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中國國際海運集裝箱（集團）股份有限公司

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

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

(Stock Code: 2039)

**DISCLOSEABLE TRANSACTION
DEEMED DISPOSAL OF EQUITY INTEREST IN
CIMC OFFSHORE HOLDINGS LIMITED AND PROVISION OF INDEMNITY**

CAPITAL INCREASE

The Board announces that on 7 December 2016, Future Industry Investment Fund, CIMC HK and CIMC Offshore entered into the Capital Increase Agreement, and Future Industry Investment Fund, the Company, CIMC HK and CIMC Offshore entered into the Shareholders Agreement on the same date. Pursuant to the Capital Increase Agreement and the Shareholders Agreement, Future Industry Investment Fund intends to make a capital contribution to CIMC Offshore in USD equivalent to RMB1,000.00 million. Upon completion of the Capital Increase, Future Industry Investment Fund will hold 15% equity interest in CIMC Offshore. CIMC HK has agreed to waive its pre-emptive right for capital contribution to CIMC Offshore with respect to the Capital Increase.

Immediately before the Capital Increase, the Company through CIMC HK holds the entire equity interest in CIMC Offshore. Upon completion of the Capital Increase, the Company will hold 85% equity interest in CIMC Offshore through CIMC HK and CIMC Offshore will remain an indirect subsidiary of the Company.

HONG KONG LISTING RULES IMPLICATIONS

Deemed Disposal

As the shareholding of the Company in CIMC Offshore through CIMC HK will reduce from 100% to 85% upon completion of the Capital Increase, the Capital Increase constitutes a deemed disposal under Chapter 14 of the Hong Kong Listing Rules.

Provision of Indemnity

The Indemnity to be provided by CIMC HK for Future Industry Investment Fund for the shortfall of returns under relevant provisions of the Shareholders Agreement constitutes an indemnity under Chapter 14 of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the Deemed Disposal and the Indemnity are more than 5% but all less than 25%, the Deemed Disposal and the Indemnity constitute discloseable transactions of the Company and are subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

I. CAPITAL INCREASE

The Board announces that on 7 December 2016, Future Industry Investment Fund, CIMC HK and CIMC Offshore entered into the Capital Increase Agreement, and Future Industry Investment Fund, the Company, CIMC HK and CIMC Offshore entered into the Shareholders Agreement on the same date. Pursuant to the agreements, among other things, Future Industry Investment Fund has agreed to make a capital contribution to CIMC Offshore in USD equivalent to RMB1,000.00 million. Upon completion of the Capital Increase, Future Industry Investment Fund will hold 15% equity interest in CIMC Offshore.

CIMC HK has agreed to waive its pre-emptive right for capital contribution to CIMC Offshore with respect to the Capital Increase. Upon completion of the Capital Increase, CIMC Offshore will remain an indirect subsidiary of the Company and the Company will hold 85% equity interest in CIMC Offshore through CIMC HK.

(I) Capital Increase Agreement

Date

7 December 2016

Parties

- (i) CIMC Offshore, an indirect subsidiary of the Company;
- (ii) CIMC HK, a direct subsidiary of the Company; and
- (iii) Future Industry Investment Fund.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Future Industry Investment Fund and its ultimate beneficial owner(s) are Independent Third Parties of the Company.

Subject matter

According to the Capital Increase Agreement, Future Industry Investment Fund shall make a capital contribution to CIMC Offshore. Upon completion of the Capital Increase, Future Industry Investment Fund will hold 15% equity interest in CIMC Offshore.

Consideration

The Consideration for the Capital Increase payable by Future Industry Investment Fund amounts to USD equivalent to RMB1,000 million (as calculated based on the USD/RMB middle exchange rate as published by the People's Bank of China or its authorised offshore department on the business day preceding the date of the Settlement) in a lump sum in cash.

The Consideration was determined after arm's length negotiations among the parties with reference to, among other things, the industrial advantages, the prospects and the net asset value of semi-submersible offshore platform manufacturing operations of CIMC Offshore (upon completion of the capital contribution of USD240 million to CIMC Offshore by CIMC HK through loan capitalisation) and the average prevailing valuation in the domestic offshore engineering industry. The Directors (including independent non-executive Directors) are of the opinion that the Consideration payable by Future Industry Investment Fund under the Capital Increase Agreement is fair and reasonable.

