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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)**

**CONNECTED TRANSACTION IN RELATION TO  
SUBSCRIPTION OF RIGHTS SHARES IN  
TSC GROUP HOLDINGS LIMITED**

**RIGHTS ISSUE BY TSC GROUP**

On 8 November 2018, TSC Group proposed to allot and issue up to 1,473,156,204 Rights Shares at the Subscription Price of HK\$0.45 per Rights Share, on the basis of one Rights Share for every one existing share held on the Record Date. The aggregate Subscription Price of Rights Shares will be no more than approximately HK\$662.92 million. The estimated net proceeds from the Rights Issue (assuming all Rights Shares are fully subscribed and after deducting the estimated expenditure) will be approximately HK\$659.75 million (assuming no change in the number of issued TSC Group shares on or before the Record Date). The financial advisor of the TSC Group's Rights Issue project is CCB International Capital Limited, and the underwriters are CCB International Capital Limited and China Tonghai Securities Limited.

**NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED**

As at the date of this announcement, the Company is interested in 92,800,000 TSC Group shares through its wholly-owned subsidiary CIMC HK. On the basis of one Rights Share for every one existing share held on the Record Date, CIMC HK is entitled to subscribe for up to a total of 92,800,000 Rights Shares in cash upon the full acceptance of its provisional quota of the allotment under the Rights Issue.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Fund is the controlling shareholder of TSC Group (being interested in 765,186,000 shares, representing approximately 51.94% of the issued share capital of TSC Group), and such Fund is indirectly controlled by China Merchants Group. China Merchants Group is indirectly interested in 733,691,017 Shares of the Company, representing approximately 24.58% of the issued share capital of the Company. The Company is indirectly interested in 92,800,000 TSC Group shares, representing approximately 6.30% of the issued share capital of TSC Group. As such, China Merchants Group and TSC Group are connected persons of the Company.

The Subscription and the transactions contemplated thereunder will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (as defined under the Listing Rules) for the Subscription are less than 5%, the Subscription is subject to the reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the underwriting agreement becoming unconditional and not being terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

Reference is made to the announcement of the Company dated 19 December 2018, in relation to, among other things, the Board agreed to the Company's participation in the Rights Issue of TSC Group, and Wang Hong and Hu Xianfu as related directors abstained from voting due to their respective positions in China Merchants Group and its subsidiaries. The independent Board committee has advised the Board in respect of the Company's participation in the Rights Issue of TSC Group, and believed that the connected transaction is necessary for the strategic development and daily business of the Company and it is a normal business activity conducted on normal commercial terms, which is in compliance with the principles of openness, fairness and impartiality and without prejudice to the interests of the Company and all Shareholders, in particular, the minority Shareholders.

## **RIGHTS ISSUE BY TSC GROUP**

On 8 November 2018, TSC Group proposed to allot and issue up to 1,473,156,204 Rights Shares at the Subscription Price of HK\$0.45 per Rights Share, on the basis of one Rights Share for every one existing share held on the Record Date. The aggregate Subscription Price of Rights Shares will be no more than approximately HK\$662.92 million. The estimated net proceeds from the Rights Issue (assuming all Rights Shares are fully subscribed and after deducting the estimated expenditure) will be approximately HK\$659.75 million (assuming no change in the number of issued TSC Group shares on or before the Record Date).

Please refer to the relevant TSC Group announcements and the circulars for further details of the Rights Issue.

## **NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED**

As at the date of this announcement, the Company is interested in 92,800,000 TSC Group shares through its wholly-owned subsidiary CIMC HK. On the basis of one Rights Share for every one existing share held on the Record Date, CIMC HK is entitled to subscribe for up to a total of 92,800,000 Rights Shares in cash upon the full acceptance of its provisional quota of the allotment under the Rights Issue.

## CONSIDERATION

The total consideration for the Subscription of the Rights Shares is in the amount of HK\$41,760,000.

The Subscription Price of HK\$0.45 per Rights Share represents:

- (i) a discount of approximately 6.3% to the closing price of TSC Group of HK\$0.48 per share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 8.2% to the average closing price of TSC Group of HK\$0.49 per share for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 6.3% to the average closing price of TSC Group of HK\$0.48 per share for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 4.3% to the theoretical ex-rights price of TSC Group of approximately HK\$0.47 per share after the Rights Issue, based on the closing price of HK\$0.48 per share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (v) a premium of approximately 55.2% to the consolidated net asset value per share of TSC Group of approximately HK\$0.29 as at 30 June 2018; and
- (vi) a cumulative value dilution within 12 months immediately preceding the date of the Rights Issue announcement of 11.0%, based on the closing price of TSC Group of HK\$0.48 per share as quoted on the Hong Kong Stock Exchange on the Last Trading Day.

