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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)**

## **DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION PROPOSED DISPOSAL OF EQUITY INTEREST OF THE TARGET COMPANY**

**Independent Financial Advisor to the Independent Board Committee and  
the Independent Shareholders**



### **Proposed entering into of the Equity Transfer Agreement**

The Board hereby announces that on February 6, 2023 (after trading hours), the Board considered and approved the Company to enter into the Equity Transfer Agreement with CIMC Vehicle and CIMC. Pursuant to the Equity Transfer Agreement, the Company and CIMC Vehicle will sell their 75% and 25% equity interests in the Target Company, respectively, and CIMC will acquire 100% equity interest in the Target Company and all interests, benefits attached and all rights legally entitled, and all obligations assumed in accordance with laws, with total consideration of RMB1,355,618,000, payable by cash. After the Completion, the Company and CIMC Vehicle will no longer hold any interest in the Target Company. The Target Company will no longer be a subsidiary of the Company, and the Target Company will no longer be included in the consolidated accounts of the Company.

The Equity Transfer Agreement has not been formally signed and the Company will comply with its information disclosure obligations in a timely manner in accordance with the signing progress. Investors are advised to pay attention to the investment risks. The Equity Transfer Agreement and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

### **Implications under the Hong Kong Listing Rules**

As of the date of this announcement, CIMC and its associates directly and indirectly hold approximately 56.78% of the shares of the Company and are the Controlling Shareholders. Therefore, CIMC is a connected person of the Company. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the Equity Transfer Agreement proposed to be signed and the transactions contemplated thereunder constitute connected transactions of the Company. Since the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) of the Equity Transfer Agreement and the transactions contemplated thereunder exceeds 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In addition, since the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) of the Equity Transfer Agreement proposed to be signed and the transactions contemplated thereunder exceeds 5% but less than 25%, the Equity Transfer Agreement and the transactions contemplated thereunder also constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements of Chapter 14 of the Hong Kong Listing Rules.

### **Independent Board Committee and Independent Financial Advisor**

An Independent Board Committee comprised of all independent non-executive Directors has been established to consider the terms of the Equity Transfer Agreement and the transactions contemplated thereunder, and to determine whether the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms or better terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and provide opinions to the Independent Shareholders.

Pursuant to Rule 13.39(6) of the Hong Kong Listing Rules, the Independent Board Committee has approved the appointment of Innovax Capital as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder. A letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders will be included in the circular.

### **EGM**

The Directors proposed to submit the Equity Transfer Agreement and the proposed Transfer thereunder to the EGM for Independent Shareholders' approval. Pursuant to the Hong Kong Listing Rules, a circular containing, among other things: (i) details of the Equity Transfer Agreement and the proposed Transfer thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Equity Transfer Agreement and the proposed Transfer thereunder; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders regarding the Equity Transfer Agreement and the proposed Transfer thereunder; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before March 1, 2023 to allow sufficient time for preparing the relevant information for the inclusion in the circular.

## **INTRODUCTION**

The Board hereby announces that on February 6, 2023 (after trading hours), the Board considered and approved the Company to enter into the Equity Transfer Agreement with CIMC Vehicle and CIMC. Pursuant to the Equity Transfer Agreement, the Company and CIMC Vehicle will sell their 75% and 25% equity interests in the Target Company, respectively, and CIMC will acquire 100% equity interest in the Target Company and all interests, benefits attached and all rights legally entitled, and all obligations assumed in accordance with laws, with total consideration of RMB1,355,618,000, payable by cash. After the Completion, the Company and CIMC Vehicle will no longer hold any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company, and the Target Company will no longer be included in the consolidated accounts of the Company.

