



May 11, 2021

Company	Chugoku Marine Paints, Ltd. (Code #4617, First section of the Tokyo Stock Exchange)
Representative Inquiries	Masataka Uetake, President and CEO Junji Tomochika, Managing Director and Chief of Administration Headquarters TEL: +81 3-3506-5852
Company	Imabari Shipbuilding Co., Ltd.
Representative	Yukito Higaki, President
Company	Shoei Kisen Kaisha, Ltd.
Representative	Yukito Higaki, President

Notice regarding the Conclusion of a Business Alliance with Imabari Shipbuilding and Shoei Kisen Kaisha and the Acquisition of Shares in Chugoku Marine Paints (Securities Code: 4617) Performed by These Two Companies

Chugoku Marine Paints, Ltd. (“CMP”; Hiroshima Head Office: Otake, Hiroshima Prefecture; President and CEO: Masataka Uetake) hereby announces that its Board of Directors decided during a meeting held on May 11, 2021 to form a business alliance with Imabari Shipbuilding Co., Ltd. (“Imabari Shipbuilding”; Head Office: Imabari, Ehime Prefecture; President: Yukito Higaki) and Shoei Kisen Kaisha, Ltd. (“Shoei Kisen”; Head Office: Imabari, Ehime Prefecture; President: Yukito Higaki). The main objective of this alliance is to conduct joint research concerning environmental measures. These three companies concluded the corresponding business alliance agreement on the date of this notice.

Furthermore, this notice also serves as an announcement indicating that Imabari Shipbuilding and Shoei Kisen have reached the decision to acquire shares in CMP.

This document is disclosed by CMP in accordance with the Securities Listing Regulations and also serves as an official announcement pursuant to Article 30, paragraph (1), item (iv) of the Order for Enforcement of the Financial Instruments Exchange Act, issued upon requests made to CMP (target of share purchase) from Imabari Shipbuilding and Shoei Kisen (share acquirers).

1. Background and purpose behind business alliance

A leader in the field of marine coatings, CMP has a share of approximately 60% in the Japanese market for new ship paints and has one of the top track records among coating manufacturers throughout the world. Meanwhile, Imabari Shipbuilding is both a customer of CMP and the largest shipbuilding company in Japan, with 10 shipyards under the domain of its corporate group in Japan. Furthermore, Shoei Kisen leases ships under its ownership primarily to major marine transport companies in Japan and overseas.

In recent years, demand for the construction of new ships has been sluggish. Under these circumstances, shipyards around the world are undergoing major reorganizations, particularly in China and South Korea, and associated competitive environments are becoming increasingly fierce. Moving forward, environmental measures such as the reduction of volatile organic compounds (VOCs) and other harmful substances generated during shipbuilding, as well as the curtailment of greenhouse gases emitted during marine navigation, will become more important and will begin to have tremendous influence on shipyard competitiveness.

Recognizing these circumstances, CMP, Imabari Shipbuilding, and Shoei Kisen have decided to form a business alliance focused on joint research primarily concerning the establishment of low-VOC coating specifications and the development of fuel-efficient, low-friction, and high-performance antifouling. Through this business alliance, the three companies will aim to contribute to the resolution of issues facing the shipbuilding and maritime transport industries while striving to increase the overall competitiveness of the Japanese shipbuilding industry.

2. Business alliance details

CMP, Imabari Shipbuilding, and Shoei Kisen will utilize their respective strengths to promote joint research based primarily on the following themes:

- (1) Establish environmental impact-reducing coating specifications made possible through a variety of low-VOC coatings and apply them to ships
- (2) Apply high-performance antifouling technology enabling ships to maintain stable fuel efficiency (reducing greenhouse gas emissions) both during initial operation and when underway
- (3) Establish more efficient coating methods primarily through process curtailment and automation

The three companies involved in this agreement are considering the future establishment of a joint venture or the solicitation of additional third-party participation for cases in which these measures would facilitate their joint research.

3. Overview of business alliance partners

1. Imabari Shipbuilding

(1) Company	Imabari Shipbuilding Co., Ltd.
(2) Location	1-4-52 Koura-cho, Imabari, Ehime Prefecture
(3) Representative	Yukito Higaki, President

(4) Business description	Ship building	
(5) Capital	30 billion yen	
(6) Establishment	September 28, 1943	
(7) Relationships with the listed company (as of March 31, 2021)	Capital ties	Imabari Shipbuilding holds 700,000 shares (1.3% of total voting rights) in CMP.
	Personal ties	None
	Business ties	CMP sells paints to Imabari Shipbuilding.
	Ties to the listed company as a related party	None

2. Shoei Kisen Kaisha

(1) Company	Shoei Kisen Kaisha, Ltd.	
(2) Location	1-4-52 Koura-cho, Imabari, Ehime Prefecture	
(3) Representative	Yukito Higaki, President	
(4) Business description	Ship leasing	
(5) Capital	60 million yen	
(6) Establishment	February 8, 1962	
(7) Relationships with the listed company (as of March 31, 2021)	Capital ties	None
	Personal ties	None
	Business ties	CMP sells paints to Shoei Kisen.
	Ties to the listed company as a related party	None

Note: The two companies above do not disclose information concerning their major shareholders and their respective stakes or business performance or financial conditions over the past three years. This policy is based on the views of these two entities as unlisted companies.

4. Schedule

(1) Date of Board of Directors resolution	May 11, 2021
(2) Conclusion of alliance agreement	May 11, 2021
(3) Start of business alliance	May 11, 2021

5. Acquisition of shares in CMP to be performed by Imabari Shipbuilding and Shoei Kisen

To ensure the effectiveness of the business alliance mentioned above and strengthen the relationship between the three companies involved, Imabari Shipbuilding and Shoei Kisen will respectively acquire 557,400 and 1,300,600 shares in CMP from its current shareholders on May 17, 2021. Following this move, Imabari Shipbuilding will hold 2.3% of total voting rights in CMP while Shoei Kisen will possess 2.4%.

In accordance with this business alliance, Imabari Shipbuilding and Shoei Kisen will, taking into account the share price and other factors, consider increasing their combined share of voting rights in CMP to as high as about 10% through additional share acquisition.

6. Future outlook

Currently, the CMP Group expects that impact from this business alliance on its consolidated financial results in the fiscal year ending March 31, 2022 will be minimal. At the same time, CMP projects that the alliance will contribute to improved business performance in the medium to long term. CMP will promptly disclose any pertinent information that may arise in the future.

For related inquiries (inquiry form):

<https://www.cmp-chugoku.com/global/Contact-Global.html>