Having considered that the Subscription Price of the Rights Shares is at a discount and the reasons described under the section headed “**Reasons for and the benefits of the Subscription**” below, the Directors (excluding Mr. Wang Hong and Mr. Hu Xianfu who abstained from voting for the resolution) and the independent non-executive Directors believe that the consideration is fair and reasonable and the Subscription is conducted on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

The titles of above equity interests are clear and under no charge, pledge or any other restrictions of transfer, and are not involved in litigation, arbitration matters or are not seized, frozen or imposed on other judicial measures or under other circumstances of prevention of ownership transfer.

The total consideration for the Rights Shares has been paid in cash by the Group on 24 January 2019, and will be financed by internal resources of the Group.

## COMPLETION

Completion will take place upon fulfillment of the conditions of the Rights Issue and compliance with the terms of the underwriting agreement. Please refer to the relevant TSC Group announcements and the circulars for further details.

On 24 January 2019, the Group paid the amount of HK\$41,760,000 in cash to subscribe 92,800,000 shares of TSC Group. CIMC HK has completed the form in relation to the Rights Issue and placed sufficient funds within the account of the securities firm for share custody for the purpose of the Rights Issue on the date and paid the commission and stamp duty expenses to the securities firm.

Together with 92,800,000 TSC Group shares already held by CIMC HK as at the date of this announcement, CIMC HK will be interested in 185,600,000 TSC Group shares, representing approximately 6.3% of the enlarged issued share capital of TSC Group after completion of the Rights Issue (assuming no change in the number of issued TSC Group shares on or before the Record Date).

Following the completion of the Rights Issue, TSC Group will continue to be accounted as an investment of the Group.

## **INFORMATION OF THE GROUP AND CIMC HK**

The Company is a joint stock company established in the PRC with limited liability, the H Shares and A Shares of which are listed on the main board of 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.

### **Summary of CIMC HK**

Company name:	China International Marine Containers (Hong Kong) Limited
Company type:	A company with limited liability
Date of establishment:	31 July 1992
Legal representative:	MAI Boliang
Registered address:	Unit 3101-2, Infinitus Plaza, No. 199 Des Voeux Road Central, Sheung Wan
Registered capital:	HK\$2,000,000
Principal operations:	Investment holding
Shareholding structure:	As at the date of this announcement, the Company holds 100% equity interests of CIMC HK, which is an indirect wholly-owned subsidiary of the Company

## INFORMATION OF TSC GROUP

### Summary of TSC Group

Company name:	TSC Group Holdings Limited
Company type:	Holding company with limited liability
Date of establishment:	22 February 2005
Registered address:	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands
Office address:	Units 2706-2709, 27/F, One Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong
Legal representative:	Jiang Bing Hua, Zhang Menggui and Wang Hongyuan
Registered capital:	HK\$1,000,000,000
Principal operations:	TSC Group is a global product, services and solutions supplier serving both the worldwide onshore and offshore oil and gas E&P industries. The principal business of TSC Group includes two major segments: (1) capital equipment and packaging business, including the design, manufacture, installation, and commissioning of capital equipment and packages for onshore and offshore rigs, (2) maintenance, repair and operations (“MRO”) of products and services of oil and gas fields, including MRO materials and services

Shareholding structure (As of 31 December 2018):	Number of Shares	Shareholding Percentage (%)
Prime Force Investment Corporation	765,186,000	51.94
Global Energy Investors, LLC.	120,046,200	8.15
Directors of TSC Group	9,812,000	0.67
Windmere International Limited	66,072,800	4.49
CIMC HK	92,800,000	6.30
Treasure Maker Investments Limited	5,095,000	0.35
Other public shareholders	414,144,204	28.11
Total	<u>1,473,156,204</u>	<u>100.00</u>

As at the date of this announcement, China Merchants Group is indirectly interested in 733,691,017 Shares of the Company, representing approximately 24.58% of the issued share capital of the Company. The Fund is the controlling shareholder of TSC Group (being interested in 765,186,000 shares, representing approximately 51.94% of the issued share capital of TSC Group), and such Fund is indirectly controlled by China Merchants Group. The Company is interested in 92,800,000 TSC Group shares, representing approximately 6.30% of the issued share capital of TSC Group. As such, China Merchants Group and TSC Group are connected persons of the Company.

