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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)

PROPOSED REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS FOR 2018 AND 2019

Reference is made to the Announcement in relation to the actual transaction amount for the Continuing Connected Transactions for the year ended 31 December 2017 exceeding the 2017 Annual Cap.

PROPOSED REVISION OF ANNUAL CAPS

Taking into account the actual transaction amount of the Continuing Connected Transactions for 2017 exceeding the 2017 Annual Cap and the increase in COSCO SHIPPING's demand for commodities of the Group for 2018 and 2019 driven by the growth of the global international trade and container transportation industry, the Company and COSCO SHIPPING anticipate that the original Annual Caps for 2018 and 2019 under the Framework Agreement will not be able to meet the future transaction needs of the parties. To this end, as considered and approved by the sixth meeting of the Board for 2018, the Company entered into a Supplementary Agreement with COSCO SHIPPING on 29 March 2018 and the parties agreed to increase the Annual Caps of the Continuing Connected Transactions for 2018 and 2019 under the Framework Agreement from RMB550 million and RMB600 million to RMB4.60 billion and RMB5.00 billion, respectively. The Supplementary Agreement and the Framework Agreement together constitute a complete agreement. Matters not covered under the Supplementary Agreement shall be subject to the Framework Agreement.

LISTING RULES IMPLICATIONS

COSCO SHIPPING is an indirect holding company of Long Honour Investments Limited and COSCO Container Industries Limited (both substantial Shareholders), holding 22.73% of the issued share capital of the Company as at the date of this announcement through Long Honour Investments Limited and COSCO Container Industries Limited. Therefore, under Chapter 14A of the Hong Kong Listing Rules, COSCO SHIPPING and its subsidiaries, each being an associate of Long Honour Investments Limited and COSCO Container Industries Limited, are connected persons of the Company and the transactions contemplated under the Framework Agreement and Supplementary Agreement constitute continuing connected transactions of the Company.

As the applicable ratios calculated for the Annual Caps for 2018 and 2019 under the Proposed Revision exceed 5% but are lower than 25%, the Continuing Connected Transactions contemplated thereunder shall be subject to, among others, the relevant reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Company will hold a Shareholders' meeting as and when appropriate. As Long Honour Investments Limited and COSCO Container Industries Limited are wholly-owned subsidiaries of COSCO SHIPPING, they have a material interest in the relevant resolutions on the Proposed Revision and therefore will abstain from voting on the relevant resolutions at the Shareholders' meeting. The Directors (including independent non-executive Directors, but excluding the Directors who have to abstain from voting) consider that the Framework Agreement and the Supplementary Agreement were entered into on normal commercial terms on an arm's length basis in the ordinary and usual course of business of the Group, and their terms (including the Annual Caps for 2018 and 2019 under the Proposed Revision) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, details of the Supplementary Agreement and the Proposed Revision will be despatched to the Shareholders in due course.

BACKGROUND

Reference is made to the Announcement of in relation to the actual transaction amount for the year ended 31 December 2017 under the Continuing Connected Transactions exceeding the 2017 Annual Cap.

KEY TERMS OF THE SUPPLEMENTARY AGREEMENT

Taking into account the actual transaction amount for 2017 exceeding the 2017 Annual Cap and the increase in COSCO SHIPPING's demand for commodities of the Group for 2018 and 2019 driven by the growth of the global international trade and container transportation industry, the Company and COSCO SHIPPING anticipate that the original Annual Caps for 2018 and 2019 under the Framework Agreement will not be able to meet the future transaction needs of the parties. To this end, as considered and approved by the sixth meeting of the Board for 2018, the Company entered into a Supplementary Agreement with COSCO SHIPPING on 29 March 2018, key terms of which are set out below:

Date:

29 March 2018

Parties:

The Company (for itself and on behalf of its subsidiaries), as the supplier; and

COSCO SHIPPING (for itself and on behalf of its subsidiaries), as the purchaser.

Fundamental principles:

- (1) The Supplementary Agreement aims to make amendments and changes to the specific terms of the Framework Agreement based on the amiable negotiation between the parties. Matters not covered under the Supplementary Agreement shall be subject to the Framework Agreement.
- (2) The parties agreed that any transactions conducted under the Framework Agreement and the Supplementary Agreement must comply with the Shenzhen Listing Rules, the Hong Kong Listing Rules and other requirements of applicable laws (including any limits on total annual transaction amounts).
- (3) The terms and conditions of commodities provided by the Group for COSCO SHIPPING Group, including but not limited to prices, must be determined on fair and reasonable normal commercial terms on an arm's length basis. The quality of commodities provided by the Group should meet the requirements agreed by the parties. Each party has the right to choose the terms and conditions that are most favourable to itself based on the consideration and comparison of all of the terms and conditions offered by the other and any independent third parties.

