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28 August 2025

To: the independent board committee and the independent shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO THE CONSTRUCTION OF VESSELS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the independent board committee and the independent shareholders of CSSC (Hong Kong) Shipping Company Limited (the "**Company**") in relation to the proposed construction of two vessels (the "**Transactions**"). Details of the Transactions are set out in the "Letter from the Board" (the "**Board Letter**") contained in the circular of the Company dated 28 August 2025 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

On 16 July 2025 (after trading hours), Fortune Propulsion and Fortune Prosperity (both being wholly owned SPVs of the Company) as buyers and Beihai Shipbuilding and China Shipbuilding Trading as builders entered into two Shipbuilding Agreements on substantially the same terms for the construction of two Vessels for a consideration of RMB528,000,000 (equivalent to approximately HK$575,520,000) for each Vessel and for an aggregate consideration of RMB1,056,000,000 (equivalent to approximately HK$1,151,040,000) (i.e. the Transactions).

According to the Board Letter, as at the Latest Practicable Date, China Shipbuilding Group (through CSSC Group) is interested in 4,602,046,234 Shares, accounting for approximately 74.24% of the issued share capital of the Company. As China Shipbuilding Group, the sole shareholder of CSSC Group, indirectly controls Beihai Shipbuilding and wholly owns China Shipbuilding Trading, Beihai Shipbuilding and China Shipbuilding Trading are connected persons of the Company. Therefore, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios in respect of the transactions contemplated under the Shipbuilding Agreements exceed 5% but are less than 25%, the Transactions also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wang Dennis, Mdm. Shing Mo Han Yvonne and Mr. Li Hongji, has been established to advise the Independent Shareholders in relation to the Transactions. We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard (the "**Engagement**").

During the past two years, Somerley Capital Limited has acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to continuing connected transactions and discloseable transaction in relation to the deposit services under the 2025 financial services framework agreement (details of which are set out in the Company's circular dated 30 May 2025). The past engagement was limited to providing independent advisory services to the independent board committee and independent shareholders of the Company pursuant to the Listing Rules. Under the past engagement, Somerley Capital Limited received normal professional fees from the Company. As at the Latest Practicable Date, there were no relationships or interests between (a) Somerley Capital Limited and (b) the Group, Beihai Shipbuilding and China Shipbuilding Trading that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the Engagement.

In formulating our opinion, we have relied on the information as contained in the Circular and the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (the "**Management**"). We have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter. However, we have not conducted any independent investigation into the business and affairs of the Group, Beihai Shipbuilding or China Shipbuilding Trading, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion with respect to the Transactions, we have taken into account the principal factors and reasons set out below.

1. Information on the parties to the Transactions

Fortune Propulsion and Fortune Prosperity (the buyers)

Each of Fortune Propulsion and Fortune Prosperity is a company incorporated under the laws of Hong Kong, an indirect wholly owned SPV of the Company, and is principally engaged in the provision of leasing services.

Beihai Shipbuilding and China Shipbuilding Trading (the builders)

Each of Beihai Shipbuilding and China Shipbuilding Trading is a company incorporated under the laws of the PRC and is principally engaged in the shipbuilding business. As at the Latest Practicable Date, (i) Beihai Shipbuilding is owned as to 97.59% by China Shipbuilding Industry Company Limited (中國船舶重工股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 601989) and is indirectly controlled by China Shipbuilding Group, and (ii) China Shipbuilding Trading is wholly owned by China Shipbuilding Group.

2. **Reasons for and benefits of the Transactions**

As advised by the Management, China Shipbuilding Group is a leading state-owned shipbuilding conglomerate in the PRC. China Shipbuilding Group has solid experience and substantial expertise in shipbuilding and is equipped with capabilities in constructing a wide range of vessels. The Group is principally engaged in the provision of operating lease and financial lease. During the ordinary and usual course of business of the Group, the Group has been purchasing vessels from China Shipbuilding Group and/or its associates since its establishment in 2012. The vessels purchased from China Shipbuilding Group and/or its associates have been used for the Group's operating lease business and for direct finance lease transactions (both being the Group's principal businesses). When the vessels to be constructed under the Transactions are delivered from the shipbuilders, the Group would be able to generate leasing income by leasing the vessels to customer(s).