Conditions precedent

The Settlement of the Capital Increase is subject to, among other things, the following principal conditions precedent being satisfied or waived or changed to post-settlement obligations: within 90 days following the Execution Date of the Capital Increase Agreement or before such other date as agreed by the parties, (1) Future Industry Investment Fund shall complete its due diligence towards CIMC Offshore and be satisfied with the results thereof; (2) CIMC Offshore shall obtain internal approval; (3) CIMC HK shall complete the capital contribution of USD240 million to CIMC Offshore through loan capitalisation; and (4) CIMC Offshore shall have no material adverse change in terms of commercial, technological, legal, financial and other aspects. As at the date hereof, CIMC HK has completed the capital contribution of USD240 million to CIMC Offshore through loan capitalisation.

Settlement and completion

After the conditions precedent of the Capital Increase Agreement being all satisfied or waived or changed to post-settlement obligations, the parties shall jointly agree a date as the date of the Settlement. Future Industry Investment Fund shall pay the Consideration for the Capital Increase to CIMC Offshore on the date of the Settlement in a lump sum in cash. CIMC Offshore shall complete the filing procedures at the competent authorities in relation to the Capital Increase in a timely manner. The Capital Increase shall take place on the date of completing the filing procedures at the competent authorities for the Capital Increase.

Use of proceeds

The Consideration for the Capital Increase shall be used in the expansion, research and development, production and capital expenditure in relation to the principal businesses of CIMC Offshore or as the general working capital in relation to the potential operations of CIMC Offshore. It shall not be used in investment or holding financial assets including shares.

(II) Shareholders Agreement

Date

7 December 2016

Parties

- (i) Future Industry Investment Fund;
- (ii) the Company;
- (iii) CIMC HK; and
- (iv) CIMC Offshore.

Major provisions

- (i) Pre-emptive right for acquisition: During the period when Future Industry Investment Fund holds the equity interest in CIMC Offshore, before CIMC HK sells or transfer all or part of its equity interest in CIMC Offshore or otherwise dispose of such equity interest, it shall notify Future Industry Investment Fund of the terms in writing, and Future Industry Investment Fund shall have the pre-emptive right for the acquisition of the equity interest to be transferred based on its shareholding under the same terms and conditions.
- (ii) Making up for shortfall: If CIMC Offshore does not complete its listing within 7 years (or, as the case may be, to extend the deadline after 2 years in writing, i.e. 9 years upon the completion date of the Settlement) upon the completion date of the Settlement of the Capital Increase, Future Industry Investment Fund shall have the right to transfer its equity interest in CIMC Offshore to third parties, and the consideration for such transfer shall be the appraised value determined by the valuer designated by Future Industry Investment Fund and approved by CIMC HK. If the consideration for such transfer is less than the sum of the Consideration for the Capital Increase and annualised earnings calculated at 5.2% (compound interest) for the Consideration for the Capital Increase, Future Industry Investment Fund shall have the right to require CIMC HK to make up for such shortfall (during the period when Future Industry Investment Fund holds the equity interest, the dividend and distribution of CIMC Offshore shall be deducted and adjusted accordingly). CIMC HK and the Company shall have the pre-emptive right with respect to the aforesaid transfer of Future Industry Investment Fund. The final amount making up for the shortfall and payable by CIMC HK depends on the difference between the consideration for the transfer of the equity interest receivable by Future Industry Investment Fund and the sum of the Consideration for the Capital Increase plus annualised earnings calculated at 5.2% (compound interest) for the period of holding the equity interest, up to the sum of the Consideration for the Capital Increase payable by Future Industry Investment Fund plus annualised earnings calculated at 5.2% (compound interest) for the period of holding the equity interest.

II. HONG KONG LISTING RULES IMPLICATIONS

(I) Deemed Disposal

As the shareholding of the Company in CIMC Offshore through CIMC HK will be reduced from 100% to 85% upon completion of the Capital Increase, the Capital Increase constitutes a deemed disposal under Chapter 14 of the Hong Kong Listing Rules.