Revision of Annual Caps for 2018 and 2019:

Based on the actual transaction amount of the parties for 2017 and the forecast of the future market trends, the parties increased the Annual Caps for the two years ending 31 December 2018 and 31 December 2019 under the Framework Agreement:

Unit: RMB in thousand

	For the year ending 31 December 2018		For the year ending 31 December 2019	
	Existing annual cap	Proposed revised annual cap	Existing annual cap	Proposed revised annual cap
Total transaction amount of the sale of commodities to COSCO SHIPPING Group	550,000	4,600,000	600,000	5,000,000

Others:

The Supplementary Agreement, which is a supplement to the Framework Agreement, and the Framework Agreement together constitute a complete agreement and have equal legal effect.

BASIS FOR DETERMINING THE ANNUAL CAPS FOR 2018 AND 2019 UNDER THE PROPOSED REVISION

Taking into account all of the following factors, the Group negotiated and determined the Annual Caps of the Continuing Connected Transactions for 2018 and 2019 under the Proposed Revision with COSCO SHIPPING Group: (1) the actual procurement of containers by COSCO SHIPPING Group from the Group for 2017 exceeding the 2017 Annual Cap; (2) the estimated increase in the demand for commodities of the Group for 2018 and 2019 driven by the expected growth of the global economy, international trade and container transportation industry; (3) the estimated price fluctuation of commodities, such as containers, caused by the movement in prices of raw materials; (4) the expected increase in the demand for containers and the needs of the Company to flexibly address the sudden increase in the demands for the relevant commodities under the Framework Agreement; (5) the business development planning of COSCO SHIPPING Group and the Group; and (6) the fluctuation in foreign currency exchange rates, etc..

HISTORICAL TRANSACTION AMOUNTS

For the years ended 31 December 2017, the actual transaction amount under the Framework Agreement was RMB785,052,000. In January and February 2018, the cumulative amount of the Continuing Connected Transactions under the Framework Agreement was RMB376,425,000.

PRICING POLICIES

Pursuant to the Framework Agreement, the pricing policies and principles of the Continuing Connected Transactions between the Group and COSCO SHIPPING Group are as follows: (1) where the bidding process is required, the bidding price shall prevail; (2) 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 (3) 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 COSCO SHIPPING Group on arm's length basis after considering the cost, technology, quality and volume of the commodities purchased and the historical prices of the relevant commodities, and the terms will not be less favorable to the Group than those offered by the Group for similar commodities to independent third parties.

The payment will be made in accordance with the provisions of the specific agreement entered into between the relevant members of COSCO SHIPPING Group and that of the Group under the Framework Agreement. In order to ensure that the Continuing Connected Transactions will be conducted on normal commercial terms and in the interest of the Group and the Shareholders as a whole, the Group regularly reviews and monitors the gross profit margin of the commodities supplied by the Group and compares it with the industry benchmark. The Group also reviews the profitability of commodities supplied to COSCO SHIPPING Group on a monthly and quarterly basis.

No changes to the pricing policies and principles are made in the Supplementary Agreement. The Continuing Connected Transactions between the Group and COSCO SHIPPING Group for 2018 and 2019 will be carried out on the basis of the aforesaid pricing policies and principles.

INTERNAL CONTROL MEASURES

The Company has established a set of measures and policies, including contract policies, connected transaction management rules and internal control management rules, aiming to ensure that Continuing Connected Transactions will be conducted in accordance with the Framework Agreement and the Supplementary Agreement. The Company's auditing and monitoring department will conduct random internal testing 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. Testing results will be reported to the audit committee of the Board, the Board and the supervisory committee of the Company. 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 pursuant to the requirements under the Hong Kong Listing Rules. The Group will strengthen the monitoring of the Continuing Connected Transactions, improve the reporting and document filing mechanisms, enhance monitoring efficiency of the underlying transactions and shorten the interval of pre-estimate on the Continuing Connected Transactions to once every month as opposed to once every quarter previously after negotiation with COSCO SHIPPING, with an aim to monitor the transaction amounts of the Continuing Connected Transactions in a timely manner.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTARY AGREEMENT

COSCO SHIPPING is principally engaged in diversified leasing businesses such as vessel leasing, container leasing and other sector-related leasing as well as manufacturing of containers and financial investments. The Group has established long-term reliable business relationships with COSCO SHIPPING Group, including but not limited to Florens Container Holdings Limited. Entering into the Framework Agreement and the Supplementary Agreement and continuing to carry out the Continuing Connected Transactions are in line with the actual needs for the operation and development of the Group's principal businesses, including the container manufacturing business, which will not prejudice the interests of the Company and the Shareholders, especially the minority Shareholders, nor adversely affect the independence of the Company. Conducting such transactions will not give rise to reliance of the principal businesses of the Company on related parties. The price and terms with respect to the commodities supplied by the Group to the COSCO SHIPPING Group under the Framework Agreement and the Supplementary Agreement shall be determined under a fair and reasonable basis and not be less favorable than those of similar commodities supplied by the Group to independent third parties. The Directors (including the independent non-executive Directors, but excluding the Directors who have to abstain from voting) consider that the Framework Agreement and the Supplementary Agreement were entered into on normal commercial terms on an arm's length basis in the ordinary and usual course of business of the Group, and their terms (including the Annual Caps for 2018 and 2019 under the Proposed Revision) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

