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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)

**DISCLOSEABLE TRANSACTIONS
IN RELATION TO
THE SALE AND LEASEBACK OF TWO VESSELS**

The Board is pleased to announce that, on 10 May 2023, Fortune Ropax I and Fortune Ropax II, being the Company's wholly-owned SPVs, have entered into the Memorandums of Agreement and the Bareboat Charters with, among others, the Charterer, pursuant to which Fortune Ropax I and Fortune Ropax II have agreed to (i) purchase the Vessels from the Charterer at the Consideration; and (ii) lease back the Vessels to the Charterer at a total estimated charterhire to be payable by the Charterer of approximately EUR241,403,000 (including estimated lease interest of approximately EUR85,403,000).

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transactions contemplated under the Memorandums of Agreement and the Bareboat Charters is more than 5% but less than 25%, the transactions contemplated under the Memorandums of Agreement and the Bareboat Charters constitute discloseable transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules but are exempt from the shareholders' approval requirement.

1. INTRODUCTION

The Board is pleased to announce that, on 10 May 2023, Fortune Ropax I and Fortune Ropax II, being the Company's wholly-owned SPVs, have entered into the Memorandums of Agreement and the Bareboat Charters with, among others, the Charterer, pursuant to which Fortune Ropax I and Fortune Ropax II have agreed to (i) purchase the Vessels from the Charterer at the Consideration; and (ii) lease back the Vessels to the Charterer at a total estimated charterhire to be payable by the Charterer of approximately EUR241,403,000 (including estimated lease interest of approximately EUR85,403,000).

2. DETAILS OF THE MEMORANDUMS OF AGREEMENT AND THE BAREBOAT CHARTERS

Date

10 May 2023

Parties

Buyers/Owners Fortune Ropax I and Fortune Ropax II, being the Company's wholly-owned SPVs

Seller/Charterer F. Ili Onorato Armatori Srl, a limited liability company incorporated under the laws of Italy and a marine transportation services provider, which is ultimately and wholly owned by Mr. Vincenzo Onorato

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Charterer and its ultimate beneficial owner are Independent Third Parties.

Subject Matter

The Charterer has agreed to sell the Vessels to Fortune Ropax I and Fortune Ropax II at the Consideration, which is expected to be settled with the internal funds of Fortune Ropax I and Fortune Ropax II as well as bank borrowings. At the same time, Fortune Ropax I and Fortune Ropax II have agreed to lease back the Vessels to the Charterer at a total estimated charterhire to be payable by the Charterer of approximately EUR241,403,000 (including estimated lease interest of approximately EUR85,403,000). Upon expiration of the Charter Period, the Charterer is obliged to purchase the Vessels from Fortune Ropax I and Fortune Ropax II at a consideration as agreed by the parties under the Bareboat Charters.

Vessels

The Vessels are two 2500 persons/3850 LM ropax vessels, and are of an aggregate value of EUR238,000,000, which is equivalent to the aggregate shipbuilding price of the Vessels pursuant to the relevant shipbuilding contracts.

One of the Vessels was delivered in May 2023 while the other one is expected to be delivered by August 2023.

Charter Period

The Charter Period shall be a period of 120 months commencing from the respective Delivery Dates.

Charterhire and Interest

Pursuant to the Bareboat Charters, Fortune Ropax I and Fortune Ropax II have agreed to lease back the Vessels to the Charterer at a total estimated charterhire to be payable by the Charterer of approximately EUR241,403,000 (including estimated lease interest of approximately EUR85,403,000), which shall be payable by the Charterer in 120 installments.

The terms of the Memorandums of Agreement and the Bareboat Charters (including the purchase price of the Vessels, the charterhire, the charterhire interest and other expenses thereunder) were determined after arm's length negotiation between the Charterer and Fortune Ropax I and Fortune Ropax II, with reference to (i) the aggregate shipbuilding price of the Vessels pursuant to the relevant shipbuilding contracts; and (ii) the prevailing market price of comparable financial leasing services in the industry.

Corporate Guarantee

In connection with the transactions contemplated under the Memorandums of Agreement and the Bareboat Charters, four deeds of corporate guarantee were entered into by the Guarantor A and the Guarantor B as guarantors in favor of the respective Owners, pursuant to which each of the Guarantor A and the Guarantor B has irrevocably and unconditionally guaranteed, among others, the punctual performance by the Charterer of all its obligations under the transaction documents and of the guaranteed liabilities of the Charterer as they fall due.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE MEMORANDUMS OF AGREEMENT AND THE BAREBOAT CHARTERS

The Memorandums of Agreement and the Bareboat Charters were entered into by Fortune Ropax I and Fortune Ropax II in their ordinary course of business. The Directors believe that entering into the Memorandums of Agreement and the Bareboat Charters will strengthen the Group's leasing business and is consistent with the Group's overall business development strategies.

The Directors are of the view that the terms of the Memorandums of Agreement and the Bareboat Charters are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

4. INFORMATION OF PARTIES

Information of the Company

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

Information of Fortune Ropax I and Fortune Ropax II

Fortune Ropax I and Fortune Ropax II, which were incorporated under the laws of Hong Kong, are wholly-owned SPVs of the Company and are principally engaged in ship leasing business.

Information of the Charterer

F. Ili Onorato Armatori Srl is a limited liability company incorporated under the laws of Italy and a marine transportation services provider and is ultimately and wholly owned by Mr. Vincenzo Onorato.

5. LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transactions contemplated under the Memorandums of Agreement and the Bareboat Charters is more than 5% but less than 25%, the transactions contemplated under the Memorandums of Agreement and the Bareboat Charters constitute discloseable transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules but are exempt from the shareholders' approval requirement.

6. DEFINITIONS

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

“Bareboat Charters”	the bareboat charters entered into by and among, each of Fortune Ropax I and Fortune Ropax II and the Charterer on 10 May 2023 with respect to the Vessels
“Board”	the board of Directors
“Charter Period”	a period of 120 months commencing from the respective Delivery Dates
“Charterer”	F. III Onorato Armatori Srl, a limited liability company incorporated under the laws of Italy
“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)
“Consideration”	EUR156,000,000, subject to any adjustment pursuant to the terms and conditions of the shipbuilding contracts in relation to the Vessels
“Delivery Dates”	the dates on which Fortune Ropax I and Fortune Ropax II obtain title to the Vessels under the Memorandums of Agreement and the dates of the delivery of the Vessels by the respective Owners to the Charterer under the respective Bareboat Charters
“Director(s)”	the director(s) of the Company

“EUR”	Euro, the lawful currency of the member states of the European Union
“Fortune Ropax I”	Fortune Ropax I Shipping Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned SPV of the Company
“Fortune Ropax II”	Fortune Ropax II Shipping Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned SPV of the Company
“Group”	the Company and its subsidiaries
“Guarantor A”	Moby S.P.A, a joint stock company incorporated under the laws of Italy
“Guarantor B”	Onorato Armatori Srl, a limited liability company incorporated under the laws of Italy
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any entity or person who, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person of the Company within the meaning under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Memorandums of Agreement”	the memorandums of agreement entered into between each of Fortune Ropax I and Fortune Ropax II and the Charterer on 10 May 2023 with respect to the Vessels
“Owners”	Fortune Ropax I and Fortune Ropax II, being the Company’s wholly-owned SPVs

“SPV(s)”	special purpose vehicle(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vessels”	two ropax vessels
“%”	per cent

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

Hong Kong, 10 May 2023

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