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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)

CONTINUING CONNECTED TRANSACTIONS

THE FRAMEWORK AGREEMENTS

On 28 December 2023, the Company entered into the Framework Agreements with China Merchants Shekou to agree on the Proposed Caps in respect of the transactions for the three years from 1 January 2024 to 31 December 2026. The Group will continue to provide goods to China Merchants Shekou Group, and receive goods and services provided by China Merchants Shekou Group.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, China Merchants Shekou is a subsidiary of China Merchants, which is a substantial shareholder of the Company, and therefore China Merchants Shekou Group is a connected person of the Company. Therefore, the transactions between the Group and China Merchants Shekou Group under the Framework Agreements constitute the Continuing Connected Transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Given that on 26 June 2023, the Company entered into the relevant framework agreements (the “**CMOEI Agreement**”) with China Merchants Offshore Engineering Investment Shenzhen Co., Ltd., which provided that the Group sell goods and provide services to the counterparty on an ongoing basis, and agreed on the caps in respect of the transaction amounts for the three years ending 31 December 2023, 2024 and 2025 between both parties, and both China Merchants Shekou and China Merchants Offshore Engineering Investment Shenzhen Co., Ltd. are subsidiaries of China Merchants, therefore, the transaction under the Framework Agreements shall be aggregated with the proposed caps under the CMOEI Agreement.

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) exceed 0.1% but are less than 5%, the Framework Agreements constitute the Continuing Connected Transactions of the Company and are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

On 28 December 2023, the Resolutions regarding the Continuing Connected Transactions/Ordinary Related-party Transactions with China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) and Its Subsidiaries were considered and approved at the 25th meeting in 2023 of the tenth session of the Board of the Company. As Mr. HU Xianfu, the vice chairman of the Company and Mr. DENG Weidong, a Director, hold positions in China Merchants or its subsidiaries, they are deemed to be materially interested in the Continuing Connected Transactions. Therefore, Mr. HU Xianfu and Mr. DENG Weidong have abstained from voting on the resolutions in relation to the contemplated Continuing Connected Transactions proposed to the Board. Save as disclosed above, none of the members of the Board is materially interested in the Continuing Connected Transactions.

HISTORICAL ACTUAL TRANSACTIONS

The actual transactions between the Group and China Merchants Shekou Group for the two years ended 31 December 2021 and 2022 and the ten months ended 31 October 2023 were as follows:

Unit: RMB in thousand

The scope of the connected/related-party transactions	For the year ended 31 December 2021	For the year ended 31 December 2022	From January to October 2023
Purchases from connected persons/ related parties by the Group -			
Leasing of properties	16,659	16,483	16,628
Receiving of services (mainly being property management services)	11,090	10,834	9,965
Purchase of goods	967	3,562	3,880
Purchase of power supply (<i>Note</i>)	20,804	18,754	13,629
Sales to connected persons/ related parties by the Group -			
Sales of goods and provision of services	150	709	39

Note: For the power supply service received by the subsidiaries of the Group from China Merchants Zhangzhou Development Zone Electricity Supply Limited (招商局漳州開發區供電有限公司), a subsidiary of China Merchants Shekou, according to Rule 14A.97 of the Hong Kong Listing Rules, utilities service provided by a connected person to the listed companies where the prices are published or publicly quoted and apply to other independent consumers, the connected transaction will be fully exempted.

THE FRAMEWORK AGREEMENTS

On 28 December 2023, the Company entered into the Framework Agreements with China Merchants Shekou to agree on the Proposed Caps in respect of the transactions for the three years from 1 January 2024 to 31 December 2026. The Group will continue to provide goods to China Merchants Shekou Group, and receive goods and services provided by China Merchants Shekou Group.

Principal Terms of the Framework Agreements

Signing date

28 December 2023

Parties

- (1) The Company (for itself and on behalf of its subsidiaries); and
- (2) China Merchants Shekou (for itself and on behalf of its subsidiaries and associates).

Nature of the transactions

The details of the transactions under the Framework Agreements are as follows:

Parties	The scope of the connected transactions	The content of the connected transactions
The Company and China Merchants Shekou	Purchase of goods and receiving of services, etc. from China Merchants Shekou Group by the Group	Leasing of office buildings, property management services and purchase of office supplies, etc.
	Sales of goods, etc. to China Merchants Shekou Group by the Group	Sales of business gifts, etc.