## EQUITY TRANSFER AGREEMENT

The major terms of the Equity Transfer Agreement proposed to be signed are summarized as follows:

- Parties: the Company (transferor);
- CIMC Vehicle (transferor, a wholly-owned subsidiary of the Company); and
- CIMC (transferee, a connected person of the Company)
- Subject matter: The Company and CIMC Vehicle will sell their 75% and 25% equity interests in the Target Company, respectively, while CIMC will acquire 100% equity interest in the Target Company and all interests, benefits attached and all rights legally entitled, and all obligations assumed in accordance with laws.
- The Target Company is a subsidiary of the Company prior to the Completion. For details of the Target Company, please refer to the section headed “Information on the Target Company” in this announcement.
- Consideration: With reference to the valuation of the equity interests of the Target Company on the Valuation Date and taking into consideration of factors such as other commercial reasons and split payment arrangement, the parties to the Equity Transfer Agreement agree unanimously through negotiation that the transfer price of the equity interests of the Target Company in this Transfer shall be RMB1,355,618,000, of which the transfer price of the 75% equity interests of the Target Company held by the Company is RMB1,016,713,500 and the transfer price of 25% equity interests of the Target Company held by CIMC Vehicle is RMB338,904,500, payable in cash.
- Payment Arrangement: The first phase of equity transfer payment: CIMC shall pay 51% of the total consideration, i.e., to pay RMB518,523,900 to the bank account designated by the Company and pay RMB172,841,300 to the bank account designated by CIMC Vehicle within 20 working days after the Equity Transfer Agreement becomes effective.
- The second phase of equity transfer payment: CIMC shall pay 9% of the total consideration, i.e., to pay RMB91,504,200 to the bank account designated by the Company and pay RMB30,501,400 to the bank account designated by CIMC Vehicle before December 31, 2023.

The third phase of equity transfer payment: CIMC shall pay 40% of the total consideration, i.e., to pay RMB406,685,400 to the bank account designated by the Company and pay RMB135,561,800 to the bank account designated by CIMC Vehicle before December 31, 2024.

Effective conditions:

The Equity Transfer Agreement is established on the date of signing by the parties to the Equity Transfer Agreement and shall be effective on the date when all of the following conditions are satisfied:

- (1) the parties to the Equity Transfer Agreement have formally signed the Equity Transfer Agreement;
- (2) the shareholders meeting of the Company have considered and approved the Transfer; and
- (3) the board of directors of CIMC has considered and approved the Transfer.

Arrangements on  
change of registration:

The parties to the Equity Transfer Agreement agree that each party shall use its best efforts to complete the following procedures within 1 month after the Equity Transfer Agreement becomes effective, in accordance with relevant laws and regulations:

- (1) Amend the articles of association of the Target Company to reflect the information on the equity interests of the Target Company held by CIMC in the articles of association of the Target Company; and
- (2) Execute the registration/filing procedures for changes in the shareholders and shareholding of the Target Company, and the articles of association of the Target Company with the competent market supervision and management departments and business authorities.

Declaration and  
undertaking by CIMC:

CIMC undertakes and warrants that after the Completion, it will actively implement the undertakings previously given to the Company prior to the public offering and listing of the Company in relation to non-competition. The Transfer will not give rise to competition.

Attribution of profit and loss during the transition period:

The parties to the Equity Transfer Agreement agrees that the transition period starts from the Valuation Date (including the Valuation Date) until the end of Completion (including the day of Completion).

During the transition period, the Company and CIMC Vehicle shall exercise shareholder rights and fulfill shareholder obligations in accordance with the articles of association of the Target Company and legal requirements, and bear the profit and loss of the Target Company.

Contingencies:

Prior to the payment date of third phase of equity transfer by CIMC, the Company shall bear any contingent liabilities or losses arising from events prior to Completion that leads to a difference between the book value of the assets held by the Target Company and as at Valuation Date and confirmed by the parties to the Equity Transfer Agreement.

## **VALUATION OF THE TARGET COMPANY**

Based on the Valuation Report issued by the Valuer, a valuation of the entire equity interest of the shareholders of the Target Company was conducted with December 31, 2022 as the Valuation Date.

