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CIMC VEHICLES
CIMC Vehicles (Group) Co., Ltd.
中集車輛(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: 1839)

CONNECTED TRANSACTION
DISPOSAL OF EQUITY INTERESTS IN THE TARGET COMPANY

THE DISPOSAL

The Board hereby announces that on 23 August 2023 (after trading hours), the Company and CIMC Investment entered into the Equity Transfer Agreement, pursuant to which, the Company agreed to sell and CIMC Investment agreed to acquire 3.7991% equity interests in the Target Company, at a Consideration of RMB22,286,900.

Upon completion of the Disposal, the Group will cease to hold any equity interests in the Target Company.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, CIMC Group directly and indirectly owns approximately 56.78% interests in the Company and is the controlling shareholder of the Company. CIMC Investment is wholly owned by CIMC Group and is an associate of CIMC Group. Therefore, both CIMC Group and CIMC Investment are connected persons of the Company. The Disposal under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal is more than 0.1% but less than 5% (as defined in the Hong Kong Listing Rules), the Disposal under the Equity Transfer Agreement is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Hong Kong Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES OF THE SHENZHEN STOCK EXCHANGE

As at the date of this announcement, CIMC Group directly and indirectly owns approximately 56.78% interests in the Company and is the controlling shareholder of the Company. CIMC Investment is a wholly owned subsidiary of CIMC Group. Therefore, the Company and CIMC Investment are related parties. The Disposal by the Company constitutes a related-party transaction in accordance with the relevant provisions under the Listing Rules of the Shenzhen Stock Exchange. The transaction is not subject to be submitted for consideration at the Shareholders' meeting. The transaction is also not a major asset restructuring under the Measures for the Administration of Material Asset Reorganization of Listed Companies[#] (《上市公司重大資產重組管理辦法》) and thereby exempted from approval by the relevant authorities.

INTRODUCTION

The Board hereby announces that on 23 August 2023 (after trading hours), the Company and CIMC Investment entered into the Equity Transfer Agreement, pursuant to which, the Company agreed to sell and CIMC Investment agreed to acquire 3.7991% equity interests in the Target Company, at a Consideration of RMB22,286,900.

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EQUITY TRANSFER AGREEMENT

The major terms of the Equity Transfer Agreement are summarized as follows:

Date:	23 August 2023 (after trading hours)
Parties:	The Company (as the seller) CIMC Investment (as the buyer)
The Disposal:	Pursuant to the Equity Transfer Agreement, the Company agreed to sell and CIMC Investment agreed to acquire 3.7991% equity interests in the Target Company.
Consideration:	The Consideration was RMB22,286,900, which was determined between the Company after arm's length negotiations with CIMC Investment based on normal commercial terms, with reference to the equity valuation (asset-based approach) of the Target Company made by Shenzhen Lixin Business Valuation and Property Appraisal Co., Ltd. [#] (深圳立信資產評估房地產估價有限公司) on 31 May 2023 (the Valuation Benchmark Date), and adjusted by deducting the two dividend distributions made in May 2023 and August 2023.

Effective Conditions:	The Equity Transfer Agreement is established upon the execution by the legal representatives or authorized representatives of the Parties and affixed with the official seals of the Parties to the Equity Transfer Agreement, and shall be effective on the date when authorized approval bodies of CIMC Investment and the Company approve the Disposal.
Payment Arrangement:	<p>The first installment of the Target Equity transfer payment: CIMC Investment shall pay 60% of the Target Equity transfer payment to the Company (i.e. RMB13,372,140) in cash within 15 working days after the Equity Transfer Agreement becomes effective.</p> <p>The second installment of the Target Equity transfer payment: CIMC Investment shall pay 40% of the Target Equity transfer payment to the Company (i.e. RMB8,914,760) in cash within 15 working days following the date of completion of the transfer of the Target Equity (the “Completion Date”) (i.e., the date of completion of the change of industrial and commercial registration in respect of the transfer of the Target Equity).</p>
Attribution of profit or loss during the transition period:	From 31 May 2023 to the Completion Date, CIMC Investment shall be entitled to or bear the profit or loss of the Target Company in relation to the Target Equity (except for the dividend distributions agreed under the Equity Transfer Agreement). The Parties agreed that the Target Equity’s transfer price shall not be further adjusted due to the profit or loss of the Target Company during the above period.
Termination:	Following the execution date of the Equity Transfer Agreement and up to the completion of the transfer of the Target Equity, the Parties may withdraw and terminate the Equity Transfer Agreement in writing through negotiation. CIMC Investment is entitled to require the Company to refund the paid Target Equity transfer payment to CIMC Investment within a reasonable time after the termination date of the Equity Transfer Agreement.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated in the PRC and is principally engaged in the metal supply chain management and services for steel and aluminium products. As of the date of this announcement, the Company holds 3.7991% equity interests in the Target Company.

