

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONNECTED TRANSACTION
ANNOUNCEMENT IN RELATION TO THE COOPERATION BETWEEN
THE SUBSIDIARY CIMC SKYSPACE REAL ESTATE AND
COUNTRY GARDEN, TO INJECT CAPITAL TO DONGGUAN ZHENGYI**

The Board hereby announces that on 6 November 2018, CIMC Skyspace Real Estate has entered into the Cooperation Agreement with Dongguan Country Garden, Machong Country Garden and Dongguan Zhengyi. Pursuant to the Cooperation Agreement, CIMC Skyspace Real Estate intends to inject an amount of RMB47,619,047 to the capital of Dongguan Zhengyi, a non-wholly-owned subsidiary of Country Garden, in order to cooperate with Country Garden on the development of the Tianbao Target Land Parcel project (the “**Capital Injection and Cooperation**”). Upon the completion of the capital injection, CIMC Skyspace Real Estate will hold 70% equity interests in Dongguan Zhengyi and Dongguan Zhengyi will become a non-wholly-owned subsidiary of CIMC Skyspace Real Estate and the Company.

HONG KONG LISTING RULES IMPLICATIONS

As Country Garden is a substantial Shareholder of CIMC Skyspace Real Estate, a subsidiary of the Company, and holds 25% equity interests in CIMC Skyspace Real Estate, and Dongguan Country Garden and Machong Country Garden are non-wholly-owned subsidiaries of Country Garden, Dongguan Country Garden and Machong Country Garden are connected persons of the Company at the subsidiary level under Rule 14A.07(4) of the Hong Kong Listing Rules. The transactions contemplated under the Cooperation Agreement accordingly constitute the connected transactions of the Company. As the applicable percentage ratios of the connected transactions contemplated under the Cooperation Agreement are more than 1% but are less than 5%, the transactions contemplated under the Cooperation Agreement are subject to the reporting and announcement requirements but are exempt from the circular (containing an opinion from the independent financial advisor) and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Hong Kong Listing Rules.

I. SUMMARY

In order to expand the operating scale of the enterprise, enhance its profitability and improve its competitiveness in the market, the industrial city business sector under the Group intends to inject an amount of RMB47,619,047 to the capital of Dongguan Zhengyi, a non-wholly-owned subsidiary of Country Garden, through CIMC Skyspace Real Estate, a non-wholly-owned subsidiary of the Company, to cooperate with Country Garden on the development of the land project located at Tianbao Road, Guancheng District, Dongguan City of Dongguan Zhengyi. As of the date of this announcement, Dongguan Country Garden and Machong Country Garden hold 51% and 49% equity interests in Dongguan Zhengyi respectively. Therefore, CIMC Skyspace Real Estate, Dongguan Country Garden and Machong Country Garden entered into the Cooperation Agreement in respect of the Capital Injection and Cooperation on 6 November 2018. Upon the completion of the capital injection, CIMC Skyspace Real Estate will hold 70% equity interests in Dongguan Zhengyi, and Dongguan Zhengyi will become a non-wholly-owned subsidiary of CIMC Skyspace Real Estate and the Company.

II. COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are set out below:

Date

6 November 2018

Parties

- (1) CIMC Skyspace Real Estate, a non-wholly-owned subsidiary of the Company;
- (2) Dongguan Country Garden, a non-wholly-owned subsidiary of Country Garden, which is the substantial Shareholder of the subsidiary of the Company, CIMC Skyspace Real Estate, and a connected person of the Company;
- (3) Machong Country Garden, a non-wholly-owned subsidiary of Country Garden, which is the substantial Shareholder of the subsidiary of the Company, CIMC Skyspace Real Estate, and a connected person of the Company; and
- (4) Dongguan Zhengyi, the target company in respect of the capital injection.

