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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 ACQUISITION OF TARGET ASSETS

THE SALE AND PURCHASE AGREEMENT

The Board wishes to announce that on 23 June 2020 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor (a wholly-owned subsidiary of CIMC), pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Target Assets. The total consideration of the Acquisition is EUR7,185,000 (approximately HK\$62,712,000), payable in cash.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CIMC has a direct and indirect interest of 53.82% in the Company and is the Controlling Shareholder of the Company, and the Vendor is wholly owned by CIMC. Accordingly, CIMC and the Vendor are both connected persons of the Company. The Acquisition under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio calculated in respect of the purchase amount under the Sale and Purchase Agreement is more than 0.1% but less than 5%, the transaction contemplated under the Sale and Purchase Agreement is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements, pursuant to Chapter 14A of the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 23 June 2020 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor (a wholly-owned subsidiary of CIMC), pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Target Assets. The total consideration of the Acquisition is EUR7,185,000 (approximately HK\$62,712,000), payable in cash.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

Date:

23 June 2020

Parties

Purchaser: Exploitiemaatschappij Intraprogres B.V. (a wholly-owned subsidiary of the Company)

Vendor: Beheermaatschappij “Burg” B.V. (a wholly-owned subsidiary of CIMC)

TARGET ASSETS TO BE ACQUIRED

The Target Assets to be acquired by the Purchaser include (i) the Target Land; and (ii) the plant and equipment on the Target Land.

The Target Land: The Target Land is located in No. 75-77 Katwijkerloan, Pijnacker, Rotterdam, the Netherlands, with a total area of 55,762 square meters. The land use right is wholly owned by the Vendor. The Target Land is free from encumbrances such as idle land, mortgage and attachment, mortgage of construction in process and right limitation.

Plant and equipment: As of the date of this announcement, the gross floor area of the plant is 19,466 square meters, which mainly includes the production workshops and office buildings. After entering into the Sale and Purchase Agreement, the relevant equipment will continue to be put into use pursuant to subsequent production requirements.

CONSIDERATION

Consideration of the Acquisition: The total consideration of the Acquisition amounts to EUR7,185,000 (approximately HK\$62,712,000). The Acquisition will be paid out of the net proceeds from the Global Offering of the Company.

Payment for Consideration: The consideration of the Acquisition will be paid to the Vendor no later than 10:00 a.m. on the Transfer Date.

BASIS FOR DETERMINATION OF THE CONSIDERATION

The consideration was determined based on normal commercial terms after arm’s length negotiation between the parties and with reference to the Valuation Report issued by the Independent Valuation Institution appointed by the Group, which has assessed the value of the Target Land as at the Valuation Benchmark Date of the Target Land based on the cost approach and the plant and equipment thereof as at the Valuation Benchmark Date of the plant and equipment based on the market approach to be EUR6,520,000 (approximately HK\$56,908,000) and EUR665,000 (approximately HK\$5,804,000), respectively. As at 31 December 2019, the carrying amount of the Target Assets is approximately EUR10,252,000 (approximately HK\$89,482,000).

COMPLETION TIME

According to the Sale and Purchase Agreement, the completion of the Acquisition will take place before the Transfer Date.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the announcements of the Company dated 5 December 2019 and 25 March 2020, the Company intended to use part of the net proceeds from the Global Offering to develop a new assembly plant for swap bodies and chassis and flatbed trailers in the Netherlands (“**Netherlands Project**”). Having considered that (1) the acquisition of the Target Assets could shorten the product delivery time, reduce additional capital investment into plants, enrich after-sales services in the market and improve our ability to effectively adjust products in response to the changes in the local market as the Target Assets, with complete existing plant facilities and convenient transportation, are close to the port and adjacent to customers in the European market; and (2) our product assembly capabilities and production capacities can be significantly improved if the Company acquires the Target Assets as a whole and equip them with automatic upgraded facilities in the future. In addition, immediately upon the completion of the Acquisition, the Company also plans to allocate the remaining net proceeds of Netherlands Project for the expansion of the investment scale of the existing plant and equipment and the addition of the assembly line of chassis and flatbed trailers, with a view to further enhancing the Group’s competitiveness and market share in the European market.

