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**中国通信服务**  
CHINA COMSERVICE

**中國通信服務股份有限公司**  
**CHINA COMMUNICATIONS SERVICES CORPORATION LIMITED**  
*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 552)**

**VOLUNTARY ANNOUNCEMENT**  
**INTRODUCTION OF STRATEGIC INVESTORS OF**  
**SUPPLY CHAIN COMPANY**

This announcement is made voluntarily by the Company to inform Shareholders and potential investors of the Company of the latest business development of the Group.

The Board hereby announces that on 18 June 2021, the Company, Supply Chain Company (a wholly-owned subsidiary of the Company), Tianjin COSCO SHIPPING, Zhilian Shenzhen International, Shuangbai Fund and Orient Securities Sucheng entered into the Capital Injection Agreement, pursuant to which Strategic Investors will inject a total of RMB900,000,000 into Supply Chain Company, of which RMB326,560,232 will be counted into the registered capital and RMB573,439,768 will be counted into the capital reserve. After the completion of the Capital Injection, the registered capital of Supply Chain Company will be increased from RMB928,733,104 to RMB1,255,293,336, and the aggregate equity interest to be held by Strategic Investors will be approximately 26.015% of the enlarged share capital in Supply Chain Company. The equity interest held by the Company in Supply Chain Company will be diluted from 100% to 73.985%. Supply Chain Company will remain as a subsidiary of the Company.

**I. INTRODUCTION**

The Board hereby announces that on 18 June 2021, the Company, Supply Chain Company (a wholly-owned subsidiary of the Company), Tianjin COSCO SHIPPING, Zhilian Shenzhen International, Shuangbai Fund and Orient Securities Sucheng entered into the Capital Injection Agreement, pursuant to which Strategic Investors will inject a total of RMB900,000,000 into Supply Chain Company, of which RMB326,560,232 will be counted into the registered capital and RMB573,439,768 will be counted into the capital reserve. After the completion of the Capital Injection, the registered capital of Supply Chain Company will be increased from RMB 928,733,104 to RMB1,255,293,336, and the aggregate equity interest to be held by Strategic Investors will be approximately 26.015% of the enlarged share capital in Supply Chain Company.

The equity interest held by the Company in Supply Chain Company will be diluted from 100% to 73.985%. Supply Chain Company will remain as a subsidiary of the Company.

To the best knowledge and belief of the Directors after making all reasonable enquiry, the above Strategic Investors and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons. Therefore, this transaction is not a connected transaction under Chapter 14A of the Listing Rules. Furthermore, as all of the applicable percentage ratios in respect of the transactions under the Capital Injection Agreement are less than 5%, the entering into the Capital Injection Agreement and the Capital Injection are not subject to any notification and announcement requirement as set out in Chapter 14 of the Listing Rules and not subject to the approval of Shareholders at the general meeting of the Company.

## **II. INFORMATION OF THE STRATEGIC INVESTORS**

### **1. Tianjin COSCO SHIPPING**

Tianjin COSCO SHIPPING (天津中遠海運) is a wholly-owned subsidiary of COSCO SHIPPING, and it has relative strength and comprehensive industrial chain layout in the maritime service industry such as the provision of contract logistics, integrated freight, shipping services, ship management, supply of ship materials and ship technical services, and it is also striving to develop the emerging industries, such as new energy and Internet of Things.

### **2. Zhilian Shenzhen International**

Zhilian Shenzhen International (智鏈深國際), a wholly-owned subsidiary of Shenzhen International, is a 100% owned investment holding platform of smart logistics under Shenzhen International. Shenzhen International is listed on the main board of the Stock Exchange with a focus on logistics, toll road, port and environmental protection businesses. In the logistics sector, Shenzhen International is principally engaged in the investment, construction and operation of logistics infrastructure facilities, and is also actively exploring the development of smart logistics and cold chain logistics to provide customers with various logistics infrastructure and value-added services.

### **3. Shuangbai Fund**

Shuangbai Fund (雙百基金) is an equity investment fund with Guogai Shuangbai Development Fund Management Company Limited (國改雙百發展基金管理有限公司) as the fund manager and the managing partner. China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司) is the indirect largest shareholder of Guogai Shuangbai Development Fund Management Company Limited, and the actual controller of China Reform Holdings Corporation Ltd. is the State-owned Assets Supervision and Administration Commission of the State Council.

### **4. Orient Securities Sucheng**

Orient Securities Sucheng (東證蘇城) is a limited partnership private equity investment fund established by Orient Securities Capital (東證資本) as the fund manager, which is a specialized fund established to invest in Supply Chain Company. Orient Securities Capital is a wholly-owned subsidiary of Orient Securities (whose shares are listed on the main board of the Stock Exchange). As a key capital operating platform of Orient Securities, Orient Securities Capital provides a full range of services including equity investment, merger and acquisition, restructuring, and cross-border investment.