As advised by the Management, it is the Group's strategy to continue investing in new vessels so as to replenish its fleet portfolio for replacement of the older vessels which are sold by the Group. During each of the last three years ended 31 December 2022, 2023 and 2024, the Group had 20, 18 and 15 new vessels respectively. As at 31 December 2024, the Group' fleet size amounted to 138 vessels (122 of which were in operation and 16 of which were under construction). According to the Company's 2023 annual report and 2024 annual report, the Group recorded year-one-year increase in revenue of approximately 13.0% and 11.3% respective during the year ended 31 December 2023 and 2024. We understand from the Management that such increase in revenue was mainly attributable to (i) the increase in finance lease income and interest income from loan borrowings during the year ended 31 December 2023 and (ii) the increase in the income generated from operating lease services during the year ended 31 December 2024. In light of the above, we consider that the Transactions are in line with the Group's development strategy to continue investing in new vessels. We are also of the view that the Group's strategy to continue investing in new vessels is in the interests of the Company and the Shareholders as a whole having considered (i) that the Group conducts operating and finance lease of vessels as its principal business, the acquisition/construction of vessels is prerequisite to the Group's ordinary business operation; and (ii) that the Group's principal business of operating and finance lease of vessels had contributed to the positive performance of the Group as illustrated above.

Taking into account that (i) the Transactions are in line with the Group's principal business (as the Group purchases vessels for its operating lease business and/or for direct finance lease transactions); (ii) when the vessels to be constructed under the Transactions are delivered from the shipbuilder, the Group would be able to generate leasing income by leasing the vessels to customer(s); (iii) the Group has been purchasing vessels from China Shipbuilding Group and/or its associates over the past years; and (iv) the Transactions are in line with the Group's development strategy to continue investing in new vessels so as to replenish its fleet portfolio with new vessels, we concur with the Management's view that the Transactions are in the interests of the Company and the Shareholders as a whole and is in the ordinary and usual course of business of the Group.

3. Principal terms of the Transactions

On 16 July 2025 (after trading hours), Fortune Propulsion and Fortune Prosperity (both being wholly owned SPVs of the Company) as buyers and Beihai Shipbuilding and China Shipbuilding Trading as builders entered into two Shipbuilding Agreements on substantially the same terms for the construction of two Vessels for a consideration of RMB528,000,000 (equivalent to approximately HK$575,520,000) for each Vessel and for an aggregate consideration of RMB1,056,000,000 (equivalent to approximately HK$1,151,040,000). The Shipbuilding Agreements will be effective subject to the approval of the Independent Shareholders at the EGM.

Vessels to be constructed:

Two 210,000 deadweight bulk carriers

Consideration:

Pursuant to the Shipbuilding Agreements, the consideration for each Vessel is RMB528,000,000 (equivalent to approximately HK$575,520,000) and shall be settled in in five instalments based on progress intervals on the construction of each Vessel (with smaller proportion of the consideration amount payable in the first four instalments and the majority of the payment payable in the fifth instalment upon delivery of the Vessels).

Delivery date:

Pursuant to the Shipbuilding Agreements, the Vessels shall be delivered on or before 31 December 2027 and 31 March 2028 respectively, subject to the arrangements of delay in delivery as agreed in the Shipbuilding Agreements.

In case of delay in delivery, the Builders shall deduct the liquidated damages from the fifth instalment of the consideration of the Shipbuilding Agreements (the exact amount of which shall be assessed based on the extent of delay from the original delivery date pursuant to the Shipbuilding Agreements and the maximum amount shall be RMB19,980,000 for each Vessel) and, accordingly, the fifth instalment shall be paid on a net basis (i.e. after deducting the aforementioned liquidated damages payable by the Builders). If under extreme circumstances where the Builders fail to conform to the technical specifications (such as deviation of the speed, fuel consumption or the deadweight tonnage of the relevant Vessel from the agreed permissible range), the Builders shall deduct the liquidated damages from the fifth instalment of the consideration of the Shipbuilding Agreements (the exact amount of which shall be assessed based on the extent of deviation from the relevant technical specifications as prescribed under the Shipbuilding Agreements and the aggregate maximum amount of which shall be RMB17,582,000 for each of the Vessel) and accordingly, the fifth instalment shall be paid on a net basis (i.e. after deducting the aforementioned liquidated damages payable by the Builders). Save as disclosed above, the consideration for each Vessel is not subject to other deduction mechanism pursuant to the terms of the Shipbuilding Agreements.

The Buyers may elect to revoke or terminate the Shipbuilding Agreements in the event of delayed delivery of the Vessels by the Builders or failure of the Builders to conform to the aforementioned technical specifications in the construction of the Vessels to the extent as prescribed under the Shipbuilding Agreements. In the event that any of the Shipbuilding Agreements is revoked or terminated by the Buyers in accordance with the specific terms thereof, the Builders shall refund to the Buyers in RMB the full amount already paid by the Buyers to the Builders, together with interests incurred thereof (the exact amount of which shall be determined based on the agreed interest rate on the amount required to be refunded as computed from the date when such sum is received by the Builders in accordance with the terms under the Shipbuilding Agreements).