### **1. Valuation Approaches**

The asset-based method and the income method are adopted for this appraisal, and ultimately the result of the asset-based method is selected. The reasons are as follows:

- (1) The asset-based method takes the replacement cost of assets as the value standard, reflecting the social necessary labor consumed by the investment of assets (purchase and construction costs). Such purchase and construction costs usually fluctuate with the national economy. The core assets of enterprises are inventories, fixed assets and land use rights, etc. The conclusion of the asset-based method has a large correlation with the replacement cost of such physical assets and other assets and liabilities on the book balance on the Valuation Date. The conclusion can relatively accurately reflect the comprehensive profitability of the assets and liabilities of the Target Company as a whole in the future.
- (2) The income method valuation is based on the expected income of the asset as the value standard, reflecting the size of the operating capacity (profitability) of the asset. The industry of the enterprise is capital-intensive. The scale of physical assets is large and there is a significant increase in value, resulting in a low overall return on assets. At the same time, the global economy has been affected by the impact of the epidemic in recent years, and the industry is still in a downward cycle in 2022, resulting in greater uncertainty in the income method.

## 2. Conclusion of the Valuation

Based on the asset-based method valuation for Target Company on Valuation Date of December 31, 2022, the book value of the total assets is RMB659.5727 million, and the appraisal value is RMB1,648.4392 million, the value increase is RMB988.8665 million, and the value increase rate is 149.93%. The book value of total liabilities is RMB411.7863 million, the appraisal value is RMB391.9503 million, the valuation decrease is RMB19.836 million, and the valuation decrease is 4.82%. The book value of net assets is RMB247.7864 million, the appraisal value is RMB1,256.4889 million, the value increase is RMB1,008.725 million, and the value increase rate is 407.09%.

### Consolidated tables of valuation results of asset-based method

Valuation Date: December 31, 2021

Unit: RMB0'000

	Book value	Valuation	Difference	Difference Ratio %
Items	A	B	C=B-A	D=C/A
Current assets	44,138.92	44,418.14	279.22	0.63
Non-current assets:	21,818.35	120,425.78	98,607.43	451.95
Net fixed assets	17,978.68	27,402.52	9,423.84	52.42
Net intangible assets	3,726.58	92,597.21	88,870.63	2,384.78
Long-term prepaid expenses	17.28	17.28	—	—
Deferred tax assets	95.81	408.77	312.96	326.65
Total assets	<b>65,957.27</b>	<b>164,843.92</b>	<b>98,886.65</b>	<b>149.93</b>
Current liabilities	39,218.18	39,195.03	-23.15	-0.06
Non-current liabilities	1,960.45	—	-1,960.45	-100.00
Total liabilities	<b>41,178.63</b>	<b>39,195.03</b>	<b>-1,983.60</b>	<b>-4.82</b>
Net assets (owners' equity)	<b>24,778.64</b>	<b>125,648.89</b>	<b>100,870.25</b>	<b>407.09</b>

The reasons for the increase and decrease of main assets are as follows:

The net book value of fixed assets-buildings is RMB84.9026 million, and the appraisal value is RMB178.7096 million. The value increase is RMB93.807 million. According to the analysis, the main reasons for value increase are: firstly, from the construction date of buildings to the valuation base date, due to the rise in labor costs of various materials, the cost level has increased to a certain extent, which results in valuation increase in origin value; secondly, the depreciation life of the enterprise is 5-12 years for structures and 20-30 years for buildings, while the economic durability period adopted by appraisal is 30-50 years, thus the financial depreciation period of the enterprise is less than the economic service life of the assets, which results in valuation increase in net value.

The net book value of equipment is RMB94.8841 million, the net appraisal value of equipment is RMB95.3155 million, and the value increase is RMB0.4314 million. The value increase is mainly due to the fact that the actual useful life of the enterprise's equipment is longer than the depreciation life, and some equipment adopts accelerated depreciation.