### **III. INFORMATION OF SUPPLY CHAIN COMPANY**

Supply Chain Company was established in 2015 with a registered capital of RMB928,733,104 and is a wholly-owned subsidiary of the Company with its registered place in Shenzhen. Supply Chain Company is the only integrated logistics enterprise in the domestic telecommunications industry with a “5A” qualification, and possesses multiple top-tier industrial qualifications in tendering agent, logistics, inspection, repair and maintenance, etc. Supply Chain Company’s major customers are telecommunications operators and equipment manufacturers, and is principally engaged in the smart supply chain integrated service for the ICT industry. The principal businesses of Supply Chain Company include general logistics service (such as warehousing and distribution), value-added logistics service (such as tendering, inspection, repair and maintenance, auction), products distribution and supply chain integration service. Supply Chain Company possesses warehousing and distribution network across the country, and the sizes of various warehouses which are under its operation amounted to approximately 1.5 million square meters.

According to the financial statements prepared in accordance with China Accounting Standards for Business Enterprises, the operating revenue and net profit of Supply Chain Company for the year of 2020 were RMB7,598 million and RMB245 million, respectively, and its total assets and net assets as of 31 December 2020 were RMB4,662 million and RMB1,772 million, respectively.

### **IV. CAPITAL INJECTION AGREEMENT**

The major terms of the Capital Injection Agreement are set out as follows:

- 1. Date:** 18 June 2021
- 2. Parties:**
  - i. the Company;
  - ii. Supply Chain Company;
  - iii. Tianjin COSCO SHIPPING;
  - iv. Zhilian Shenzhen International;
  - v. Shuangbai Fund; and
  - vi. Orient Securities Sucheng

To the best knowledge and belief of the Directors after making all reasonable enquiry, the above Strategic Investors and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### 3. Capital Injection:

No.	Strategic Investors	Amount of Capital Injection (RMB)	Subscribed Registered Capital (RMB)	Shareholding after Capital Injection
i.	Tianjin COSCO SHIPPING	380,000,000.00	137,880,986.94	10.984%
ii.	Zhilian Shenzhen International	180,000,000.00	65,312,046.44	5.203%
iii.	Shuangbai Fund	180,000,000.00	65,312,046.44	5.203%
iv.	Orient Securities Sucheng	160,000,000.00	58,055,152.39	4.625%
<b>Total</b>		<b>900,000,000.00</b>	<b>326,560,232.21</b>	<b>26.015%</b>

The Capital Injection of Supply Chain Company was conducted through a public tender process on China Beijing Equity Exchange, and the amount of Capital Injection by Strategic Investors to Supply Chain Company was determined in accordance with the regulations of China Beijing Equity Exchange on capital injection and competitive negotiations. The consideration of the Capital Injection was negotiated and determined between the parties to the transaction on a voluntary and fair basis. Strategic Investors will inject a total of RMB900,000,000 into Supply Chain Company, of which RMB326,560,232 will be counted into the registered capital and RMB573,439,768 will be counted into the capital reserve. The aggregate equity interest to be held by Strategic Investors will be approximately 26.015% of the enlarged share capital in Supply Chain Company. Upon completion of the Capital Injection, the registered capital of the Supply Chain Company is RMB1,255,293,336.

### 4. Corporate Governance

#### i. Composition of the board of directors

Upon completion of the Capital Injection, the board of directors of Supply Chain Company will consist of seven directors, of which five directors will be nominated by the Company, one director will be nominated by Tianjin COSCO SHIPPING and one director will be nominated by Zhilian Shenzhen International. Directors of Supply Chain Company will be elected by the general meeting of Supply Chain Company.

The board of directors of Supply Chain Company will have a Chairman, who will be nominated by the Company and elected by the board of directors of Supply Chain Company.

#### ii. Composition of the supervisory committee

Upon completion of the Capital Injection, the supervisory committee of Supply Chain Company will consist of three supervisors, one of whom shall be an employee representative. Among the non-employee representative supervisors, one supervisor will be nominated by the Company and one supervisor will be nominated by Shuangbai Fund. Supervisors of Supply Chain Company will be elected by the general meeting of Supply Chain Company.

Supervisory committee of Supply Chain Company will have a Chairman, who will be nominated by the Company and elected by the supervisory committee of Supply Chain Company.

#### **5. Others**

Unless obtaining the prior written consent of the Company, the equity interest of Supply Chain Company held by Strategic Investors shall not be disposed of by way of transfer, capital reduction, trust, agreement to transfer, entrusted shareholding or imposing mortgage, pledge or any other encumbrance or transfer of income rights for three years from the date of completion of the Capital Injection (subject to the completion of the procedures of industrial and commercial registration changes).

