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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)

ANNOUNCEMENT
REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION

BACKGROUND

References are made to the Announcements and the Circular of the Company in relation to, among others, the entering into of the Procurement and Service Framework Agreement, the transactions contemplated thereunder and the Existing Annual Caps. With reference to the Announcements and Circular, the Company proposed to enter into, among others, the Procurement and Service Framework Agreement on 25 August 2021 and obtained the approval from the Independent Shareholders in the first extraordinary general meeting of 2021 on 29 September 2021, pursuant to which, the Company entered into the Procurement and Service Framework Agreement with CIMC on 29 September 2021 for the procurement of products and services from CIMC Connected Persons from 1 January 2022 to 31 December 2024.

In light of the growth in the procurement amount of containers and logistic services driven by the increasing demand for the refrigerated trailers in the North American market, the Company expects that the connected transaction amount with CIMC Connected Persons will increase and the Existing Annual Caps for the transactions contemplated under the Procurement and Service Framework Agreement for the period from 1 January 2022 to 31 December 2024 may no longer be sufficient to support the business need of the Group in the future. Therefore, the Board proposes to enter into the Supplemental Agreement to revise and increase the Existing Annual Caps for the three years ending 31 December 2024.

IMPLICATIONS OF THE LISTING RULES OF THE HONG KONG STOCK EXCHANGE

As at 25 May 2022, CIMC and its associates directly and indirectly hold approximately 55.65% of the shares of the Company and are controlling shareholders. Therefore, CIMC is a connected person of the Company and the transactions contemplated under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange. As the highest applicable percentage ratio in respect of the Revised Annual Caps under the Supplemental Agreement exceeds 5%, the transactions contemplated under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) constitute non-exempt continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

IMPLICATIONS OF LISTING RULES OF THE SHENZHEN STOCK EXCHANGE

As at 25 May 2022, CIMC and persons acting in concert with it directly and indirectly hold approximately 55.65% of the shares of the Company and are controlling shareholders. Pursuant to the Listing Rules of the Shenzhen Stock Exchange, CIMC and persons acting in concert with it are related parties of the Company. Therefore, the transactions under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) constitute related transactions of the Company. As the highest applicable percentage ratio in respect of the Revised Annual Caps under the Supplemental Agreement in aggregate calculated pursuant to the Listing Rules of the Shenzhen Stock Exchange are more than 5%, the transactions contemplated under the Supplemental Agreement shall be submitted at the General Meeting for consideration, pursuant to the Listing Rules of the Shenzhen Stock Exchange. The related transactions are 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.

GENERAL MATTERS

A General Meeting will be convened by the Company in accordance with the Listing Rules of the Hong Kong Stock Exchange and the Listing Rules of the Shenzhen Stock Exchange, at which a resolution will be proposed to seek the approval of Supplemental Agreement and the Revised Annual Caps. A circular containing, among others, (1) further details of the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) and the Revised Annual Caps; (2) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (3) recommendation from the Independent Board Committee to the Independent Shareholders; and (4) a notice of the General Meeting, is expected to be despatched to Shareholders on or before 24 June 2022.

REVISION OF THE ANNUAL CAPS UNDER THE PROCUREMENT AND SERVICE FRAMEWORK AGREEMENT

References are made to the Announcements and the Circular of the Company in relation to, among others, the entering into of the Procurement and Service Framework Agreement, the transactions contemplated thereunder and the Existing Annual Caps. With reference to the Announcements and Circular, the Company proposed to enter into, among others, the Procurement and Service Framework Agreement on 25 August 2021 and obtained the approval from the Independent Shareholders in the first extraordinary general meeting of 2021 on 29 September 2021, pursuant to which, the Company entered into the Procurement and Service Framework Agreement with CIMC on 29 September 2021 for the procurement of products and services from CIMC Connected Persons from 1 January 2022 to 31 December 2024.

In light of the growth in the procurement amount of containers and logistic services driven by the increasing demand for the refrigerated trailers in the North American market, the Company expects that the connected transaction amount with CIMC Connected Persons will increase and the Existing Annual Caps for the transactions contemplated under the Procurement and Service Framework Agreement for the period from 1 January 2022 to 31 December 2024 may no longer be sufficient to support the business need of the Group in the future. Therefore, the Board proposes to enter into the Supplemental Agreement to revise and increase the Existing Annual Caps for the three years ending 31 December 2024.