The net book value of intangible assets is RMB37.2658 million, the appraisal value is RMB925.9721 million, and the value increase is RMB888.7063 million, with a value increase rate of 2,384.78%. The main reason for value increase is that enterprise has obtained the land use rights at an early stage and its cost is low. Meanwhile, the price of industrial land in the suburbs has increased significantly in recent years.

The net book value of non-current liabilities is RMB19.645 million and the appraisal value is RMB0 million. The value decrease is mainly because the deferred revenue related to subsidies, of which the project has been completed.

## **PRICING POLICY AND BASIS**

According to the Valuation Report issued by the Valuer, with reference to the valuation of the Target Company on the Valuation Date of December 31, 2022 and taking into consideration of factors such as other commercial reasons and split payment arrangement, all parties to the Equity Transfer Agreement agree to determine the equity transfer price of the Target Company to be RMB1,355,618,000, of which the transfer price of the 75% equity interests of the Target Company held by the Company is RMB1,016,713,500, and the transfer price of the 25% equity interests of the Target Company held by CIMC Vehicle is RMB338,904,500.

## **FINANCIAL IMPACT OF THE TRANSFER AND USE OF PROCEEDS**

After the Completion, the Target Company will no longer be included in the consolidated accounts of the Company.

The total consideration of the Transfer is RMB1,355,618,000. After deducting various taxes and expenses, based on the book value of the assets in the Group's accounts of RMB247,786,400, it is estimated that the book value of income in the income statement of the Group will fall between RMB710,000,000 and RMB775,000,000. The Group will conduct accounting treatment in accordance with the relevant requirements of the Accounting Standards for Business Enterprises. The specific accounting treatment and impact figures are subject to the results of the annual audit confirmation of the accountant.

The Transfer will not have any adverse impact on the financial status, operating results, future main business and sustainable operating capabilities of the Company. The Transfer will not harm the interests of the Company and its Shareholders as a whole. The Company intends to use the proceeds from the Transfer after deducting various taxes and expenses to supplement the Company's working capital and the Company's business investment.

## **REASONS FOR AND BENEFITS OF PROPOSED ENTERING INTO OF THE EQUITY TRANSFER AGREEMENT**

The proposed transfer of 100% equity interests of the Target Company is based on CIMC's intention to integrate its relevant industrial resources and enhance the resources efficiencies in Shenzhen, thus to initiate the purchase of 100% equity interest of the Target Company from the Company. Concurrently, the Company has been planning and promoting the structural reform of production units since 2022. The Transfer is in line with the Company's future strategic planning, which will facilitate the supply-side structural reform promoted by the Company and enhance the quality and efficiency of the Company's operation, thus the Transfer is in line with the planning of the parties to the Equity Transfer Agreement. After the implementation of the Transfer, the Company will continue to seize the opportunity of the development of a unified national market and actively promoting the structural reform of the production units of the Company in Shenzhen and the Guangdong-Hong Kong-Macao Greater Bay Area, with the third-generation of LTP production center and the LoM manufacturing network to build semi-trailer and truck body business, actively explores future-oriented new energy products and innovative business models, and relies on innovation drive to realize of the Company's connotative growth and further promotes the Company's high-quality development.

Based on the above, the Board (except for the independent non-executive Directors who will express their opinions in the circular after considering the opinions of the Independent Financial Advisor on the Equity Transfer Agreement and the transactions contemplated thereunder) believes that the terms and the pricing of the Equity Transfer Agreement are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole notwithstanding that the Transfer is not in the ordinary and usual course of business of the Company.

## **INFORMATION ON THE GROUP**

The Group is the world's leader of sophisticated manufacturing of semi-trailers and specialty vehicles, and is engaged in the manufacture, sale and after-sales services of seven major categories of semi-trailers in global major markets. In the China market, the Group is a competitive and innovative manufacturer of truck bodies for specialty vehicles as well as a manufacturer of lightweight van truck bodies.

CIMC Vehicle is a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. Its principal business is investment holding.