Analysis on the consideration

Under the Transactions, the consideration (subject to adjustment in the event of delay and failure of the Builders to conform specific technical specifications, in accordance with the terms of the Shipbuilding Agreements (the "**Adjustment Terms**")) shall be paid by the buyers to the shipbuilders in instalments according to the shipbuilding progress of Vessels, with majority of the consideration payable on the delivery of Vessels. As advised by the Management, such payment schedule (i.e., payment in instalments according to the shipbuilding progress with majority of the consideration payable on the delivery of vessels) and Adjustment Terms were determined based on arm's length negotiation with the shipbuilders; and was in line with market practice. For our due diligence purpose, we have identified transactions in relation to the acquisition of vessels from shipbuilders announced by other companies listed on the Stock Exchange (the "**Market Transactions**") during six months prior to the date of the Shipbuilding Agreements (the "**Review Period**"). To the best of our knowledge and as far as we are aware of, we found 8 transactions which met the aforesaid criteria.

Buyer	Shipbuilder/Seller	Date of announcement	Payment Terms	Adjustment Terms
A wholly-owned subsidiary of SITC International Holdings Company Limited (1308)	Huanghai Shipbuilding Co., Ltd.	24 January 2025	The consideration of each vessel will be settled in five instalments according to the progress of the construction of the respective vessel, representing 10%, 10%, 10%, 10% and 60% of the consideration. The majority of the consideration is payable upon the delivery of the respective vessel.	Not specified
Two wholly-owned subsidiaries of China Development Bank Financial Leasing Co., Ltd. (1606)	Nantong Rainbow Offshore & Engineering Equipment Co., Ltd.*	27 January 2025	The consideration will be paid in accordance with the agreed milestones in the building progress under the shipbuilding contract.	Not specified
Two wholly-owned subsidiaries of China Development Bank Financial Leasing Co., Ltd. (1606)	Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd.*	27 January 2025	The consideration will be paid in accordance with the agreed milestones in the building progress under the shipbuilding contract.	Not specified

Buyer	Shipbuilder/Seller	Date of announcement	Payment Terms	Adjustment Terms
An indirect wholly-owned subsidiary of Seacon Shipping Group Holdings Limited (2409)	TSUNEISHI GROUP (ZHOUSHAN) SHIPBUILDING INC.	18 April 2025	The consideration will be paid in five instalments in accordance with the vessel's construction progress, representing approximately 20%, 10%, 10% m 10% and 50% of the consideration. The majority of the consideration is payable upon the delivery of the vessel.	Not specified
Fourteen indirect non-wholly owned subsidiaries of Orient Overseas (International) Limited (316) and COSCO SHIPPING Holdings Co., Ltd. (1919)	Nantong COSCO KHI Ship Engineering Co., Ltd.* and Dalian COSCO KHI Ship Engineering Co., Ltd.*	29 April 2025	The consideration will be payable in five instalments based on progress intervals on the construction of each vessel, with smaller proportion of contract price payable in the first four instalments and the majority of the payment payable in the fifth instalment upon delivery of the vessel.	In the event of delay in delivery, the relevant builder shall deduct the liquidated damages from the fifth instalment of the contract price based on the extent of delay from the original delivery date)
A wholly-owned subsidiary of SITC International Holdings Company Limited (1308)	Huanghai Shipbuilding Co., Ltd.	29 April 2025	The consideration of each vessel will be paid in five instalments according to the progress of the construction of the respective vessel, representing 10%, 10%, 10%, 10% and 60% of the consideration. The majority of the consideration is payable upon the delivery of the respective vessel.	Not specified
An indirect wholly-owned subsidiary of Seacon Shipping Group Holdings Limited (2409)	GIANT LINE INC., S.A. and NIHON SHIPYARD CO., LTD.,	26 May 2025	The consideration will be paid in four instalments, representing approximately 9.4%, 13.5%, 9.4% and 67.6% of the consideration. The majority of the consideration is payable upon the delivery of the vessel	Not specified
A subsidiary of Honghua Group Limited (196)	Not specified	3 June 2025	Not specified	Not specified

Source: the Stock Exchange's website

We noted from the Market Transactions that for all of the Market Transactions (except for the transaction conducted by the subsidiary of Honghua Group Limited (196) with no relevant information specified in the transaction announcement), (i) the considerations of vessels are paid according to the agreed milestones of the shipbuilding progress; and (ii) majority of the consideration is payable on the delivery of vessels. Accordingly, we are of the view that the payment terms of the Transactions are fair and reasonable.