According to the terms of the Framework Agreements, China Merchants Shekou Group and the relevant members of the Group shall enter into specific contracts for subsequent goods or services to agree on specific transaction terms respectively.

Pricing policies

In accordance with the Framework Agreements, the pricing policies of the Continuing Connected Transactions shall be determined on an arm's length basis and on normal commercial terms, and the price of goods and/or services to be provided by the Group and China Merchants Shekou Group to each other shall be the market price. The details are as follows:

1. Sales of goods to connected persons by the Group:

Regarding sales of goods, prices will be determined with reference to bidding price if bidding procedure is provided; or with reference to market prices (including comparable local, domestic or international market prices) if no bidding procedure is provided, based on the type and quality of the commodities (if applicable). Market price data will be collected by independent third parties such as industry associations.

2. Purchase of goods and receiving of services from connected persons by the Group:

(a) Regarding purchase of goods, where the bidding process is required, the bidding price shall prevail. Where there is no bidding process, prices will be determined with reference to market prices (including comparable local, domestic or international market prices) based on the type and quality of the commodities (if applicable). Market price data will be collected by independent third parties such as industry associations; and

(b) Regarding receiving of services, where there is a bidding process, the bidding price shall prevail; where there is no bidding process, the price shall be determined with reference to the price for the same or similar business activities carried out by the third parties who have no affiliation or relationship with the parties at the time of entering into the relevant agreement and/or the market price.

The abovementioned prices and terms will not deviate from the prices and terms of transactions with at least two independent third parties who carry out the same or similar business activities during the same period. In addition, the relevant departments of the Group will regularly conduct comprehensive analysis on the profitability of the provision or receiving of similar goods and/or services to or from different customers (including connected persons and independent third-party customers), and revert the analysis results to the business departments for their reference in making pricing adjustment decisions.

The Group purchases office supplies and other commodities from China Merchants Shekou Group and will seek the latest quotation from independent third-party suppliers on a regular basis to ensure that the prices of the purchased commodities are comparable to the prevailing market prices. The prices for leases between the Group and China Merchants Shekou Group (including rentals and property management service fees payable by the Group) were arrived at by the Company after arm's length negotiation with reference to the market rentals and property management service fees of properties in Shenzhen.

Payment method

Payments will be made in accordance with the terms in the specific contracts to be entered into between China Merchants Shekou Group and the relevant members of the Group under the Framework Agreements.

Valid term

The Framework Agreements shall be valid upon signing by both parties and complying with the approval procedures under the Shenzhen Listing Rules and the Hong Kong Listing Rules by the Company, with a valid period commencing from 1 January 2024 to 31 December 2026.

The Proposed Caps and basis of determination

The Proposed Caps in respect of the Continuing Connected Transactions agreed for the three years ending 31 December 2024, 2025 and 2026 are set out as below:

Unit: RMB in thousand

Connected Persons	The scope of the Continuing Connected Transactions	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
China Merchants Shekou Group	Purchase of goods and receiving of services, etc. from China Merchants Shekou Group by the Group	100,000	100,000	100,000
	Sale of goods, etc. to China Merchants Shekou Group by the Group	10,000	10,000	10,000

The Proposed Caps have been determined with reference to, among other things, the following factors:

- (1) The historical transactions of goods and services between the Group and China Merchants Shekou Group;
- (2) The expected growth in demand for the Group's relevant business in the next three years ending 31 December 2026: the Group will continue to persist in expanding its strategic emerging business, facilitating innovation, and investing and incubating innovative enterprises. With the rapid business development of the innovative enterprises and the increasing total number of their employees, more demand for office leasing in the Shekou area will be generated. In addition, there is a growing demand for the Group's office supplies;

- (3) The expected increase in business transactions between China Merchants Shekou and the Group in the next three years given the advantages of China Merchants Shekou in terms of geography and resources: China Merchants Shekou Group has sufficient experience in the comprehensive development and operation of urban areas and industrial parks with a large number of high-quality resources in the Shekou area. China Merchants Shekou is capable of providing diversified and abundant goods and services, including holding properties for operation and asset management purposes such as industrial offices and apartments and hotels, as well as urban operation services such as property management and health care. Meanwhile, the Group can purchase office supplies from the online platform of China Merchants Shekou, and the purchases can be settled on a regular basis, which is beneficial to the cost control and efficiency improvement of the Group;

Taking into account the above factors and pricing policies, the Company and certain subsidiaries lease office buildings constructed and operated by China Merchants Shekou Group and receive ancillary property management services provided by China Merchants Shekou Group, and there will be an increase in the anticipated transaction demand for goods and services, etc. between the Group and China Merchants Shekou Group to a certain extent in the next three years;

- (4) The estimated price fluctuation.