### **V. REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INJECTION AGREEMENT**

The introduction of Strategic Investors of Supply Chain Company can promote the diversification of its shareholding structure, further enhance its corporate governance structure and market-oriented operation mechanism, thus improving its operational efficiency. In addition, Supply Chain Company is the leading enterprise of the Group's supply chain business. The introduction of Strategic Investors with synergistic effect by Supply Chain Company and building Supply Chain Company into a leading enterprise of smart supply chain integrated services in the domestic ICT industry is beneficial to the strengthening of the Company's capabilities for professional operations and competitiveness in the supply chain business and fostering the Company's capabilities in general contracting for digital infrastructure. All the above could facilitate the strategic deployment of the Company as a "New Generation Integrated Smart Service Provider" and enrich the composition of the Company's industrial chain and ecological chain, and support the Company to seize the opportunities arising from the development of the modern supply chain industry and digital economy, thereby achieving high-quality corporate development.

The Board considers that the introduction of Strategic Investors of Supply Chain Company is in the interests of the Company and its Shareholders as a whole.

### **VI. FINANCIAL EFFECT TO THE GROUP**

Upon completion of the Capital Injection, the equity interest held by the Company in Supply Chain Company will be diluted from 100% to 73.985%. Supply Chain Company will remain as a subsidiary of the Company, and its financial results will continue to be consolidated by the Group.

It is expected that the net assets of the Group will increase by RMB900,000,000 upon completion of the Capital Injection, and the Capital Injection will not have significant impact to the consolidated statement of profit or loss of the Group.

### **VII. USE OF FUNDS**

The proceeds from the Capital Injection will be used to:

- i. Build core warehousing network and improve distribution network to satisfy the requirements of key projects.
- ii. Optimize and upgrade the business supporting information system network, develop an integrated service platform for smart industrial supply chain, and promote the digital transformation of the Group.
- iii. Supplement the working capital of Supply Chain Company.

## DEFINITIONS

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

“Board”	The board of Directors of the Company
“Capital Injection”	The capital injection into Supply Chain Company by Tianjin COSCO SHIPPING, Zhilian Shenzhen International, Shuangbai Fund and Orient Securities Sucheng
“Capital Injection Agreement”	The capital injection agreement dated 18 June 2021 entered into by the Company, Supply Chain Company, Tianjin COSCO SHIPPING, Zhilian Shenzhen International, Shuangbai Fund and Orient Securities Sucheng
“China Beijing Equity Exchange”	China Beijing Equity Exchange Company Limited (北京產權交易所有限公司)
“China” or “PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	China Communications Services Corporation Limited (中國通信服務股份有限公司), a joint stock limited company incorporated in the PRC with limited liability on 30 August 2006, whose H Shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“COSCO SHIPPING”	China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司), a state-owned enterprise

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested share(s) in the Company’s issued share capital with a nominal value of RMB1.00 each which has been listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Orient Securities”	Orient Securities Company Limited (東方證券股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the Stock Exchange (Stock code: 03958)
“Orient Securities Capital”	Shanghai Orient Securities Capital Investment Co., Ltd. (上海東方證券資本投資有限公司), a wholly-owned subsidiary of Orient Securities
“Orient Securities Sucheng”	Gongqingcheng Orient Securities Sucheng Investment Partnership (Limited Partnership) (共青城東證蘇城投資合夥企業(有限合夥)), a limited partnership enterprise incorporated in the PRC
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen International”	Shenzhen International Holdings Limited (深圳國際控股有限公司), a limited liability company incorporated in Bermuda , whose shares are listed on the Stock Exchange (Stock code: 00152)
“Shuangbai Fund”	Guoxin Shuangbai No. 1 (Hangzhou) Equity Investment Partnership (Limited Partnership) (國新雙百壹號(杭州)股權投資合夥企業(有限合夥)), a limited partnership enterprise incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Strategic Investors”	Tianjin COSCO SHIPPING, Zhilian Shenzhen International, Shuangbai Fund and Orient Securities Sucheng
“Supply Chain Company”	China Comservice Supply Chain Management Company Ltd.(中通服供應鏈管理有限公司), a wholly-owned subsidiary of the Company established on 1 July 2015
“Tianjin COSCO SHIPPING”	COSCO SHIPPING (Tianjin) Company Limited (中遠海運(天津)有限公司), a wholly-owned subsidiary of COSCO SHIPPING
“Zhilian Shenzhen International”	Zhilian Shenzhen International Smart Logistics (Shenzhen) Co., Ltd. (智鏈深國際智慧物流(深圳)有限公司), a wholly-owned subsidiary of Shenzhen International

By Order of the Board  
**China Communications Services Corporation Limited**  
**Zhang Zhiyong**  
*Chairman*

Beijing, PRC  
18 June 2021

*As at the date of this announcement, our executive directors are Mr. Zhang Zhiyong, Mr. Huang Xiaoqing and Ms. Zhang Xu, our non-executive directors are Mr. Gao Tongqing and Mr. Mai Yanzhou, and our independent non-executive directors are Mr. Siu Wai Keung, Francis, Mr. Lv Tingjie, Mr. Wu Taishi and Mr. Liu Linfei.*