(II) Provision of Indemnity

The Indemnity to be provided by CIMC HK for Future Industry Investment Fund for the shortfall of returns under relevant provisions of the Shareholders Agreement constitutes an Indemnity under Chapter 14 of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the Deemed Disposal and the Indemnity are more than 5% but all less than 25%, the Deemed Disposal and the Indemnity constitute discloseable transactions of the Company and are subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

III. GENERAL INFORMATION ON CIMC OFFSHORE

(I) Background of CIMC Offshore

CIMC Offshore was incorporated under the laws of Hong Kong as a limited company. As at the date hereof, the Company holds the entire equity interest in CIMC Offshore through CIMC HK. The principal businesses of CIMC Offshore include manufacturing, design, construction and maintenance of semi-submersible drilling platforms, semi-submersible crane platforms, jack-up drilling platforms, jack-up accommodation platforms, gas compression jack-up units, liftboat, floating production storage vessels, crane vessels, pipe-laying vessels, OSV, ocean tugs, mid-to-high-end yachts and other vessels.

(II) Financial Information of CIMC Offshore

Set out below is the extract from the unaudited consolidated financial statements of CIMC Offshore for the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 prepared in accordance with Hong Kong Accounting Standards.

Unit: USD'000

	2013	2014	2015	Jan-Jun 2016
Revenue	1,088,195	1,882,684	1,241,757	527,010
Profit before tax	-56,053	1,031	5,381	1,775
Net profit	-52,124	1,031	1,547	1,771

	31 December 2013	31 December 2014	31 December 2015	30 June 2016
Total assets	2,522,209	3,692,523	4,648,476	4,955,744
Total liabilities	2,474,120	3,644,031	4,600,443	4,905,719
Net assets attributable to the parent company	49,287	50,204	51,701	53,200

Note: In order to improve the capital strength of CIMC Offshore and fulfil the conditions precedent for introducing the strategic investor, CIMC HK has completed the capital contribution of USD240 million to CIMC Offshore through loan capitalisation as at 30 November 2016. The paid-up capital of CIMC Offshore has increased to approximately HKD2,235 million (equivalent to approximately USD288 million) with net assets amounting to approximately HKD2,273 million (equivalent to approximately USD293 million). The shareholding of CIMC HK in CIMC Offshore remains 100%.

IV. REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

Set up by NDRC, MOF and MIIT, Future Industry Investment Fund applies central government funds to absorb social capital investment and focuses on investment in major projects in the advanced manufacturing industry, traditional industrial upgrade and industrial layout through market-oriented operation and a variety of flexible investment so as to facilitate the development of the high-end manufacturing industry and the transformation and upgrade of the traditional manufacturing industry, push forward the supply-side reforms and foster the new momentum for economic development.

The Group is one of the leading contractors of high-end offshore engineering equipment in China and has long been participating in the international market of offshore engineering business. CIMC Offshore, a subsidiary of the Group, becomes the first marine equipment enterprise to be invested by Future Industry Investment Fund, which will be beneficial to the research, design and construction of high-end offshore equipment of the offshore operation of the Group and will facilitate the localisation of major equipment manufacturing to achieve new breakthroughs, so as to further enhance the capacity for the offshore operation of the Group to implement offshore strategy of the country and innovation development.

For the Capital Increase, if CIMC HK does not waive its pre-emptive right for capital contribution and opts to maintain its 100% shareholding in CIMC Offshore, it shall contribute USD equivalent to RMB1,000.00 million in cash according to the Consideration for the Capital Increase. Taking account of the current development stage and the industry valuation of CIMC Offshore, the track record of CIMC Offshore, the quality of the strategic investor introduced and other factors, the Board has agreed CIMC HK shall waive its pre-emptive right for the Capital Increase of CIMC Offshore.

The Capital Increase which introduces Future Industry Investment Fund to CIMC Offshore will enhance the position and market competitiveness of the Group in the offshore industry, which is in line with the strategic development goal of the offshore operation of the Group. The Board is of the opinion that the Capital Increase is in the interests of the Group and its Shareholders as a whole.

V. FINANCIAL EFFECT OF THE CAPITAL INCREASE

Upon completion of the Capital Increase, CIMC Offshore will remain an indirect subsidiary of the Company. As the Capital Increase will not cause the Company to lose control over CIMC Offshore, no gain or loss will be recognised in the consolidated statement of profit or loss and other comprehensive income of the Company.

VI. GENERAL INFORMATION ON OTHER PARTIES OF THE CAPITAL INCREASE

The Company was established under the laws of the People's Republic of China as a joint stock company with limited liability, and its H shares are listed on the Main Board of the Hong Kong Stock Exchange and its A Shares are listed on the Shenzhen Stock Exchange. The Group is principally engaged in the container manufacturing business, road transportation vehicle business, energy, chemical and liquid food equipment business, offshore engineering business, logistic service business, and airport facilities equipment business.