COSCO SHIPPING is an indirect holding company of Long Honour Investments Limited and COSCO Container Industries Limited (both substantial Shareholders), holding 22.73% of the issued share capital of the Company as at the date of this announcement through Long Honour Investments Limited and COSCO Container Industries Limited. Therefore, under Chapter 14A of the Hong Kong Listing Rules, COSCO SHIPPING and its subsidiaries, each being an associate of Long Honour Investments Limited and COSCO Container Industries Limited, are connected persons of the Company and the Continuing Connected Transactions constitute continuing connected transactions of the Company.

On 27 March 2018, the sixth meeting of the Board for 2018 considered and approved the Resolutions on Adjustment of Continuing Connected Transactions/ Ordinary Related Transactions with COSCO SHIPPING and Authorization to Enter into the Supplementary Agreement”. As Mr. Wang Yuhang and Mr. Liu Chong, both being non-executive Directors, hold positions in COSCO SHIPPING and its associates, they have abstained from voting on the relevant resolutions. Save as disclosed above, none of the Directors has a material interest in the approval of the Continuing Connected Transactions (including the Proposed Revision under the Supplementary Agreement).

As the applicable ratios calculated for the Annual Caps for 2018 and 2019 under the Proposed Revision exceed 5% but are lower than 25%, the Proposed Revision shall be subject to, among others, the relevant reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Company will hold a Shareholders’ meeting as and when appropriate. As Long Honour Investments Limited and COSCO Container Industries Limited are wholly-owned subsidiaries of COSCO SHIPPING, they have a material interest in the relevant resolutions on the Proposed Revision and therefore will abstain from voting on the relevant resolutions at the Shareholders’ meeting.

A circular containing, among other things, details of the Supplementary Agreement and the Proposed Revision will be despatched to the Shareholders in due course.

GENERAL INFORMATION OF THE PARTIES TO THE CONTINUING CONNECTED TRANSACTIONS

The Company is one of the leading equipment and solution providers in the logistics and energy industries in the PRC, primarily providing products and services such as containers, energy, chemical and food equipment, offshore engineering equipment, and airport facilities.

COSCO SHIPPING is a joint stock company with limited liability established under the laws of the PRC, the H shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange. COSCO SHIPPING is principally engaged in diversified leasing businesses such as vessel leasing, container leasing and other sector-related leasing as well as manufacturing of containers and financial investments.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 27 March 2018 in relation to the actual transaction amount for the Continuing Connected Transactions for the year ended 31 December 2017 exceeding the 2017 Annual Cap
“Annual Caps”	the annual caps of transaction amounts of the Continuing Connected Transactions between the Group and COSCO SHIPPING Group for each of the three years ending 31 December 2019

“associate(s)”	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. (中國國際海運集裝箱 (集團) 股份有限公司), a joint stock company with limited liability incorporated in the PRC under the Company Law of the PRC in January 1980, 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 Framework Agreement and the Supplementary Agreement
“COSCO SHIPPING”	COSCO SHIPPING Development Co., Ltd., a joint stock company with limited liability established under the laws of the PRC and known as China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司) prior to 18 November 2016, the H shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 11 November 2016 entered into between the Company and COSCO SHIPPING in relation to the supply of commodities such as containers by the Group to the COSCO SHIPPING Group which commenced on 1 January 2017 and expires on 31 December 2019
“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 Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan

“Proposed Revision”	the Company and COSCO SHIPPING, in accordance with the Supplementary Agreement, intend to increase the Annual Caps of the Continuing Connected Transactions for 2018 and 2019 under the Framework Agreement from RMB550 million and RMB600 million to RMB4.60 billion and RMB5.00 billion, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Shenzhen Listing Rules”	the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange
“Supplementary Agreement”	the supplementary agreement entered into between the Company and COSCO SHIPPING on 29 March 2018 in relation to the revision of Annual Caps of the Continuing Connected Transactions for 2018 and 2019 under the Framework Agreement
“substantial Shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“2017 Annual Cap”	the agreed maximum total annual transaction amount of the Continuing Connected Transactions between the Group and COSCO SHIPPING Group for the twelve months ended 31 December 2017 under the Framework Agreement, namely RMB450 million
“%”	per cent

This announcement is available for viewing on the website of the Company (<http://www.cimc.com>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

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

Hong Kong, 29 March 2018

As at the date of this announcement, the Board of the Company comprises Mr. Wang Hong (Chairman), Mr. Wang Yuhang (Vice Chairman), Mr. Hu Xianfu 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.