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CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.

中國國際海運集裝箱（集團）股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2039)

CONTINUING CONNECTED TRANSACTIONS

References are made to the section headed “Continuing Connected Transaction” of the listing document of the Company dated 17 December 2012, the announcement of the Company dated 22 March 2013, the circular of the Company dated 24 April 2013 and the announcement of the Company dated 18 December 2014, in respect of, among other things, the continuing connected transactions under the Original Framework Agreements entered into between the Company and COSCO Pacific on 12 December 2012, 21 March 2013 and 18 December 2014, respectively.

Under the Original Framework Agreements, COSCO Pacific agreed to, through Florens Maritime Limited, Florens Container Corporation S.A. and some other subsidiaries and associated companies, purchase commodities from the Group.

As FCHL ceased to be a subsidiary of COSCO Pacific and became a subsidiary of CSCL which is a substantial shareholder of the Company, on 24 August 2016, the Company entered into the New Framework Agreement with CSCL to continue the Continuing Connected Transaction and set the new annual cap for the year ending 31 December 2016.

HONG KONG LISTING RULES IMPLICATIONS

Since CSCL and its subsidiaries are connected persons of the Company, the transactions contemplated under the New Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Hong Kong Listing Rules) in respect of the Proposed Annual Cap of the Continuing Connected Transactions are, on an annual basis, more than 0.1% but all of applicable percentage ratios are less than 5%, the Continuing Connected Transactions under the New Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As non-executive Directors Mr. Wang Yuhang and Mr. Liu Chong hold positions in CSCL and its associate (as defined under the Hong Kong Listing Rules), they are deemed as having a material interest in the Continuing Connected Transactions and therefore have abstained from voting on the relevant board resolution. Save as disclosed above, none of the Directors has a material interest in the approval of the Continuing Connected Transactions (including the Proposed Annual Cap) contemplated under the New Framework Agreement.

SHENZHEN LISTING RULES IMPLICATIONS

The Continuing Connected Transactions under the New Framework Agreement between the Group and CSCL also constitute ordinary related party transactions under the Shenzhen Listing Rules. However, since the aggregated transaction amount for the year ending 31 December 2016 (being the Proposed Annual Cap) is more than 0.5% but less than 5% of the Group's audited net asset value as at 31 December 2015, being the preceding financial year end of the New Framework Agreement, pursuant to the Shenzhen Listing Rules, the Continuing Connected Transactions are subject to the Board's approval and announcement.

BACKGROUND

1. Original Framework Agreements with COSCO Pacific

References are made to the section headed "Continuing Connected Transaction" of the listing document of the Company dated 17 December 2012, the announcement of the Company dated 22 March 2013, the circular of the Company dated 24 April 2013 and the announcement of the Company dated 18 December 2014, in respect of, among other things, the continuing connected transactions under the Original Framework Agreements entered into between the Company and COSCO Pacific on 12 December 2012, 21 March 2013 and 18 December 2014, respectively.

Under the Original Framework Agreements, COSCO Pacific agreed to, through Florens Maritime Limited, Florens Container Corporation S.A. and some other subsidiaries and associated companies, purchase commodities from the Group.

COSCO Container, which is a substantial shareholder of the Company and holds 22.76% of the total issued shares of the Company as at the date of this announcement, is regarded as a connected person of the Company. Before completion of the Disposal of Long Honour on 31 March 2016, given that COSCO was an indirect holding company of COSCO Container, COSCO and its subsidiaries (including the COSCO Pacific Group), each being an associate of COSCO Container, were also regarded as connected persons of the Company. As a result, the transactions contemplated under the Original Framework Agreements constituted continuing connected transactions of the Company.

2. Summary of the COSCO-CSCL Transactions

From December 2015 to March 2016, a series of transactions were conducted between COSCO and CSCL in relation to asset and equity interest reorganization between COSCO (with its subsidiaries) and CSCL (with its subsidiaries), including, among others, the Disposal of FCHL and the Disposal of Long Honour.

(1) Disposal of FCHL from COSCO Pacific to CSCL

Reference is made to the announcement of COSCO Pacific dated 24 March 2016, in relation to, among others, the completion of the Disposal of FCHL. As disclosed in the announcement, the disposal of 100% equity interest of FCHL by COSCO Pacific to CSHK was completed on 24 March 2016.

Upon completion of the Disposal of FCHL, FCHL ceased to be a subsidiary of COSCO Pacific. Since CSHK is a wholly-owned subsidiary of CSCL, FCHL and its subsidiaries became CSCL's subsidiaries upon completion of the Disposal of FCHL.

(2) Disposal of Long Honour from COSCO HK to CSCL

References are made to the announcements of the Company dated 14 December 2015 and 1 April 2016, in relation to, among other things, the change of the shareholding of the Company. As disclosed in the announcements, the disposal of 100% equity interest of Long Honour (which holds 100% of the equity interest of COSCO Container) by COSCO HK to CSHK was completed on 31 March 2016.

