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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)**

## **CONNECTED TRANSACTION**

### **CAPITAL INCREASE IN A JOINT VENTURE COMPANY**

#### **BACKGROUND**

As at the date of this announcement, the JV Company is owned as to approximately 25.00% by CSSC Tianjin (an indirectly wholly-owned subsidiary of the Company), 20.00% by Qingdao Conson Oceantec, 27.00% by Qingdao Ocean Innovation, 6.50% by Qingdao Ocean New Kinetic, 13.00% by China Shipbuilding Capital, 1.50% by Qingdao Lanliang Ocean Engineering, and 7.00% by Qingdao Dacheng Fishery, respectively.

#### **CAPITAL INCREASE**

The Board is pleased to announce that, on 9 January 2023, CSSC Tianjin entered into the Capital Increase Agreement with the existing shareholders of the JV Company, pursuant to which, CSSC Tianjin have agreed to make a capital contribution of RMB134,200,000 in cash to the registered capital of the JV Company. Following completion of the Capital Increase, the JV Company will be owned as to approximately 26.31%, 22.53%, 26.82%, 8.91%, 13.00%, 0.43% and 2.00% by CSSC Tianjin, Qingdao Conson Oceantec, Qingdao Ocean Innovation, Qingdao Ocean New Kinetic, China Shipbuilding Capital, Qingdao Lanliang Ocean Engineering and Qingdao Dacheng Fishery, respectively.

As at the date of this announcement, China Shipbuilding Capital is an indirect wholly-owned subsidiary of China Shipbuilding Group, which is a controlling shareholder of the Company. Accordingly, China Shipbuilding Capital is a connected person of the Company. The JV Company is therefore an associate of China Shipbuilding Group and a connected person of the Company and the Capital Increase constitutes a connection transaction of the Company under Chapter 14A of the Listing Rules.

Since one or more applicable percentage ratios of the transaction contemplated under the Capital Increase Agreement, when aggregated with the Initial Capital Contribution, is more than 0.1% but less than 5%, the Capital Increase is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **CAPITAL INCREASE AGREEMENT**

### **Date**

9 January 2023

### **Parties to the agreement**

(i) CSSC Tianjin; (ii) Qingdao Conson Oceantec; (iii) Qingdao Ocean Innovation; (iv) Qingdao Ocean New Kinetic; (v) China Shipbuilding Capital; (vi) Qingdao Lanliang Ocean Engineering; (vii) Qingdao Dacheng Fishery; and (viii) the JV Company.

### **Status of capital increase**

Pursuant to the Capital Increase Agreement, CSSC Tianjin, Qingdao Conson Oceantec, Qingdao Ocean Innovation, Qingdao Ocean New Kinetic and China Shipbuilding Capital agreed to make capital contribution in cash as below:

- (i) CSSC Tianjin shall subscribe for the portion of the newly increased registered capital of the JV Company in the sum of RMB134,200,000;
- (ii) Qingdao Conson Oceantec shall subscribe for the portion of the newly increased registered capital of the JV Company in the sum of RMB117,740,000;
- (iii) Qingdao Ocean Innovation shall subscribe for the portion of the newly increased registered capital of the JV Company in the sum of RMB133,710,000;

- (iv) Qingdao Ocean New Kinetic shall subscribe for the portion of the newly increased registered capital of the JV Company in the sum of RMB49,350,000; and
- (v) China Shipbuilding Capital shall subscribe for the portion of the newly increased registered capital of the JV Company in the sum of RMB65,000,000.

For the avoidance of doubt, Qingdao Lanliang Ocean Engineering and Qingdao Dacheng Fishery will not participate in the Capital Increase.

Set out below is a summary of the equity holding structure and the registered capital of the JV Company before and after the Capital Increase:

| Name of shareholder                | As at the date of this announcement and prior to the completion of the Capital Increase |                |   | Upon completion of the Capital Increase |                |
|------------------------------------|---|----------------|---|---|----------------|
|                                    | Registered capital of the JV Company<br>(RMB)   | Equity holding | Capital injected contemplated under the Capital Increase<br>(RMB) | Total registered capital<br>(RMB)       | Equity holding |
| CSSC Tianjin                       | 50,000,000  | 25.00%         | 134,200,000   | 184,200,000                             | 26.31%         |
| Qingdao Conson Oceantec            | 40,000,000  | 20.00%         | 117,740,000   | 157,740,000                             | 22.53%         |
| Qingdao Ocean Innovation           | 54,000,000  | 27.00%         | 133,710,000   | 187,710,000                             | 26.82%         |
| Qingdao Ocean New Kinetic          | 13,000,000  | 6.50%          | 49,350,000  | 62,350,000                              | 8.91%          |
| China Shipbuilding Capital         | 26,000,000  | 13.00%         | 65,000,000  | 91,000,000                              | 13.00%         |
| Qingdao Lanliang Ocean Engineering | 3,000,000   | 1.50%          | 0   | 3,000,000                               | 0.43%          |
| Qingdao Dacheng Fishery            | 14,000,000  | 7.00%          | 0   | 14,000,000                              | 2.00%          |
| <b>Total</b>                       | <b>200,000,000</b>  | <b>100.00%</b> | <b>500,000,000</b>  | <b>700,000,000</b>                      | <b>100.00%</b> |