As at the date of this announcement, CIMC Investment, CIMC Technology Co., Ltd.[#] (中集技術有限公司), Shenzhen Qili Corporate Management Partnership (Limited Partnership)[#] (深圳齊力企業管理合夥企業(有限合夥)), CIMC Enric Investment Holdings (Shenzhen) Ltd., and Cuilian (Shenzhen) Fire-fighting Equipment Co., Ltd.[#] (萃聯(深圳)消防裝備有限公司) beneficially owns 57.4835%, 21.4897%, 8.6960%, 5.6330% and 2.8987% equity interests of the Target Company, respectively.

The 100% beneficial owners of CIMC Investment and CIMC Technology Co., Ltd. are both CIMC Group.

Shenzhen Qili Corporate Management Partnership (Limited Partnership) is beneficially owned by Shenzhen Qili Development Corporate Management Partnership (Limited Partnership)[#] (深圳齊力發展企業管理合夥企業(有限合夥)), Liu Bin[#] (劉斌), Gong Jiwu[#] (龔繼武), Zhang Yi[#] (張逸), Shenzhen Qili Fenzhan Corporate Management Partnership (Limited Partnership)[#] (深圳齊力奮展企業管理合夥企業(有限合夥)), Gao Rongxiang[#] (高榮湘), Huang Junqing[#] (黃俊清) and Shenzhen Qili Tuozhan Corporate Management Partnership (Limited Partnership)[#] (深圳齊力拓展企業管理合夥企業(有限合夥)) as to 19.3318%, 10.3090%, 6.7716%, 6.7629%, 6.1163%, 6.1032%, 5.8542% and 5.4828%, respectively, aggregating to 66.7318% and by other 16 partners each less than 5%. Shenzhen Qili Development Corporate Management Partnership (Limited Partnership) is beneficially owned by Shen Yanfei[#] (沈燕飛), Yang Yongjie[#] (楊永杰), Qian Ji[#] (錢吉), Han Yupeng[#] (韓宇鵬) and Chen Hongcai[#] (陳泓材) as to 8.4746%, 8.1356%, 7.9096%, 5.6497% and 5.6497%, respectively, aggregating to 35.8192% and by other 34 partners each less than 5%. Shenzhen Qili Fenzhan Corporate Management Partnership (Limited Partnership) is beneficially owned by Zhang Wengang[#] (張文鋼), Deng Anquan[#] (鄧安全), Fan Changjun[#] (范長軍) and Li Huiling[#] (李慧玲) as to 17.8571%, 17.8571%, 5.3571% and 5.3571%, respectively, aggregating to 46.4284% and by other 27 partners each less than 5%. Shenzhen Qili Tuozhan Corporate Management Partnership (Limited Partnership) is beneficially owned by Ma Yuefeng[#] (馬越峰) and Sun Zongchen[#] (孫宗臣) as to 19.9203% and 7.9681%, respectively, aggregating to 27.8884% and by other 27 partners each less than 5%.

CIMC Enric Investment Holdings (Shenzhen) Ltd.[#] (中集安瑞科投資控股(深圳)有限公司) is 100% beneficially owned by CIMC Enric Holdings Limited. CIMC Enric Holdings Limited is listed on the Hong Kong Stock Exchange (stock code: 3899), and CIMC Enric Holdings Limited is indirectly owned by CIMC Group as to approximately 67.60%.

Cuilian (Shenzhen) Fire-fighting Equipment Co., Ltd.[#] (萃聯(深圳)消防裝備有限公司) is 100% beneficially owned by Allied Best Holdings Ltd.[#] (萃聯集團有限公司). Allied Best Holdings Ltd. is 100% beneficially owned by CIMC-TianDa Holdings Company Limited[#] (中集天達控股有限公司). CIMC-TianDa Holdings Company Limited is indirectly owned as to approximately 58.34% by CIMC Group, and the remaining equity interests of 17.51%, 14.22%, 5.59%, 4.05%, 0.19%, 0.07% and 0.03% are directly held by Expedition Holding, Shenzhen Fengqiang Investment Enterprise (Limited Partnership)[#] (深圳豐強投資企業(有限合夥)), Jiang Xiong[#] (江雄), Changsheng State-owned Enterprise Structural Reform China Merchants No. 1 Asset Management Plan[#] (長盛基金國調招商1號資產管理計劃) (a single asset management plan filed with the Asset Management Association of China[#] (中國證券投資基金業協會) on 28 March 2018), Cai Ziyang[#] (蔡梓洋), Huang Weigang[#] (黃煒罡) and Zheng Ang[#] (鄭昂), respectively.

Upon completion of the Disposal, the Group will cease to hold any equity interests in the Target Company.

The following table sets forth the audited consolidated net profit (before and after tax) for the two financial years ended 31 December 2021 and 31 December 2022 prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	For the year ended 31 December 2021 <i>(Audited)</i> <i>(RMB'000)</i>	For the year ended 31 December 2022 <i>(Audited)</i> <i>(RMB'000)</i>
Net profit before tax	58,035	77,212
Net profit after tax	49,743	64,255

The audited total assets and net assets on a consolidated basis of the Target Company as of 31 December 2022 prepared in accordance with the PRC Accounting Standards for Business Enterprises were approximately RMB2,968,961,500 and RMB564,490,370, respectively.