Set out below are the audited consolidated financial information (extracted from its audited consolidated financial statements) and unaudited consolidated financial information of TSC Group, for the two years ended 31 December 2016 and 2017 and January to June 2018, respectively:

### Major Consolidated Financial Data of TSC Group for Last Two Years and the Latest Period

*Unit: US\$' 000*

	<b>2016</b> <i>(Audited)</i>	<b>2017</b> <i>(Audited)</i>	<b>January to June 2018</b> <i>(Unaudited)</i>
Revenue	142,531	76,552	29,556
Operating profit	37,786	9,221	6,533
Net (loss)	(111,576)	(83,419)	(6,985)
Net cash outflows from operating activities	(15,394)	(187)	(11,229)
	<b>31 December 2016</b> <i>(Audited)</i>	<b>31 December 2017</b> <i>(Audited)</i>	<b>30 June 2018</b> <i>(Unaudited)</i>
Total assets	412,824	314,607	361,484
Net assets	96,074	13,667	55,343
Total liabilities	316,750	300,940	306,141
Net receivables	61,901	40,126	42,082
Total contingent liabilities (including litigation and arbitration)	0	0	0

Based on the Company's reasonable enquiry, TSC Group is neither a party subject to liabilities for dishonesty, nor a party to the material illegal taxation case.

## **The Historical Background of TSC Group and the Development Status of its Main Business in the Past Three Years**

TSC Group completed its business restructuring at the end of 2015 and divided its business into two separate business sectors: the offshore business sector and the oil and gas field services business sector. The offshore business sector comprises the design, manufacture, installation and commissioning of capital equipment and packages. The equipment in the offshore business sector includes various drilling equipment, deck cranes, lifting equipment, jacking systems, rig electrical control systems, tensioning and compensation systems for various offshore drilling rigs etc. The oil and gas field services business sector comprises the manufacture and sales of the expendables and spare parts required for oil and gas field maintenance, repair and operations, as well as engineering maintenance services.

As of 1 January 2016, TSC Group had a total of 707,120,204 issued shares with a share capital of approximately US\$9,094,000.

On 19 July 2016, TSC Oil and Gas Services Group Holdings Ltd. (“**Qingdao TSC**”), a wholly-owned subsidiary of TSC Group, was quoted on the National Equities Exchange and Quotations (the “**NEEQ**” or “**New Third Board**”). Qingdao TSC’s main businesses are the manufacture and sales of the expendables and spare parts required for oil and gas field maintenance, repair and operations (“**MRO**”), as well as engineering maintenance services.

In the first half of 2017, Qingdao TSC, a wholly-owned subsidiary of TSC Group, applied to terminate its quotation on the New Third Board and obtained the approval from the NEEQ on 15 June 2017. The main reason for applying for termination of the quotation is that the New Third Board lacks liquidity and it is difficult to achieve financing purposes. Qingdao TSC terminated its quotation on the New Third Board with effect from 21 June 2017.

As of 31 December 2017, TSC Group had a total of 707,120,204 issued shares with a share capital of approximately US\$9,094,000.

On 14 December 2017, TSC Group entered into a subscription agreement (the “**Subscription Agreement**”) with China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.) (the “**Subscriber**”). Pursuant to the Subscription Agreement, TSC Group had conditionally agreed to allot and issue to the Subscriber or Prime Force Investment Corporation (the “**Subscriber Nominee**”), and the Subscriber had conditionally agreed to subscribe for, or nominate the Subscriber Nominee to subscribe for, at completion, 765,186,000 subscription shares at the subscription price of HK\$512,674,620, being HK\$0.67 per subscription share. The completion of the subscription took place on 9 February 2018.

As of 30 June 2018, TSC Group had a total of 1,473,156,204 issued shares with a share capital of approximately US\$183,371,000.



## REASONS FOR AND THE BENEFITS OF THE SUBSCRIPTION

TSC Group and its subsidiaries are principally engaged in the business of designing and manufacturing of rig equipment, manufacturing and trading of oilfield expendables and offshore rig construction and services. By participating in this Rights Issue, the Group will continue to maintain its position as a strategic shareholder of TSC Group and the cooperation between both parties will be further deepened, which in turn will facilitate the expansion and extension of both parties' businesses in the offshore engineering industrial chain. Currently, in addition to the investment and integration in the offshore engineering area, TSC Group has accelerated the medium- and long-term layout of LNG full industry chain, which will bring more projects and cooperation of synergetic development to the Group in the future.