Following completion of the Capital Increase, the JV Company will be owned as to approximately 26.31%, 22.53%, 26.82%, 8.91%, 13.00%, 0.43% and 2.00% by CSSC Tianjin, Qingdao Conson Oceantec, Qingdao Ocean Innovation, Qingdao Ocean New Kinetic, China Shipbuilding Capital, Qingdao Lanliang Ocean Engineering and Qingdao Dacheng Fishery, respectively.

The amount of capital contribution under the Capital Increase Agreement was determined based on arm's length negotiations between the parties to the agreement with reference to the funding and operation needs of the JV Company and their respective holding of equity interests in the JV Company upon completion of the Capital Increase. The Capital Increase is expected to be completed before 31 December 2024. The Company intends to fund its capital contribution by internal resources.

The Capital Increase Agreement shall take effect upon the parties having duly signed the Capital Increase Agreement.

## **INFORMATION OF THE PARTIES**

### **CSSC Tianjin**

CSSC Tianjin is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in the provision of leasing services.

### **Qingdao Conson Oceantec**

Qingdao Conson Oceantec is a company established in the PRC with limited liability and is principally engaged in marine and ocean business. As at the date of this announcement, Qingdao Conson Oceantec is the subsidiary of Qingdao Conson Development (Group) Co., Ltd.\* (青島國信發展(集團)有限責任公司). To the best of the Directors' knowledge, information and belief and having made reasonable enquiry, Qingdao Conson Development (Group) Co., Ltd.\* is wholly owned by State-Owned Assets Supervision & Administration Commission of Qingdao Municipal Government.

### **Qingdao Ocean Innovation**

Qingdao Ocean Innovation is a company established in the PRC with limited liability and is principally engaged in investment management business. As at the date of this announcement, Qingdao Ocean Innovation is the subsidiary of Qingdao Conson Financial Holding Co., Ltd.\* (青島國信金融控股有限公司). To the best of the Directors' knowledge, information and belief and having made reasonable enquiry, Qingdao Conson Financial Holding Co., Ltd.\* is wholly owned by Qingdao Conson Development (Group) Co., Ltd.\*.

### **Qingdao Ocean New Kinetic**

Qingdao Ocean New Kinetic is a company established in the PRC with limited liability and is principally engaged in investment management business. As at the date of this announcement, Qingdao Ocean New Kinetic is the subsidiary of Qingdao Ocean Innovation.

## China Shipbuilding Capital

China Shipbuilding Capital is a company established in the PRC with limited liability and is principally engaged in investment management business. As at the date of this announcement, China Shipbuilding Capital is an indirect wholly-owned subsidiary of China Shipbuilding Group, which is a controlling shareholder of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for China Shipbuilding Capital, the other existing shareholders of the JV Company and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## The JV Company

The JV Company is a company incorporated under the laws of the PRC with limited liability on 4 July 2019 and is principally engaged in fishery business. As at the date of this announcement, the JV Company is owned as to approximately 25.00% by CSSC Tianjin, 20.00% by Qingdao Conson Oceantec, 27.00% by Qingdao Ocean Innovation, 6.50% by Qingdao Ocean New Kinetic Energy, 13.00% by China Shipbuilding Capital, 1.50% by Qingdao Lanliang Ocean Engineering, and 7.00% by Qingdao Dacheng Fishery, respectively.

The key financial data of the JV Company for the years ended 31 December 2021 and 31 December 2022 prepared in accordance with the PRC Accounting Standards for Business Enterprises are set out below:

|                              | <b>Year ended<br/>31 December<br/>2021</b> | <b>Year ended<br/>31 December<br/>2022</b> |
|------------------------------|--|--|
|                              | <i>RMB'000</i>                             | <i>RMB'000</i>                             |
| Net profit/(loss) before tax | (18,495.72)                                | (54,875.66)                                |
| Net profit/(loss) after tax  | (18,495.72)                                | (54,875.66)                                |

As at 31 December 2022, the audited total assets and net assets of the JV Company were approximately RMB518,212,404.07 and RMB190,424,975.75, respectively.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE CAPITAL INCREASE AGREEMENT**

The entering into the Capital Increase Agreement will bring into play the professional advantages of each party, stimulate the vitality of the JV Company, promote the construction of its aquaculture vessel and enhance the operation efficiency. The Board is of the view that the Capital Increase is beneficial to ensure the continuous and stable operation of the JV Company and support its further business development and expansion.