Description of Tianbao Target Land Parcel

Tianbao Target Land Parcel is located at Tianbao Road, Guancheng District, Dongguan City, comprising two parcels with an aggregate area of 42,456.6 square meters. The land use right of Tianbao Target Land Parcel is 100% owned by Dongguan Zhengyi. There is no issue of idle land, mortgage, seizure, pledge of construction in progress and rights restriction for Tianbao Target Land Parcel. The original land acquisition cost for Tianbao Target Land Parcel is RMB105,482,685.

Means of Cooperation

CIMC Skyspace Real Estate injects an amount of RMB47,619,047 to the capital of Dongguan Zhengyi, and Dongguan Country Garden, Machong Country Garden and CIMC Skyspace Real Estate consider Dongguan Zhengyi as a cooperation platform for the development of Tianbao Target Land Parcel. Upon the completion of the capital injection, the registered capital of Dongguan Zhengyi will be changed from RMB20,408,163 to RMB68,027,210 and its shareholding structure is set out as follows: Dongguan Country Garden contributes RMB10,408,163 and holds 15.3% equity interests in Dongguan Zhengyi and related interests; Machong Country Garden contributes RMB10,000,000 and holds 14.7% equity interests in Dongguan Zhengyi and related interests; CIMC Skyspace Real Estate contributes RMB47,619,047 and holds 70% equity interests in Dongguan Zhengyi and related interests.

Amount of Capital Injection and Payment Method

Dongguan Country Garden, Machong Country Garden and CIMC Skyspace Real Estate all confirm that the above amount of capital injection from CIMC Skyspace Real Estate is RMB47,619,047 in aggregate. Within 5 working days upon the Cooperation Agreement taking effect, each party shall file to the Administration for Industry and Commerce Bureau for the registration of change with respect to the capital injection from CIMC Skyspace Real Estate, whereas CIMC Skyspace Real Estate shall settle the above amount of the capital injection.

Organisation Structure, Operational Management and Fund Management of Dongguan Zhengyi

The board of directors of Dongguan Zhengyi consists of three directors: one director designated by Dongguan Country Garden, no director designated by Machong Country Garden and two directors designated by CIMC Skyspace Real Estate. The director designated by CIMC Skyspace Real Estate serves as the chairman of the board of directors. The directors serve respective term of office of three years and are eligible for re-election. Dongguan Zhengyi does not maintain a board of supervisors but instead has one supervisor who is designated by CIMC Skyspace Real Estate. The supervisor serves a term of three years and is eligible for re-election.

The legal representative of Dongguan Zhengyi is appointed by Dongguan Country Garden, and its senior management officers are appointed or dismissed at the discretion of its board of directors. Dongguan Zhengyi implements the general manager responsibility system under the authorisation of the board of directors. Dongguan Zhengyi may use both brands of Dongguan Country Garden and CIMC Skyspace Real Estate, of which specific methods and scope are negotiated and agreed by both parties in the course of development.

Subject to the satisfaction of the borrowing conditions, Dongguan Zhengyi may consider to arrange external financing to satisfy the capital required for the development of Tianbao Target Land Parcel project, which could be secured by mortgaging Tianbao Target Land Parcel. In principle, the loan is used by and to be re-collected by Dongguan Country Garden, and the interest is settled at the stage of profit distribution based on the principle of Pay-As-You-Use. If the provision of financial assistance to external parties and/or related parties is involved, the Company shall comply with the reporting, announcement and independent shareholders' approval requirements (if needed) in accordance with the requirements of the Listing Rules.

Where Dongguan Zhengyi is unable to obtain sufficient financing or at all, Dongguan Country Garden, Machong Country Garden and CIMC Skyspace Real Estate shall make investments in proportion to their respective shareholdings simultaneously and the shareholder loans from each party shall be interest free. Pursuant to the compliance and regulatory requirements of listed companies, in the event that the Company or CIMC Skyspace Real Estate provides guarantee, approval shall be obtained from the Board or Shareholders' meeting (if needed), and the Company shall also comply with the reporting, announcement and independent shareholders' approval requirements (if needed) in accordance with the requirements of the Listing Rules.