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Fund is the controlling shareholder of TSC Group (being interested in 765,186,000 shares, representing approximately 51.94% of the issued share capital of TSC Group), and such Fund is indirectly controlled by China Merchants Group. China Merchants Group is indirectly interested in 733,691,017 Shares of the Company, representing approximately 24.58% of the issued share capital of the Company. The Company is indirectly interested in 92,800,000 TSC Group shares, representing approximately 6.30% of the issued share capital of TSC Group. As such, China Merchants Group and TSC Group are connected persons of the Company.

The Subscription and the transactions contemplated thereunder will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (as defined under the Listing Rules) for the Subscription are less than 5%, the Subscription is subject to the reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the underwriting agreement becoming unconditional and not being terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

## IMPLICATIONS UNDER THE SHENZHEN STOCK EXCHANGE LISTING RULES

China Merchants Group is the largest Shareholder of the Company indirectly. As at 31 December 2018, it held 24.58% of the issued shares of the Company through its subsidiaries China Merchants Steam Navigation Company Limited, China Merchants Holdings (Hong Kong) Company Limited, China Merchants Industry Holdings Co., Ltd., Soares Limited and China Merchants (CIMC) Investment Limited, and is a connected corporate legal person of the Company. As at the date of this announcement, the Fund is the controlling shareholder of TSC Group (being interested in 765,186,000 shares, representing approximately 51.94% of the issued share capital of TSC Group), and such Fund is indirectly controlled by China Merchants Group. In addition, Mr. Wang Hongyuan, a supervisor and a connected natural person of the Company, also serves as a director of TSC Group. Therefore, both China Merchants Group and TSC Group are connected corporate legal persons of the Company and the transaction will constitute a connected transaction of the Company under the relevant provisions of the Shenzhen Stock Exchange Listing Rules. The transaction will not constitute the significant asset restructuring as defined in the "Administrative Measures for Significant Assets Restructuring of Listed Companies" promulgated by the China Securities Regulatory Commission. Neither the amount of the transaction nor the accumulated amounts of the transactions with the same connected party accounted for more than 5% of the absolute value of the latest audited net assets of the Company, and thus the transaction is not subject to the approval at the general meeting of the Company.



Since the beginning of 2019 to the date of this announcement, there has been no other connected transaction between the Group and TSC Group or its holding subsidiaries except the transactions contemplated under the transaction.

## DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement shall have the following meanings:

“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 the Shenzhen Stock Exchange and traded in RMB;
“Board”	the board of Directors of the Company;
“China Merchants Group”	China Merchants Group Limited, a state-owned enterprise established in the PRC and directly managed by the SASAC, and is the controlling shareholder of CIMC Investment, a substantial Shareholder;
“Fund”	China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.), an exempted limited partnership registered in the Cayman Islands;
“CIMC HK”	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company. As at the date of this announcement, CIMC HK is interested in 92,800,000 TSC Group shares, representing approximately 6.3% of the issued share capital of TSC Group;
“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 in the PRC, the A Shares and H Shares of which are listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, respectively;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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;
“Independent Board Committee”	the independent committee of the Board, comprising Mr. PAN Chengwei, Mr. PAN Zhengqi and Mr. WONG Kwai Huen, Albert, all of whom are independent non-executive Directors;

“Last Trading Day”	31 December 2018, being the last day for dealings in Shares on the Hong Kong Stock Exchange on cum-entitlement basis;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“Record Date”	10 January 2019, being the date by reference to which entitlements to the Rights Issue are determined;
“Rights Issue”	the issue of the Rights Shares by way of rights to the qualifying shareholders of TSC Group for subscription on the terms to be set out in the Rights Issue documents and as contemplated under the underwriting agreement;
“Rights Share(s)”	no more than 1,473,156,204 Rights Shares to be allotted and issued at the Subscription Price of HK\$0.45 per Rights Share on the basis of one Rights Share for every one existing share held on the Record Date;
“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, including the holder(s) of A Share(s) and H Share(s);
“Shenzhen Stock Exchange Listing Rules”	the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange;
“Subscription”	the subscription for the 92,800,000 Rights Shares of TSC Group;
“Subscription Price”	HK\$0.45 per Rights Share;

“TSC Group”	TSC Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Hong Kong Stock Exchange (stock code: 206) .The resolution in relation to the change of company name of TSC Group was passed at the general meeting of TSC Group held on 3 January 2019, pursuant to which the company name changed from “TSC Group Holdings Limited” to “CMIC Ocean En-Tech Holding Co., Ltd.”, and procedures for the change of company name of TSC Group are still in progress as of the date of this announcement;
“TSC Group share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of TSC Group;
“US\$”	United States dollars, the lawful currency of the United States;
“%”	per cent.

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

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

Hong Kong, 24 January 2019

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