to the circular of the Company dated 9 September 2022
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	an agreement entered into among (a) CSSC Shanghai, CSSC Tianjin, CSSC Guangzhou and CGN International as purchaser; (b) Guangzhou Shipyard International as vendor; and (c) Summer Bihai as lessee on 23 November 2022 in respect of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Summer Bihai”	Summer Bihai (Guangzhou) Offshore Wind Power Co., Ltd.* (夏天碧海(廣州)海上風電有限公司), a company established under the laws of the PRC

“TEU”	twenty-foot equivalent unit, which is a standard of measurement used in container transport for describing the capacity of container vessels
“Vessel”	a 1,600 tons wind turbine installation vessel bearing the builder’s hull number 22110018
“%”	per cent

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.08. 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
Zhong Jian
Chairman

Hong Kong, 23 November 2022

As at the date of this announcement, the Board comprises Mr. Zhong Jian as executive Director, Ms. Zhang Yi, Mr. Zou Yuanjing and Mr. Zhang Qipeng as non-executive Directors, and Mdm. Shing Mo Han Yvonne, Mr. Li Hongji and Mr. Wang Dennis as independent non-executive Directors.