We noted that only one of the Market Transactions had disclosure on the terms of adjustment in the relevant announcements. For our due diligence purpose, we have inquired with the Management regarding the basis of the Adjustment Terms. As advised by the Management, the Adjustment Terms serve as a protection to the Buyers, enabling the final instalment of consideration to be adjusted to the extent of delay and Builders' failure to conform specific technical specifications as stipulated under the relevant shipbuilding agreements; and in addition, the Adjustment Terms are in line with comparable transaction for the same type of Vessels entered into between the Builders and other buyers. We have also obtained a recent shipbuilding agreement for the same type of Vessel entered into between the Builders and another independent third party buyer in July 2025. We noted that the adjustment terms as contained in such shipbuilding agreement are the same as the Adjustment Terms under the Transactions. In light of the above, we are of the view that the Adjustment Terms of the Transactions are fair and reasonable.

For our due diligence purpose, we enquired with the Management the internal procedures of the Group in relation to the construction of vessels for leasing purpose. As advised by the Management, for the Group's leasing projects, the business department shall prepare the relevant project reports and/or other supporting documents for the assessment of the risk management department; and the projects shall be reviewed and approved by the Board/general manager's committee (which is a committee comprising the Company's managers and chaired by the Company's general manager). The project reports and/or the relevant supporting documents include relevant assessment of the leasing project, such as analyses of the vessel construction prices. When preparing the project reports and the relevant supporting documents, the business department would refer to, among other things, prevailing market values for the construction of similar vessels, as ascertained from industry reports prepared by research companies and/or recent comparable transactions in the industry announced by Clarkson Research Services Limited ("**Clarkson**"), the research arm of Clarkson Plc (https://www.clarksons.com/), an international provider of integrated shipping services (the "**Internal Procedures**").

The Management confirmed that the Company followed the Internal Procedures when entering into the Transactions. For our due diligence purpose, we obtained from the Company an internal document in relation to the assessment of the subject shipbuilding project. We noted from such assessment document that the Company considered shipbuilding prices of similar vessels in the market as noticed by the Company. In particular, according to such assessment document, (i) on 6 June 2025, Beihai Shipbuilding had entered into letters of intent with two independent third party buyers for the construction of the same type of vessel at the same consideration of RMB528 million per vessel; and (ii) in May 2025, the Company had noticed a shipbuilding transaction between an independent third party buyer and an independent third party shipbuilder for the construction of three comparable vessels at a consideration of US$75 (equivalent to approximately RMB538.50 million) to US$76 million (equivalent to approximately RMB545.68 million) per vessel. The consideration of RMB528 million per Vessel was not higher than the aforesaid comparable market transactions identified by the Company. For our due diligence purpose, we have also obtained data as extracted from Clarkson regarding newbuilding price in the market. According to Clarkson's data, the market newbuilding price for comparable bulk carriers (i) ranged from US$77 million (equivalent to approximately RMB552.86 million) to US$79 million (equivalent to approximately RMB567.22 million) during the period from January to May 2025; and (ii) was US$79 million (equivalent to approximately RMB567.22 million) in May 2025. The consideration of RMB528 million per Vessel was lower than the aforesaid recent newbuilding prices in the market. Having considered (i) the aforesaid background of Clarkson; and (ii) that the aforesaid data from Clarkson represents the market shipbuilding prices, we consider it fair and reasonable to make reference to the Clarkson's data.

Taking into account that (i) based on the internal document in relation to the assessment of the shipbuilding project, the consideration of RMB528 million per Vessel was not higher than the aforesaid comparable market transactions identified by the Company; and (ii) the consideration of RMB528 million per Vessel was lower than the recent newbuilding prices in the market as extracted from Clarkson, we consider that the consideration of the Transactions are fair and reasonable.

Having considered the above, we are of the view that the terms of the Transactions are fair and reasonable.

4. Possible financial effects of the Transactions

According to the Board Letter, the consideration of the Transactions is expected to be funded by internal resources of the Group.

As advised by the Management, upon completion of the Transactions and delivery of the Vessels, the Group's fixed assets shall increase by the amount of the consideration, while the Group's current assets shall decrease by the amount of the consideration which would be funded by internal resources.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors, we consider that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be proposed at the EGM to approve the Transactions.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

Clifford Cheng
Director

Mr. Clifford Cheng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has fifteen years of experience in the corporate finance industry.

\# *Unless the context otherwise requires, conversion of RMB into HK$ is based on the exchange rate of 1:1.09 and conversion of US$ into RMB is based on the exchange rate of 1:7.18. Such exchange rates are for the purpose of illustration only and do not constitute representation that any amounts in RMB or HK$ or US$ have been, could have been or may be converted at such or any other rates or at all.*