Capital and Profit Distribution

After the development and realizing sales of Tianbao Target Land Parcel, sales receivables for each quarter of Dongguan Zhengyi will be collected and utilised by Dongguan Country Garden, and Dongguan Country Garden will provide guarantee for the capital security. If the provision of financial assistance to external parties and/or related parties is involved, the Company shall obtain approval from the Board or the Shareholders' meeting (if needed) according to the compliance and regulatory requirements of listed companies. The Company will also comply with the reporting, announcement and independent shareholders' approval requirements (if needed) in accordance with the requirements of the Listing Rules.

Taking into account the capital committed by Country Garden's subsidiaries prior to the Tianbao Target Land Parcel project, the capital collected from Country Garden's subsidiaries will not be recovered with the consent from CIMC Skyspace Real Estate, Dongguan Country Garden and Machong Country Garden after negotiation. Where there is a funding gap of the project, the capital collected in prior periods shall be returned unconditionally by Country Garden's subsidiaries to Dongguan Zhengyi for its use. Upon settlement of the project, such funds shall be returned entirely.

If the accumulated operating net cash flow of Tianbao Target Land Parcel is positive and is expected to continue to be positive, the profit may be pre-distributed subject to maintaining the operating capital reserve for no less than 3 months. If the subsequent operating cash flow is negative, or if the loss at the time of final settlement and the capital of Dongguan Zhengyi is insufficient to pay the debt, Dongguan Country Garden, Machong Country Garden and CIMC Skyspace Real Estate shall return the pre-distributed profits without interest. If the cyclical accumulated operating net cash flow of Tianbao Target Land Parcel is negative, no profit may be pre-distributed.

In the year when there is no capital gap during the project operation, after the borrowings and external financing of Dongguan Zhengyi are fully settled and subject to the satisfaction of project settlement requirements and making sufficient provisions for relevant taxes and surplus reserve as required by the relevant laws and rules, the profits could be distributed according to the proportions of equity interests of Dongguan Country Garden, Machong Country Garden and CIMC Skyspace Real Estate in Dongguan Zhengyi upon the passing of the resolution at the shareholders' general meeting of Dongguan Zhengyi.

Others

During the cooperation for the development of Tianbao Target Land Parcel, neither party may transfer the equity interests in Dongguan Zhengyi to a third party without the written consent of the shareholders of other parties.

III. PRICING POLICIES AND PRINCIPLES OF AMOUNT OF CAPITAL INJECTION

The pricing of the amount of capital injection follows the principles of openness, fairness and justness of market transactions, and adheres to the cooperation concept of resource sharing, capacity building and mutual benefit of the parties. The equity ratio will be determined based on the capital injection ratio and the profit will be distributed according to the equity ratio, and benefits and risks shall be shared and corresponding rights, obligations and responsibilities shall be assumed in accordance with the equity ratio of the parties after friendly and arm's length negotiations between the parties. Taking into account the large amount of capital investment from the shareholders in the early stage of the Tianbao Target Land project, and a number of different factors, including the development cycle, development scale, future market trends, fair value of inventories and profitability of Tianbao Target Land Parcel, the capital injection is intended to be evaluated and priced based on the registered capital of Dongguan Zhengyi, after which, shareholders shall have the same rights from the same equity interests. The pricing is fair and reasonable and is in the interests of the Company and the other shareholders.

IV. INFORMATION ON DONGGUAN ZHENGYI

Dongguan Zhengyi is a limited liability company established in the PRC in 2007. As of the date of this announcement, the equity interest of Dongguan Zhengyi is held as to 51% by Dongguan Country Garden and 49% by Machong Country Garden, and thus Dongguan Zhengyi is a direct non-wholly-owned subsidiary of Dongguan Country Garden. The land use right of Tianbao Target Land Parcel is 100% owned by Dongguan Zhengyi. Dongguan Zhengyi is principally engaged in real estate investment, real estate development and renovation and decoration construction (excluding carrying out construction projects).