Upon completion of the Disposal of Long Honour, CSCL, through CSHK and Long Honour, holds 100% of the equity interest of COSCO Container. As a result of the Disposal of Long Honour, CSCL and its subsidiaries, each being an associate of COSCO Container, became connected persons of the Company.

As a result of the COSCO-CSCL Transactions, (1) FCHL ceased to be a subsidiary of COSCO Pacific and became a subsidiary of CSCL; and (2) CSCL and its subsidiaries became connected persons of the Company.

3. Entering into the New Framework Agreement

The Company and CSCL entered into the New Framework Agreement in relation to the Continuing Connected Transactions between the Group and the CSCL Group on 24 August 2016, pursuant to which the Group agreed to provide to the CSCL Group certain commodities such as containers.

CONTINUING CONNECTED TRANSACTIONS

1. Principal terms of the New Framework Agreement

Date

24 August 2016

Parties

- (a) The Company (for itself and on behalf of its subsidiaries) as supplier; and
- (b) CSCL (for itself and on behalf of its subsidiaries and associated companies) as purchaser.

Subject

The Group agreed to provide commodities (including but not limited to containers) to the CSCL Group in accordance with the New Framework Agreement.

Subject to the provisions of the New Framework Agreement, relevant members of the CSCL Group will enter into specific agreements separately with relevant members of the Group to set out the specific terms and conditions in respect of provision of commodities.

Pricing Policies and Payment

The prices with respect to the commodities provided by the Group to the CSCL Group shall be fair and reasonable and be determined in accordance to the following principles:

- (a) where the bidding process is required, the bidding price shall prevail;
- (b) where there is no bidding process, the price shall be determined with reference to the market price (such as, the comparable local, domestic or international market price). The market price should be collected through independent industry authorities and based on the type and quality of the relevant commodities; or
- (c) where neither of the above prices is applicable or where it is not practicable to apply the above pricing policies, the Group will negotiate with the CSCL Group on arm's length basis after considering the cost, technology, quality and volume of the commodities and the historical prices of the relevant commodities, and the terms will not be less favorable to the Group than those of the Group offered the similar commodities to independent third parties.

Payments will be made in accordance with provisions in the specific agreements to be entered into between relevant members of the CSCL Group and the relevant members of the Group under the new Framework Agreement.

In order to ensure the Continuing Connected Transactions will be conducted on normal commercial terms and in the interests of the Group and the Shareholders as a whole, the Group regularly reviews, monitors and benchmarks with the industry the gross profit margin in respect of the sale of the commodities. The Group also conducts timely reviews of the profit level of the commodities sold to the CSCL Group.

Term and Termination

The New Framework Agreement is valid for a period commencing from 24 August 2016 to 31 December 2016 (both dates inclusive).

During the term of the new Framework Agreement, each of the parties can serve a written notice not less than three months to the other party to terminate the New Framework Agreement or any specific agreement to be entered pursuant to the provisions thereunder.

2. Historical Transaction Figures under the Original Framework Agreements

Set out below are the historical transaction amounts for the sale of commodities by the Group to Florens Maritime Limited and Florens Container Corporation S.A. for the three years ended 31 December 2013, 2014 and 2015 under the Original Framework Agreements.

(Unit: RMB in million)

	For the year ended 31 December 2013	For the year ended 31 December 2014	For the year ended 31 December 2015
Historical transaction figures	947.50	1,558.18	993.09

3. Proposed Annual Cap and basis for determining the Proposed Annual Cap

The amount of the Proposed Annual Cap in respect of the Continuing Connected Transactions for the year ending 31 December 2016 under the New Framework Agreement is RMB290 million.

The Proposed Annual Cap has been determined with reference to, among other things, the following factors:

- (a) the historical transaction figures for the sale of commodities under the Original Framework Agreements by the Group to Florens Maritime Limited and Florens Container Corporation S.A. for the three years ended 31 December 2013, 2014 and 2015. It is estimated that the sales to Florens Maritime Limited and Florens Container Corporation S.A. will account for a significant portion of the total sales to the CSCL Group under the New Framework Agreement;
- (b) the estimated demand of commodities of the CSCL Group for the year of 2016 derived from the expected recovery and growth of the global economy, trade and transportation industry;
- (c) the price fluctuation of commodities, such as containers, caused by the price change of raw materials; and
- (d) the declining market in the global containers manufacturing industry and the corresponding declining demand of containers, which resulted in the decrease of the Proposed Annual Cap comparing to the historical transaction figures.