## **INFORMATION ON THE TARGET COMPANY**

Basic information of the Target Company:

Name:	Shenzhen CIMC Vehicle Co., Ltd.* (深圳中集專用車有限公司)
Social unified credit code:	9144030075860190XD
Legal representative:	Li Guiping
Type of company:	Limited Liability Company (foreign invested, non-wholly owned)

Date of incorporation:	May 17, 2004
Term of operation:	May 17, 2004 to May 17, 2034
Registered capital:	RMB150,000,000
Place of residence:	No. 1, Jinlong Avenue, Pingshan, Pingshan New District, Shenzhen City
Scope of business:	General operating items are: development, production and sales of various high-tech and high-performance specialty vehicles, refitted vehicles, special vehicles, semitrailer series (the production of above products is subject to the announcement of relevant national authorities) and their spare parts, new mechanical equipment for road and port, containers, folding boxes, special containers, general mechanical products and metal structures; technical after-sales services.

The Target Company is not a discredited person. As at the date of this announcement, the entire ownership of the Target Company is clear, complete and not subject to mortgages, pledges and any other third party rights. There is no material disputes, litigation, seizure, judicial freezing or other encumbrance in relation to the Target Company. Prior to the Completion, the Company holds 75% equity interest in the Target Company and CIMC Vehicle holds the remaining 25% equity interest in the Target Company.

Major financial information of the Target Company for the financial years ended December 31, 2021 and December 31, 2022 in accordance with PRC GAAP are set out as follows:

<b>Item</b>	<b>For the year ended December 31, 2021 (RMB0'000) (Audited)</b>	<b>For the year ended December 31, 2022 (RMB0'000) (Audited)</b>
Revenue	98,747.20	24,241.68
Gross Profit	4,245.95	12,373.45
Profit before taxation	4,284.95	12,373.03
Net Profit	4,117.36	11,600.23
Net cash flow generated from operating activities	2,052.65	4,986.64

<b>Item</b>	<b>For the year ended December 31, 2021 (RMB0'000) (Audited)</b>	<b>For the year ended December 31, 2022 (RMB0'000) (Audited)</b>
Total assets	99,713.47	65,957.27
Total liabilities	39,682.25	41,178.63
Total accounts receivable	27,467.51	33,714.97
Total amount in relation to contingencies	10,164.93	2,552.68
Net assets	60,031.22	24,778.64

*Notes:*

1. Total accounts receivables in the above table include accounts receivable and other receivables;
2. On October 31, 2022, the Target Company entered into an agreement with the Company, under which the Target Company transferred its entire 78.89% equity interest in its subsidiary, Dongguan CIMC Special Vehicle Co., Ltd.\* (東莞中集專用車有限公司) (“**Dongguan Special Vehicle**”), to the Company. Upon completion of the aforesaid transfer of equity interest, the Target Company no longer holds the equity interest in Dongguan Special Vehicle and does not have any other subsidiaries or investing companies. The transfer involves the equity interest of the Target Company only, therefore, the aforesaid financial data of the Target Company are the relevant financial data of the Target Company; and
3. The amount of unaudited non-recurring profit or loss of the Target Company for the year 2022 was RMB103,770,200, representing 89.46% of its net profit, which was mainly attributable to the transfer of the Target Company’s 78.89% equity interest in Dongguan Special Vehicle from the Target Company to the Company.

As at the date of this announcement, the Group did not provide guarantee, financial assistance, entrusted financial management and non-operating capital appropriation to the Target Company. As at January 31, 2023, the balance of the Target Company’s operating transactions with the Group amounted to RMB24,671,900, which mainly represented the sales of goods receivable from the Group by the Target Company. Settlement will be made by both parties in accordance with the normal settlement cycle. Upon completion of the Transfer, the Group does not provide financial assistance to the Target Company in the form of operating capital transactions in disguise.