The principal financial information of Dongguan Zhengyi is set out below:

	<i>Unit: RMB</i>		
	31 December 2016 (Unaudited)	31 December 2017 (Unaudited)	30 September 2018 (Unaudited)
Total assets	1,298,537,222	2,738,812,842	2,780,626,372
Net assets attributable to the parent company	(9,951,973)	(48,272,509)	163,864,319
	2016 (Unaudited)	2017 (Unaudited)	January to September 2018 (Unaudited)
Revenue	190	99,353	837,271,036
Profit/(loss) before tax	(14,098,097)	(79,178,865)	290,215,240
Net profit/(loss) attributable to the parent company	(10,573,573)	(59,384,148)	218,457,195

V. REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT

Tianbao Target Land Parcel is located in Dongguan City of Guangdong-Hong Kong-Macao Greater Bay Area, lying in the city centre district of Dongguan. The project is adjacent to Tianbao station and Dongcheng station of metro line No.2 which is close to Dongcheng Wanda Plaza. The project enjoys convenient transportation with a strong business atmosphere and development potential. The entering into the Tianbao Project Cooperation Agreement is beneficial for CIMC Skyspace Real Estate to achieve sustainable and stable development of its principal businesses and better results, enhance its capital strength and land developing capabilities and build core competitiveness of sustainable development amid the intense market competition, which will foster capabilities and lay the foundation for comprehensive implementation of industrial city development business and achieve win-win results for the parties. The Company believes that the terms of the Cooperation Agreement are arrived at based on arm's length negotiation between the parties and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

VI. FINANCIAL EFFECT OF THE COOPERATION AGREEMENT ON THE GROUP

Currently, Dongguan Zhengyi is in sound operating conditions. The entering into the Cooperation Agreement allows CIMC Skyspace Real Estate to increase the fund utilisation rate, expand the asset size, expand the development potential and enhance the market competitiveness. At the same time, it enables the Company to generate better investment income.

Upon completion of the Capital Injection and Cooperation, Dongguan Zhengyi is planned to be consolidated into the financial statements of the Group. It is expected that there will be no material financial impact on the consolidated financial results of the Group for 2018.

VII. GENERAL INFORMATION

The Company is a limited liability company established in the PRC, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively. The Group is principally engaged in the manufacture of containers, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering, logistics service, airport equipment, etc.

CIMC Skyspace Real Estate is a non-wholly-owned subsidiary of the Company, and as at the date of the announcement, the Company owns 61.50% of its issued share capital. CIMC Skyspace Real Estate is principally engaged in real estate development within the scope of the land use rights legally obtained and information consultancy (excluding restricted items).

Dongguan Country Garden is a limited liability company established in the PRC, and is a non-wholly-owned subsidiary of Country Garden, which is a substantial Shareholder of the Company's subsidiary CIMC Skyspace Real Estate, and a connected person of the Company at subsidiary level. Dongguan Country Garden is principally engaged in real estate development (projects requiring statutory approval may only commence business activity upon receiving approval from the authorities).

Machong Country Garden is a limited liability company established in the PRC. It is a non-wholly-owned subsidiary of Country Garden, being the substantial Shareholder of CIMC Skyspace Real Estate, which is a subsidiary of the Company, and a connected person of the Company at the subsidiary level. Machong Country Garden is principally engaged in real estate development and operation business.

VIII. RESOLUTIONS CONSIDERED AT THE BOARD MEETING

Relevant resolutions in respect of the Capital Injection and Cooperation were considered and approved at the twentieth meeting in 2018 of the eighth session of the Board on 6 November 2018, at which no Director was required to abstain from voting due to any material interest in the transaction. The independent Directors have conducted preliminary review and issued independent opinions, and the Capital Injection and Cooperation need not be submitted to the general meeting of the Company for consideration and approval.