4. Reasons and benefits for the Continuing Connected Transactions

The Continuing Connected Transactions are and will be conducted in the ordinary and usual course of business of the Company. Transactions contemplated under the New Framework Agreement will be agreed on an arm's length basis with terms that are fair and reasonable to the Company.

CSCL Group is in the process of major asset restructuring. After the completion of such restructuring, CSCL Group will be principally engaged in integrated financial services with diversified leasing businesses such as vessel leasing, container leasing and non-shipping finance leasing. Taking into account of the long-term reliable business relationships between the Group and certain members of the CSCL Group, the Directors (including the independent non-executive Directors) consider that it is beneficial to the Group to contemplate the Continuing Connected Transactions which will facilitate the operation and growth of the Group's container business.

The Directors (including the independent non-executive Directors) consider that the terms of the New Framework Agreement in respect of the Continuing Connected Transactions (including the Proposed Annual Cap) are fair and reasonable, the Continuing Connected Transactions (including the Proposed Annual Cap) are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

The Group has established a series of measures and policies, including contract policies, connected transaction management methods and internal control assessment management methods, to ensure that Continuing Connected Transactions will be conducted in accordance with the New Framework Agreement. The Company's auditing and monitoring department, the audit committee of the Board and the supervisory committee of the Company will each conduct random internal assessments on the internal control measures of the Company, to ensure that the internal control measures in respect of the Continuing Connected Transactions remain complete and effective. The Company's external auditors will conduct an annual audit on the Company's internal control measures, and an annual review on the Continuing Connected Transactions under the New Framework Agreement pursuant to the requirements under the Hong Kong Listing Rules.

GENERAL INFORMATION OF THE PARTIES TO THE CONTINUING CONNECTED TRANSACTIONS

The Company is established under the laws of the PRC as a joint stock limited company with limited liability and its H Shares are listed on the main board of the Hong Kong Stock Exchange. The Group is principally engaged in container manufacturing and service business, road transportation vehicle business, energy, chemical and food equipment business, offshore engineering business and airport facilities equipment.

CSCL is established under the laws of the PRC as a joint stock limited company with limited liability and its H Shares are listed on the main board of the Hong Kong Stock Exchange. Currently, CSCL is principally engaged in the businesses of container liner service.

HONG KONG LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of directors of the Company
“Company”	China International Marine Containers (Group) Co., Ltd., a joint stock limited company incorporated in the PRC in January 1980 under the PRC Company Law, the H Shares of which are listed on the Hong Kong Stock Exchange and the A Shares of which are listed on the Shenzhen Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the New Framework Agreement
“COSCO”	China Ocean Shipping (Group) Company
“COSCO Container”	COSCO Container Industries Limited
“COSCO HK”	COSCO (Hong Kong) Group Limited
“COSCO Pacific”	COSCO Pacific Limited
“COSCO Pacific Group”	COSCO Pacific and its subsidiaries
“COSCO-CSCL Transactions”	the transactions between COSCO and CSCL in relation to asset and equity interest reorganization between COSCO (with its subsidiaries) and CSCL (with its subsidiaries), including, among others, the Disposal of FCHL and the Disposal of Long Honour
“CSCL”	China Shipping Container Lines Company Limited
“CSCL Group”	CSCL and its subsidiaries

“CSHK”	China Shipping Container Lines (Hong Kong) Co., Limited
“Director(s)”	the director(s) of the Company
“Disposal of FCHL”	disposal of 100% equity interest of FCHL by COSCO Pacific to CSHK
“Disposal of Long Honour”	disposal of 100% equity interest of Long Honour by COSCO HK to CSHK
“FCHL”	Florens Container Holdings Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Long Honour”	Long Honour Investments Limited
“New Framework Agreement”	the framework agreement dated 24 August 2016 entered into between the Company and CSCL in relation to the sale of commodities with a term commencing from 24 August 2016 to 31 December 2016
“Original Framework Agreements”	the framework agreements of commodity sales entered into between the Company and COSCO Pacific on 12 December 2012, 21 March 2013 and 18 December 2014, respectively
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Annual Cap”	the proposed annual cap for the year ending 31 December 2016 under the New Framework Agreement, details of which are set out in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Listing Rules”	Rules Governing the Listing of Securities on the Shenzhen Stock Exchange

“substantial shareholder” has the meaning ascribed to it under the Hong Kong Listing Rules
“%” per cent

By order of the Board
China International Marine Containers (Group) Co., Ltd.
Yu Yuqun
Company Secretary

Hong Kong, 24 August 2016

As at the date of this announcement, the Board comprises Mr. Wang Hong (Chairman), Mr. Wang Yuhang (Vice Chairman), Mr. Wang Zhixian and Mr. Liu Chong as non-executive directors; Mr. Mai Boliang as executive director; and Mr. Pan Chengwei, Mr. Pan Zhengqi and Mr. Wong Kwai Huen, Albert as independent non-executive directors.