Historical Amounts

The actual historical transaction amounts for the year ended 31 December 2021 and for the transactions conducted under the Procurement and Service Framework Agreement for the period between 1 January 2022 and 30 April 2022 are as follows:

	For the year ended 31 December 2021 (RMB '000)	From 1 January 2022 to 30 April 2022 (RMB '000) (Unaudited)
Goods procurement	620,249	204,759
Services received	114,406	65,699
Total	<u>734,655</u>	<u>270,458</u>

Revised Annual Caps

The aggregate annual transaction amount of goods procurement and services received under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) for the three years ending 31 December 2024 shall not exceed the annual caps set out below:

	For the year ending 31 December		
	<i>(RMB'000)</i>		
	2022	2023	2024
Goods procurement	1,150,000	1,350,000	1,450,000
Services received	<u>450,000</u>	<u>550,000</u>	<u>550,000</u>
Total	<u><u>1,600,000</u></u>	<u><u>1,900,000</u></u>	<u><u>2,000,000</u></u>

Save for the Revised Annual Caps, all other terms including the pricing policies of the Procurement and Service Framework Agreement remain unchanged and in full force and effect.

Basis of the Revised Annual Caps

The Revised Annual Caps are determined basing on the future development strategy and business plan of the Group with reference to (1) the historical transaction amount; (2) the demand of the refrigerated trailers in North American market, and the confirmed orders and orders under negotiation of the refrigerated trailers in the North American market; (3) the Group's production and shipment plans for the refrigerated trailers in the North American market; and (4) the purchase plan of the Group.

REASONS FOR THE REVISED ANNUAL CAPS

Taking into consideration of the surge in demand of the Group's refrigerated trailers in North American market which drives the Group's procurement of containers and logistics services, among others, from CIMC Connected Persons, and the purchase plan of the Group, the anticipated total transaction amount between the Company and CIMC under the Procurement and Service Framework Agreement is expected to increase. The Directors expect that the Existing Annual Caps may no longer be sufficient for the three years ending 31 December 2024 and therefore propose to revise and increase the Existing Annual Caps for the continuing connected transaction contemplated thereunder.

BENEFITS OF THE TRANSACTIONS

The Group has always procured and will continue to procure products and services from CIMC Connected Persons as such procurement meets the daily operational needs of the Group in its ordinary course of business while CIMC Connected Persons have been providing the Group with such products and services with standard and quality commensurate with the requisite safety and quality standard of the Group and can meet the needs of the Group efficiently and reliably. In addition, as CIMC Connected Persons and the Group are subsidiaries of CIMC Group, it is expected that both parties' deeper understanding of their respective operations in previous cooperation should make the products and services provided by CIMC Connected Persons more rapid and efficient than those provided by other independent third parties. Furthermore, as shipowners and carriers of CIMC Connected Persons that provide certain logistics services to the Group have sufficient freight spaces, they can provide more freight spaces more flexibly for the Group to meet urgent transportation needs. Therefore, although the Group can obtain similar logistics services from independent suppliers, the logistics services provided by CIMC Connected Persons are more flexible than those provided by other independent third parties in meeting the logistics and transportation needs of the Group.

DIRECTORS' AND SUPERVISORS' CONFIRMATION

The Directors (other than the Independent Non-executive Directors who will express their opinion in a separate letter to be included in the circular to the Independent Shareholders based on the recommendations from the Independent Financial Adviser) and Supervisors are of the view that the Supplemental Agreement and the Revised Annual Caps are fair and reasonable, the transactions contemplated thereunder are and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As each of Mr. Mai Boliang, Mr. Wang Yu, Mr. Zeng Han, Mr. He Jin and Ms. Wang Jinghua is the Director or Supervisor and hold different positions in CIMC and/or its certain subsidiaries, they are deemed to have material interests in the transactions contemplated under the Supplemental Agreement, and therefore abstained from voting on the resolution on the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps. Save for the above disclosed, other Directors and Supervisors are not interested in the transactions contemplated under the Supplemental Agreement.

INTERNAL CONTROL MEASURES

Save for the internal control measures pursuant to the Procurement and Service Framework Agreement as set out in the Announcements and the Circular, the Company will comply with the annual review requirements by the Independent Non-executive Directors and the auditor relating to the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) pursuant to the Listing Rules of the Hong Kong Stock Exchange.

INFORMATION ABOUT THE PARTIES

The Company

The Group is the world's leading sophisticated manufacturer of semi-trailers and special vehicles, and engages in the manufacture, sales and after-sales market 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 light van truck bodies.

CIMC

CIMC is a joint stock company established in the PRC with limited liability, with its H Shares listed on the Main Board of the Hong Kong Stock Exchange and A Shares 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 and liquid food equipment, offshore engineering equipment, logistics service and airport facilities equipment.