The Proposed Caps under the Framework Agreements represent the transaction demand corresponding to the Group's business plan for the next three years, notwithstanding the increase in the proposed annual caps as compared with the actual historical transaction amounts.

INTERNAL CONTROL MEASURES

The Company has established a series of measures and policies, including contract policies, connected/related party transaction management methods and internal control management methods, to ensure that the Continuing Connected Transactions will be carried out in accordance with the Framework Agreements. The Company's auditing and monitoring department conducts annual internal tests on the internal control measures of the Company to ensure that the internal control measures in respect of the Continuing Connected Transactions remain comprehensive and effective, and reports the test results to the audit committee of the Board, the Board and the supervisory committee of the Company. The Company has also launched an early warning system for connected/related party transactions, which will provide emails regarding aggregated analysis of the connected/related party transactions of the Group, including the name of counterparty, transaction year, total transaction amount incurred so far and quota ratio, so that the Company can conduct regular monitoring of connected/related party transactions. The Company's external auditors conduct an annual audit on the Company's internal control measures in respect of financial reporting and an annual review on the Continuing Connected Transactions pursuant to the requirements under the Hong Kong Listing Rules.

REASONS FOR AND BENEFIT OF THE CONTINUING CONNECTED TRANSACTIONS

The entering into of the Framework Agreements is in line with the actual needs for the operation and development of the Group's principal businesses. The conducting of the Continuing Connected Transactions will not prejudice the interests of the Company and the Shareholders, especially the minority Shareholders, nor adversely affect the independence of the Company. The conducting of such transactions will not give rise to reliance of the principal businesses of the Company on connected persons.

The Directors, including the independent non-executive Directors, are of the view that the Framework Agreements were entered into on normal commercial terms after arm's length negotiations in the ordinary and usual course of business of the Group with terms which are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

CONSIDERATION BY THE COMPANY

At the 10th special meeting of independent non-executive Directors in 2023 of the tenth session of the Board held by the Company, all the 3 independent non-executive Directors agreed to submit the Continuing Connected Transactions to the 25th meeting in 2023 of the tenth session of the Board for consideration.

The relevant resolutions on the Continuing Connected Transactions have been considered and approved at the 25th meeting in 2023 of the tenth session of the Board of the Company held on 28 December 2023. Mr. HU Xianfu and Mr. DENG Weidong, both being related Directors, have abstained from voting, and other non-related Directors unanimously approved the resolutions.

GENERAL INFORMATION OF THE PARTIES

The Company

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 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, the Group is also engaged in recycled load business, logistics services business, finance and asset management and other businesses. Through business expansion and technology development, the Group has formed an industry cluster focusing on key equipment and solutions provided for the logistics and energy industries.

China Merchants Shekou

China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司), a company established in the PRC with limited liability, is a subsidiary of China Merchants, a substantial shareholder of the Company. China Merchants is a state-owned enterprise established under the laws of the PRC, which is directly administered by the State-owned Assets Supervision and Administration Commission of the State Council. The principal operations of China Merchants Shekou are investment in, development, construction and operation of urban and park zones and community; investment in and management of transportation, industrial manufacturing, finance and insurance, foreign trade, tourism, hotel company and other companies; construction and operation of cruise homeports and supporting facilities; development and operation of real estates; amphibious building work; sales of the products from subsidiaries and supply and sales of required equipment, raw materials and parts; organization of sports competition; property management; water transportation, terminal and storage services; scientific research and technical services; provision of technical and operation consulting and technology and information services relating to the above businesses. Key consolidated financial data of China Merchants Shekou is as follow, which is extracted from the 2023 Third Quarterly Report published by China Merchants Shekou on 31 October 2023:

Unit: RMB100 million

	January- September 2023 (unaudited)
Operating revenue	758.29
Total profit	77.49
Net profit attributable to the parent company	37.69
	30 September 2023 (unaudited)
Total assets	9,635.22
Net assets attributable to the parent company	1,155.55

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, China Merchants Shekou is a subsidiary of China Merchants, which is a substantial shareholder of the Company, and therefore China Merchants Shekou Group is a connected person of the Company. Therefore, the transactions between the Group and China Merchants Shekou Group under the Framework Agreements constitute the Continuing Connected Transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Given that on 26 June 2023, the Company entered into the relevant framework agreements (the “**CMOEI Agreement**”) with China Merchants Offshore Engineering Investment Shenzhen Co., Ltd., which provided that the Group sell goods and provide services to the counterparty on an ongoing basis, and agreed on the caps in respect of the transaction amounts for the three years ending 31 December 2023, 2024 and 2025 between both parties, and both China Merchants Shekou and China Merchants Offshore Engineering Investment Shenzhen Co., Ltd. are subsidiaries of China Merchants, therefore, the transaction under the Framework Agreements shall be aggregated with the proposed caps under the CMOEI Agreement.

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) exceed 0.1% but are less than 5%, the Framework Agreements constitute the Continuing Connected Transactions of the Company and are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

On 28 December 2023, the Resolutions regarding the Continuing Connected Transactions/Ordinary Related-party Transactions with China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) and Its Subsidiaries were considered and approved at the 25th meeting in 2023 of the tenth session of the Board of the Company. As Mr. HU Xianfu, the vice chairman of the Company and Mr. DENG Weidong, a Director, hold positions in China Merchants or its subsidiaries, they are deemed to be materially interested in the Continuing Connected Transactions. Therefore, Mr. HU Xianfu and Mr. DENG Weidong have abstained from voting on the resolutions in relation to the contemplated Continuing Connected Transactions proposed to the Board. Save as disclosed above, none of the members of the Board is materially interested in the Continuing Connected Transactions.

DEFINITIONS

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

“Articles of Association”	the Articles of Association of China International Marine Containers (Group) Co., Ltd.
“Board”	the board of Directors of the Company
“China Merchants”	China Merchants Group Limited (招商局集團有限公司), a state-owned enterprise established under the laws of the PRC, which is directly administered by the State-owned Assets Supervision and Administration Commission of the State Council. As at the date of this announcement, it holds 24.49% equity interests in the Company through its subsidiaries and is a substantial shareholder of the Company
“China Merchants Shekou”	China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司), a limited liability company established in the PRC and a subsidiary of China Merchants which is a substantial shareholder of the Company
“China Merchants Shekou Group”	China Merchants Shekou and its subsidiaries and their associates

“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 incorporated in the PRC with limited liability 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 thereto under the Hong Kong Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Framework Agreements
“Director(s)”	the director(s) of the Company
“Framework Agreements”	the agreements entered into by the Company and China Merchants Shekou on 28 December 2023 in relation to the supply of goods to China Merchants Shekou Group by the Group and the receiving of goods and services provided by China Merchants Shekou Group, which will be valid upon signing by both parties and complying with the approval procedures under the Shenzhen Listing Rules and the Hong Kong Listing Rules by the Company, with a valid period commencing from 1 January 2024 to 31 December 2026
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“independent third party(ies) ”	parties who are not the connected persons of the Company
“PRC”	the People’s Republic of China
“Proposed Caps”	the proposed annual transaction caps for the three years from 1 January 2024 to 31 December 2026 under the Framework Agreements entered into between the Company and China Merchants Shekou
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of share(s) of the Company

“Shenzhen Listing Rules”	the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange
“substantial shareholder”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“%”	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.
WU Sanqiang
Joint Company Secretary

Hong Kong, 28 December 2023

As at the date of this announcement, the Board of the Company comprises Mr. MAI Boliang (Chairman) as an executive Director; Mr. ZHU Zhiqiang (Vice-chairman), Mr. HU Xianfu (Vice-chairman), Mr. SUN Huirong, Mr. DENG Weidong and Ms. ZHAO Feng as non-executive Directors; and Ms. LUI FUNG Mei Yee, Mabel, Mr. ZHANG Guanghua and Mr. YANG Xiong as independent non-executive Directors.