The Directors (including the independent Directors) consider that the Capital Injection and Cooperation is normal business practice, and is on normal commercial terms, fair and reasonable, and not detrimental to the interests of the Company and all Shareholders, especially the minority Shareholders. The decision and review procedures in relation to the connected transaction are in compliance with relevant laws and regulations and the articles of association of the Company and not detrimental to the interests of the Company and all Shareholders, especially the minority Shareholders. The Directors (including the independent Directors) agree to submit the resolutions for consideration at the meeting of the eighth session of the Board.

IX. HONG KONG LISTING RULES IMPLICATIONS

As Country Garden is a substantial Shareholder of CIMC Skyspace Real Estate, a subsidiary of the Company, and holds 25% equity interests in CIMC Skyspace Real Estate, and Dongguan Country Garden and Machong Country Garden are non-wholly-owned subsidiaries of Country Garden, Dongguan Country Garden and Machong Country Garden are connected persons of the Company at the subsidiary level under Rule 14A.07(4) of the Hong Kong Listing Rules. The transactions contemplated under the Cooperation Agreement accordingly constitute the connected transactions of the Company. As the applicable percentage ratios of the connected transactions contemplated under the Cooperation Agreement are more than 1% but are less than 5%, the transactions contemplated under the Cooperation Agreement are subject to the reporting and announcement requirements but are exempt from the circular (containing an opinion from the independent financial advisor) and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Hong Kong Listing Rules.

X. DEFINITION

“A Share(s)”	the domestic share(s) in the registered share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in RMB
“Board”	the board of Directors of the Company
“CIMC Skyspace Real Estate”	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd.* (深圳市中集產城發展集團有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company

“Country Garden”	Country Garden Holdings Company Limited, the H shares of which are listed on the Hong Kong Stock Exchange
“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 laws of the PRC in January 1980, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively
“connected person”	has the meaning as ascribed thereto under the Hong Kong Listing Rules
“Cooperation Agreement”	the Dongguan Zhengyi cooperation agreement entered into by CIMC Skyspace Real Estate, Dongguan Country Garden, Machong Country Garden and Dongguan Zhengyi in respect of the matters relating to the Capital Injection and Cooperation on 6 November 2018
“Director(s)”	the director(s) of the Company
“Dongguan Country Garden”	Dongguan Country Garden Property Development Co., Ltd.* (東莞市碧桂園房地產開發有限公司), a company incorporated in the PRC with limited liability and a connected person of the Company at the subsidiary level
“Dongguan Zhengyi”	Dongguan Zhengyi Investment Co., Ltd.* (東莞市正易投資有限公司), a company incorporated in the PRC with limited liability
“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 the 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
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited
“Listing Rules”	Shenzhen Listing Rules and/or Hong Kong Listing Rules

“Machong Country Garden”	Dongguan Machong Country Garden Property Development Co., Ltd.* (東莞市麻涌碧桂園房地產開發有限公司), a company incorporated in the PRC with limited liability and a connected person of the Company at the subsidiary level
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi yuan, the lawful currency of the People’s Republic of China
“Share(s)”	the share(s) of the Company, including the A Share(s) and H Share(s)
“Shareholders”	the holder(s) of the Share(s) of the Company
“Shenzhen Listing Rules”	the Rules Governing Listing of Stocks on Shenzhen Stock Exchange
“substantial Shareholder(s)”	has the meaning as ascribed thereto under the Hong Kong Listing Rules
“Tianbao Target Land Parcel”	the land located at Tianbao Road, Guancheng District, Dongguan City, Guangdong Province; its land use rights are held by Dongguan Zhengyi
“%”	per cent

This announcement is available for reviewing on the website of the Company (<http://www.cimc.com>) and the HKEXnews 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, 6 November 2018

As at the date of this announcement, the Board 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.

* For identification purpose only