As each of Mr. Mai Boliang, Mr. Wang Yu and Ms. Zeng Beihua is the Director and is also the director and/or senior management of CIMC and/or its certain subsidiaries, they are deemed to have material interests in the Acquisition. Save for the above persons, none of the Directors has a material interest in the Acquisition or is required to abstain from voting on the Board resolutions approving the Acquisition and the transaction contemplated thereunder.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are entered into on normal commercial terms and fair and reasonable as far as the Company and the Shareholders are concerned and thus the transaction is in the interests of the Group and the Shareholders as a whole.

GENERAL INFORMATION

The Company

The Company primarily engages in the manufacture and sale of semi-trailers and truck bodies for specialty vehicles, and markets and sells an extensive range of semi-trailers and truck bodies in China, North America, Europe and other regions, covering over 40 countries.

CIMC

CIMC is a joint stock company incorporated in the PRC, the H Shares of which are listed on the Main Board of the Stock Exchange and the A shares of which are listed on the Shenzhen Stock Exchange. 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, and the design, manufacture and services of automated logistics system and intelligent parking system. In addition, CIMC Group is also engaged in logistics services business, industrial city development, finance and asset management and other businesses. CIMC Group has established an industrial cluster focusing on key equipment and solutions of logistics and energy industry through business expansion and technology development.

The Purchaser

Exploitiemaatschappij Intraprogres B.V. is a company incorporated in the Netherlands and a wholly-owned subsidiary of the Company, which is principally engaged in the investment holding business.

The Vendor

Beheermaatschappij “Burg” B.V. is a company incorporated in the Netherlands and a wholly-owned subsidiary of CIMC, which is principally engaged in the investment holding business.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CIMC has a direct and indirect interest of 53.82% in the Company and is the Controlling Shareholder of the Company, and the Vendor is wholly owned by CIMC. Accordingly, CIMC and the Vendor are both connected persons of the Company. The Acquisition under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio calculated in respect of the purchase amount under the Sale and Purchase Agreement is more than 0.1% but less than 5%, the transaction contemplated under the Sale and Purchase Agreement is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders’ approval requirements, pursuant to Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Assets from the Vendor by the Purchaser pursuant to the Sale and Purchase Agreement
“Board” or “Board of Directors”	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 on 14 January 1980 and listed on the Shenzhen Stock Exchange (stock code: 000039) and the Stock Exchange (stock code: 2039), and the promoter and Controlling Shareholder 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 29 August 1996
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EUR”	EURO, the lawful currency of the Eurozone
“Global Offering”	the offer of the Company’s H Shares for subscription by the public in Hong Kong and outside the United States in offshore transactions, and only for subscription by the qualified institutional buyers in the United States, details of which are set out in the Prospectus
“Group” or “our Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Valuation Institution”	Troostwijk Valuations B.V.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 27 June 2019 in connection with the Global Offering

“Purchaser”	Exploitiemaatschappij Intraprogres B.V., a company incorporated in the Netherlands and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Purchaser and the Vendor on 23 June 2020 in respect of the Target Assets
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	including (i) the Target Land; and (ii) the plant and equipment on the Target Land
“Target Land”	the land located in the Pijnacker region, Rotterdam, the Netherlands, with a total area of 55,762 square meters
“Transfer Date”	as agreed by both parties, the transfer date shall not be later than 30 September 2020 (Dutch time)
“Valuation Benchmark Date of the Plant and Equipment”	6 November 2019
“Valuation Benchmark Date of the Target Land”	31 October 2019
“Valuation Report”	the valuation report on the Target Land dated 4 December 2019 and the valuation report on the plant and equipment dated 14 November 2019
“Vendor”	Beheermaatschappij “Burg” B.V., a company incorporated in the Netherlands and a wholly-owned subsidiary of CIMC
“%”	per cent

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

Hong Kong, 23 June 2020

*As at the date of this announcement, the Board comprises nine members, being Mr. Mai Boliang**, Mr. Li Guiping*, Ms. Zeng Beihua**, Mr. Wang Yu**, Mr. Chen Bo**, Mr. Huang Haicheng**, Mr. Feng Jinhua***, Mr. Fan Zhaoping*** and Mr. Cheng Hok Kai Frederick***.*

* *Executive Director*

** *Non-executive Directors*

*** *Independent non-executive Directors*

For the purpose of this announcement and for illustrative purpose only, EUR has been converted into HK\$ at the rate of EUR1 : HK\$8.7282. No representation is made that any amounts in EUR has been or could be converted at the above rate or at any other rates.