CIMC HK was incorporated under the laws of Hong Kong as a limited company and is a wholly-owned subsidiary of the Company as of the date hereof. Its principal operations include investment holding.

Future Industry Investment Fund was established under the laws of the People's Republic of China as a limited partnership. Its principal businesses include equity investment, investment management and consultancy.

VII. DEFINITIONS

“A Share(s)”	domestic share(s) in the registered share capital of the Company with a nominal value of RMB1.00 each, which are listed on Shenzhen Stock Exchange and traded in RMB
“Board”	the board of directors of the Company
“Capital Increase Agreement”	the Capital Increase Agreement in Relation to CIMC Offshore Holdings Limited entered into by CIMC Offshore, CIMC HK and Future Industry Investment Fund on 7 December 2016
“Capital Increase”	collectively, the proposed capital contribution in an amount in USD equivalent to RMB1,000.00 million to CIMC Offshore by Future Industry Investment Fund pursuant to the terms and conditions of the Capital Increase Agreement, 15% equity interest in CIMC Offshore to be held by Future Industry Investment Fund upon completion and the transactions of, among other things, making up for shortfall under the provisions of the Shareholders Agreement
“CIMC HK”	China International Marine Containers (Hong Kong) Ltd, a limited company incorporated under the laws of Hong Kong and a subsidiary of the Company
“CIMC Offshore”	CIMC Offshore Holdings Limited, a limited company incorporated under the laws of Hong Kong and a subsidiary of the Company
“Company”	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 with limited liability established under the law of the People’s Republic of China in January 1980, and 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
“Consideration”	an amount in USD equivalent to RMB1,000.00 million, which is the consideration for the Capital Increase
“Directors”	the directors of the Company

“Deemed Disposal”	the deemed disposal of the Company due to the fact that the shareholding of the Group in CIMC Offshore is diluted to 85% from 100% as a result of the capital contribution to CIMC Offshore by Future Industry Investment Fund under the Capital Increase Agreement
“Execution Date”	the date when the Capital Increase Agreement is duly executed by the legal representatives or authorised representatives of the parties under official seals
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas-listed foreign share(s) in the registered share capital of the Company with a nominal value of RMB1.00 each, which are listed on Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Indemnity”	the Indemnity to be provided by CIMC HK for Future Industry Investment Fund for the shortfall of returns under relevant provisions of the Shareholders Agreement
“Independent Third Parties”	parties who are not connected persons (as defined under the Hong Kong Listing Rules) of the Company
“MIIT”	Ministry of Industry and Information Technology of the People’s Republic of China (中華人民共和國工業和信息化部)
“MOF”	Ministry of Finance of the People’s Republic of China (中華人民共和國財政部)
“NDRC”	National Development and Reform Commission (中華人民共和國發展和改革委員會)
“RMB”	Renminbi yuan, the lawful currency of the People’s Republic of China
“Future Industry Investment Fund”	SDIC Future Industry Investment Fund (Limited Partnership) (國投先進製造產業投資基金(有限合夥)), a limited partnership established and subsisted under the laws of the People’s Republic of China

“Settlement”	the process during which Future Industry Investment Fund shall pay the Consideration as agreed under the Capital Increase Agreement and CIMC Offshore shall issue a certificate for capital contribution and a register of members so as to enable Future Industry Investment Fund to officially become a shareholder of CIMC Offshore
“Share(s)”	the share(s) of the Company, including the A Share(s) and the H Share(s)
“Shareholder(s)”	the holder(s) of Share(s) of the Company
“Shareholders Agreement”	the Shareholders Agreement in Relation to the Capital Increase of CIMC Offshore Holdings Limited entered into by Future Industry Investment Fund, the Company, CIMC HK and CIMC Offshore on 7 December 2016
“USD”	the U.S. dollars, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 7 December 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 an executive Director; and Mr. PAN Chengwei, Mr. PAN Zhengqi and Mr. WONG Kwai Huen, Albert as independent non-executive Directors.

* *In this announcement, conversion of USD into HKD is based on the exchange rate of USD1.00 to HKD7.76, which is for reference only and does not represent that any amounts in HKD can be exchanged to USD at such rate.*