As at 31 May 2023 (the valuation benchmark date), according to the asset valuation report issued by Shenzhen Lixin Business Valuation and Property Appraisal Co., Ltd.[#] (深圳立信資產評估房地產估價有限公司), the valuation of the net assets and total assets of the Target Company are RMB672,489,000 and RMB1,766,504,600 respectively.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

The Company expects an unaudited profit (before tax) of approximately RMB407,600 in respect of the Disposal, which is determined based on the difference between the Consideration and the adjusted book value of the Target Equity. The Company shall conduct accounting treatment in accordance with the PRC Accounting Standards for Business Enterprises, and the specific accounting treatment and effect shall be subject to the results of the annual audit and confirmation by the auditors. The Company intends to use the proceeds from the Disposal to replenish the working capital of the Company for its operation and development.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In recent years, the Target Company accelerated its expansion in businesses such as steel processed parts and chemical materials, and is expected to still require relatively large capital investments in the future, and such new businesses are relatively in low synergy with the Group. The Disposal is beneficial to the Group's divestment of non-core assets and focus on developing its principal businesses.

The Directors (including independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable to the Company and the Shareholders, therefore the transactions are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group

The Group is the world's leading high-end manufacturer of semi-trailers and special vehicles, a pioneer in the high-quality development of road transportation equipment in China, and an innovative explorer in new energy special vehicles in China. CIMC Group directly and indirectly owns approximately 56.78% interests in the Company and is the controlling shareholder of the Company.

CIMC Investment

CIMC Investment is a company incorporated in the PRC and a direct wholly-owned subsidiary of CIMC Group. It is principally engaged in equity investment and management.

CIMC Group

CIMC Group 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. CIMC Group is a world leading equipment and solution provider in the logistics and energy industries and is principally engaged in the manufacture of containers, road transportation vehicles, energy/chemical/liquid food equipment, offshore engineering equipment, airport facilities equipment as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, special-purpose containers, tank containers, wooden container floorboards, road tank trucks, natural gas processing equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges and bridge-mounted equipment, airport ground support equipment, fire safety and rescue vehicles, automated logistics system and intelligent parking system and relevant services. In addition, CIMC Group is also engaged in recycled load business, logistics services business, finance and asset management and other businesses. Through business expansion and technology development, CIMC Group has formed an industry cluster focusing on key equipment and solutions provided for the logistics and energy industries.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

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IMPLICATIONS UNDER THE LISTING RULES OF THE SHENZHEN STOCK EXCHANGE

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Given Mr. Mai Boliang, Chairman and non-executive Director of the Company, Mr. Zeng Han, Mr. Wang Yu and Mr. He Jin (each a non-executive Director) are also directors and/or senior management of CIMC Group and/or CIMC Group's certain subsidiaries, they are deemed as having material interest in the transactions contemplated under the Equity Transfer Agreement. Mr. Mai Boliang, Mr. Zeng Han, Mr. Wang Yu and Mr. He Jin had abstained from voting on the resolution of the Board approving the Disposal. Apart from the above, none of other Directors has interest in the transactions contemplated under the Equity Transfer Agreement and is required to abstain from voting.

DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

“Board”	the board of Directors of the Company
“China” or “PRC”	the People's Republic of China, which for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“CIMC Group”	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 PRC on 14 January 1980 and listed on the Shenzhen Stock Exchange (stock code: 000039) and the Hong Kong Stock Exchange (stock code: 2039), and the controlling shareholder of the Company
“CIMC Investment”	Shenzhen CIMC Investment Co., Ltd.# (深圳市中集投資有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of CIMC Group
“Company”	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC on 29 August 1996, whose H shares (stock code: 1839) and A shares (stock code: 301039) are listed and traded on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules

“Consideration”	the consideration payable by CIMC Investment to the Company in relation to the Disposal pursuant to the Equity Transfer Agreement
“controlling shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal/ Equity Transfer”	the disposal of 3.7991% equity interests in the Target Company by the Company to CIMC Investment pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and CIMC Investment on 23 August 2023 (after trading hours) in relation to the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Listing Rules of the Shenzhen Stock Exchange”	the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange
“Parties”	collectively, the Company and CIMC Investment
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange
“Target Company”	Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. [#] (深圳中集同創供應鏈有限公司), a company incorporated in the PRC with limited liability

“Target Equity” 3.7991% equity interests in Target Company held by the Company
“%” per cent

By order of the Board
CIMC Vehicles (Group) Co., Ltd.
Li Guiping
Executive Director

Hong Kong, 23 August 2023

*As at the date of this announcement, the Board comprises nine members, being Mr. Mai Boliang**, Mr. Li Guiping*, Mr. Zeng Han**, Mr. Wang Yu**, Mr. He Jin**, Ms. Lin Qing**, Mr. Feng Jinhua***, Mr. Fan Zhaoping*** and Mr. Cheng Hok Kai Frederick***.*

* *Executive Director*

** *Non-executive Directors*

*** *Independent non-executive Directors*

For identification purposes only