Taking into account the abovementioned reasons and benefits, the Board (including the independent non-executive Directors) considers that the terms of the Capital Increase are negotiated at arm's length basis and on normal commercial terms and are fair and reasonable and that it is in the interest of the Company and the Shareholders as a whole. Mr. Zhong Jian and Mr. Zou Yuanjing, who are employed by CSSC Group and are deemed to have an interest in the Capital Increase, had abstained from voting on the resolutions for the matters as contemplated under the Capital Increase Agreement, none of the other Directors has a material interest in the Capital Increase.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, China Shipbuilding Capital is an indirect wholly-owned subsidiary of China Shipbuilding Group, which is a controlling shareholder of the Company. Accordingly, China Shipbuilding Capital is a connected person of the Company. The JV Company is therefore an associate of China Shipbuilding Group and a connected person of the Company and the Capital Increase constitutes a connection transaction of the Company under Chapter 14A of the Listing Rules.

Since one or more applicable percentage ratios of the transaction contemplated under the Capital Increase Agreement, when aggregated with the Initial Capital Contribution is more than 0.1% but less than 5%, the Capital Increase Agreement is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

|                              |  |
|------------------------------|--|
| “associate(s)”               | the meaning ascribed to it under the Listing Rules   |
| “Board”                      | the board of directors of the Company  |
| “Capital Increase”           | the proposed capital increase of an aggregate of RMB500,000,000 in cash to the registered capital of the JV Company by (i) CSSC Tianjin; (ii) Qingdao Conson Oceantec; (iii) Qingdao Ocean Innovation; (iv) Qingdao Ocean New Kinetic; and (v) China Shipbuilding Capital pursuant to the terms and conditions of the Capital Increase Agreement |
| “Capital Increase Agreement” | the capital increase agreement dated 9 January 2023 entered into among (i) CSSC Tianjin; (ii) Qingdao Conson Oceantec; (iii) Qingdao Ocean Innovation; (iv) Qingdao Ocean New Kinetic; (v) China Shipbuilding Capital; (vi) Qingdao Lanliang Ocean Engineering; (vii) Qingdao Dacheng Fishery; and (viii) the JV Company                         |
| “China Shipbuilding Capital” | CSSC Capital Holdings (Tianjin) * (中船資本控股(天津)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)”          | the meaning ascribed to it under the Listing Rules   |
| “controlling shareholder(s)”   | 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 pursuant to the laws of the PRC and one of the controlling shareholders of the Company  |
| “CSSC Tianjin”                 | CSSC Financial Leasing (Tianjin) Company Limited* (中船融資租賃(天津)有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company   |
| “Director(s)”                  | the director(s) of the Company   |
| “Group”                        | the Company and its subsidiaries   |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the PRC   |
| “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  |
| “Initial Capital Contribution” | the initial capital contribution by CSSC Tianjin in the amount of RMB50,000,000 to the JV Company  |



|                                      |  |
|--------------------------------------|--|
| “JV Company”                         | Conson CSSC (Qingdao) Ocean Technology Co., Ltd* (國信中船(青島)海洋科技有限公司), a company established under the laws of the PRC                                       |
| “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 |
| “PRC”                                | the People’s Republic of China   |
| “Qingdao Conson Oceantec”            | Qingdao Conson Oceantec Valley Development Co., Ltd* (青島國信藍谷硅谷發展有限責任公司), a company established under the laws of the PRC                                   |
| “Qingdao Dacheng Fishery”            | Qingdao Dacheng Fishery Technology Co., Ltd.* (青島大成漁業科技有限公司), a company established under the laws of the PRC  |
| “Qingdao Lanliang Ocean Engineering” | Qingdao Lanliang Ocean Engineering Technology Co., Ltd.* (青島藍糧海洋工程科技有限公司), a company established under the laws of the PRC                                 |
| “Qingdao Ocean Innovation”           | Qingdao Ocean Innovation Industry Investment Fund Co., Ltd* (青島海洋創新產業投資基金有限公司), a company established under the laws of the PRC                            |
| “Qingdao Ocean New Kinetic”          | Qingdao Ocean New Kinetic Energy Industry investment Fund (L.P)* (青島市海洋新動能產業投資基金), a company established under the laws of the PRC                         |
| “RMB”                                | Renminbi, the prevailing lawful currency of the PRC  |
| “Share(s)”                           | ordinary share(s) in the share capital of the Company  |

|                  |   |
|------------------|---|
| “Shareholder(s)” | holder(s) of the Share(s)               |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%”              | per cent.                               |

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

Hong Kong, 9 January 2023

*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.*

\* *For identification purposes only. The English names are only translations of the official Chinese names. In case of inconsistency, the Chinese names shall prevail.*