## INFORMATION ABOUT CIMC

### Basic information of CIMC:

Name:	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司)
Social unified credit code:	91440300618869509J
Legal representative:	Mai Boliang
Type of company:	Joint Stock Limited Company (Sino-foreign joint venture, listed company)
Date of incorporation:	January 14, 1980
Registered capital:	RMB3,595,013,590
Place of residence:	8th Floor (office), CIMC Research and Development Center, No. 2 Harbour Road, Shekou Industrial Zone, Nanshan District, Shenzhen City
Scope of business:	General operating items are: manufacturing and repairing of containers and related operations, processing and manufacturing of various types of component structures and related equipment using the company’s existing equipment and providing the following processing services; cutting, stamping and forming, riveting surface treatment including sandblasting and painting, welding and assembly; container leasing.

Major consolidated financial data:

<b>Financial indicators</b>	For the year ended	<b>For the nine months</b>
	December 31, 2021 (RMB0'000) (Audited)	ended September 30, 2022 (RMB0'000) (Unaudited)
Total assets	15,432,250	<b>15,528,455</b>
Net assets	5,698,009	<b>6,111,538</b>
Operating income	16,369,598	<b>10,913,309</b>
Net profit	836,077	<b>419,394</b>

CIMC's H shares are listed on the main board of the Hong Kong Stock Exchange and its A shares are listed on the Shenzhen Stock Exchange. CIMC has normal production and operations, is not a discredited person and has a strong contract enforcement capability. As at the date of this announcement, CIMC does not have any Controlling Shareholder nor actual controller. The single largest shareholder of CIMC is Shenzhen Capital Holdings Co., Ltd.# (深圳市資本運營集團有限公司), a state-owned municipal capital operation company established in China and wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen City# (深圳市人民政府國有資產監督管理委員會). As at December 31, 2022, the two largest shareholders of CIMC are Shenzhen Capital Holdings Co., Ltd.# (深圳市資本運營集團有限公司) and China Merchants Group Limited (招商局集團有限公司), having an aggregate shareholding percentage of 54.23% in the Company.

## **OTHERS**

The Equity Transfer Agreement has not been formally signed and the Company will comply with its information disclosure obligations in a timely manner in accordance with the signing progress. Investors are advised to pay attention to the investment risks. The Equity Transfer Agreement and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

## **IMPLICATIONS OF THE HONG KONG LISTING RULES**

As of the date of this announcement, CIMC and its associates directly and indirectly hold approximately 56.78% of the shares of the Company and are the Controlling Shareholders. Therefore, CIMC is a connected person of the Company. The Equity Transfer Agreement to be signed and the transactions contemplated thereunder constitute connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Since the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) of the Equity Transfer Agreement and the transactions contemplated thereunder exceeds 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In addition, since the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) of the Equity Transfer Agreement and the transactions contemplated thereunder exceeds 5% but less than 25%, the Equity Transfer Agreement and the transactions contemplated thereunder also constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements of Chapter 14 of the Hong Kong Listing Rules.

As Mr. Mai Boliang, Mr. Wang Yu, Mr. Zeng Han, Mr. He Jin, being the Directors, and Ms. Wang Jinghua, a supervisor of the Company, each hold different positions in CIMC and/or certain of its subsidiaries, they are deemed to have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and therefore abstained from voting on the resolutions relating to the Equity Transfer Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Directors and supervisors of the Company have any interest in the transactions contemplated under the Equity Transfer Agreement.

After the Completion, if there is any new connected transactions with CIMC and its connected persons, the Company will comply with the corresponding approval procedures and information disclosure obligations in accordance with the relevant regulations in a timely manner.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR**

An Independent Board Committee comprised of all Independent non-executive Directors has been established to consider the terms of the Equity Transfer Agreement and the transactions contemplated thereunder, and to provide opinions to the Independent Shareholders on whether the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms or better, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 13.39(6) of the Hong Kong Listing Rules, the Independent Board Committee has approved the appointment of Innovax Capital as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder. A letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders will be included in the circular.

## **EGM**

The Directors proposed to submit the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM for Independent Shareholders' approval.

As of the date of this announcement, CIMC and its associates directly and indirectly hold approximately 56.78% of the shares of the Company, and will abstain from voting on the approval of the Equity Transfer Agreement and the proposed Transfer thereunder.

Pursuant to the Hong Kong Listing Rules, a circular containing, among other things: (i) details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders regarding the Equity Transfer Agreement and the proposed Transfer thereunder; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before March 1, 2023 to allow sufficient time for preparing the relevant information for the inclusion in the circular.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“A Shares”	domestically listed ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the ChiNext Market of the Shenzhen Stock Exchange;
“Board”	the board of directors of the Company;
“CIMC”	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 on January 14, 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 Vehicle”	CIMC VEHICLE INVESTMENT HOLDINGS COMPANY LIMITED, a wholly-owned subsidiary of the Company;
“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 established under the laws of the PRC on August 29, 1996, the H Shares and A Shares of which are listed and traded on the Hong Kong Stock Exchange (stock code: 1839) and the Shenzhen Stock Exchange (stock code: 301039), respectively;
“Completion”	The date when the entire equity interests of the Target Company have been transferred from the Company and CIMC Vehicle to CIMC and change of registration procedures have been completed at competent company registration authority;
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Shenzhen Stock Exchange Listing Rules and the Hong Kong Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting proposed to be convened by the Company to consider and approve the Equity Transfer Agreement and the transactions contemplated thereunder;

“Equity Transfer Agreement”	the equity transfer agreement considered and approved by the Board on February 6, 2023 to be entered into between the Company, CIMC Vehicle and CIMC, pursuant to which, the Company and CIMC Vehicle will sell their 75% and 25% equity interests in the Target Company, respectively, and CIMC will acquire the entire equity interest in the Target Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“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;
“H Shares”	overseas-listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the main board of the Hong Kong Stock Exchange;
“Independent Board Committee”	an independent board committee comprising all independent non-executive Directors appointed under the Hong Kong Listing Rules to advise the Independent Shareholder(s) on the Equity Transfer Agreement and the proposed Transfer contemplated thereunder;
“Independent Financial Advisor” or “Innovax Capital”	Innovax Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial advisor appointed to advise the Independent Board Committee and the Independent Shareholder(s) on the Equity Transfer Agreement and the proposed Transfer thereunder;
“Independent Shareholder(s)”	shareholder(s) who are not required to abstain from voting on the Equity Transfer Agreement and the transactions contemplated thereunder;
“LoM”	Local Manufacturing, local manufacturing centers;
“LTP”	Light Tower Production, production centers for light towers;
“PRC” or “China”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Shares”	Ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares;

“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange;
“Shenzhen Stock Exchange Listing Rules”	Shenzhen Stock Exchange GEM Stock Listing Rules (Revised in 2020);
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Target Company”	Shenzhen CIMC Vehicle Co., Ltd. (深圳中集專用車有限公司), a limited liability company incorporated in the PRC, being a subsidiary of the Company;
“Transfer”	the Equity Transfer Agreement and the transactions contemplated thereunder;
“Valuation Date”	December 31, 2022, the valuation date stated in the Valuation Report prepared by the Valuer;
“Valuation Report”	the Valuation Report on the Value of the Entire Equity Interest of Shareholders of Shenzhen CIMC Vehicle Co., Ltd. involved in the Proposed Equity Transfer by CIMC Vehicles (Group) Co., Ltd. (Xin Zi Ping Bao Zi (2023) No. 020001 (《中集車輛(集團)股份有限公司擬股權轉讓所涉及的深圳中集專用車有限公司的股東全部權益價值資產評估報告》(信資評報字(2023)第 020001 號)) issued by the Valuer dated February 2, 2023 in relation to the market value of all the shareholders’ interest of the Target Company as at the Valuation Date;
“Valuer”	Shanghai Lixin Appraisal Co., Ltd.* (上海立信資產評估有限公司); and
“%”	percentage.

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

Hong Kong, February 6, 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 reference only*