IMPLICATIONS OF THE LISTING RULES OF THE HONG KONG STOCK EXCHANGE

As at 25 May 2022, CIMC and its associates directly and indirectly hold approximately 55.65% of the shares of the Company and are controlling shareholders. Therefore, CIMC is a connected person of the Company and the transactions contemplated under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange. As the highest applicable percentage ratio in respect of the Revised Annual Caps under Supplemental Agreement exceeds 5%, the transactions contemplated under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) constitute non-exempt continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

IMPLICATIONS OF LISTING RULES OF THE SHENZHEN STOCK EXCHANGE

As at 25 May 2022, CIMC and persons acting in concert with it directly and indirectly hold approximately 55.65% of the shares of the Company and are controlling shareholders. Pursuant to the Listing Rules of the Shenzhen Stock Exchange, CIMC and persons acting in concert with it are related parties of the Company. Therefore, the transactions under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) constitute related transactions of the Company. As the highest applicable percentage ratio in respect of the Revised Annual Caps under the Supplemental Agreement in aggregate calculated pursuant to the Listing Rules of the Shenzhen Stock Exchange are more than 5%, the transactions contemplated under the Supplemental Agreement shall be submitted at the General Meeting for consideration, pursuant to the Listing Rules of the Shenzhen Stock Exchange. The related transactions are 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.

GENERAL MATTERS

A General Meeting will be convened by the Company in accordance with the Listing Rules of the Hong Kong Stock Exchange and the Listing Rules of the Shenzhen Stock Exchange, at which resolutions will be proposed to seek the approval of Supplemental Agreement and the Revised Annual Caps. A circular containing, among others, (1) further details of the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) and the Revised Annual Caps; (2) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (3) recommendation from the Independent Board Committee to the Independent Shareholders; and (4) a notice of the General Meeting, is expected to be despatched to Shareholders on or before 24 June 2022.

Save as disclosed above, all other information relating to the Procurement and Service Framework Agreement set out in Announcements and the Circular remain unchanged. This announcement is supplemental to and should be read in conjunction with the Announcements and the Circular, and in that connection, the Announcements and the Circular shall continue to be valid for all purposes save as disclosed above.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules of the Hong Kong Stock Exchange
“Announcement(s)”	the announcements of the Company dated 25 August 2021 and 29 September 2021 in relation to, among others, (i) the proposed entering into of the Procurement and Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps between the Company and CIMC; and (ii) the resolution of above issues was considered and approved by the Independent Shareholders
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China
“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 with limited liability 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 Connected Persons”	CIMC Group and associates/related parties of CIMC (for the purposes of this announcement, excluding the Group)

“CIMC Group”	CIMC and its subsidiaries (excluding the Company and its subsidiaries)
“Circular”	the circular of the Company dated 13 September 2021 in relation to among others, the entering into of the Procurement and Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps
“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, whose H shares and A shares 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 Listing Rules of the Hong Kong Stock Exchange
“controlling shareholder(s)”	has the meaning ascribed thereto under the listing rules of the Shenzhen Stock Exchange and the Listing Rules of the Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Annual Caps”	the aggregate maximum annual transaction amount of goods procurement and services to be received under the Procurement and Service Framework Agreement for the three years ending 31 December 2024
“General Meeting”	the extraordinary general meeting of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent committee of the Board comprising all of the Independent Non-executive Directors, which has been established for the purpose of advising the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps
“Independent Financial Adviser”	an independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Supplemental Agreement and the Revised Annual Caps

“Independent Non-executive Director(s)” or “Independent Director(s)”	the independent non-executive director(s) of the Company
“Independent Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules of the Hong Kong Stock Exchange
“Listing Rules of the Hong Kong Stock Exchange”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Listing Rules of the Shenzhen Stock Exchange”	the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, as amended from time to time
“Procurement and Service Framework Agreement”	the procurement of products and services framework agreement 2022-2024 entered into on 29 September 2021 by and between the Company and CIMC
“related party(ies)”	has the meaning ascribed thereto under the Listing Rules of the Shenzhen Stock Exchange
“Revised Annual Caps”	the proposed increase of the Existing Annual Caps under the Supplemental Agreement for (i) goods procurement for the three years ending 31 December 2024 from RMB400 million to RMB1,150 million, RMB440 million to RMB1,350 million and RMB490 million to RMB1,450 million, respectively; and (ii) services received for the three years ending 31 December 2024 from RMB70 million to RMB450 million, RMB75 million to RMB550 million and RMB83 million to RMB550 million, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Supervisor(s)”	the supervisor(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange

“Supplemental Agreement” the supplemental agreement to the Procurement and Service Framework Agreement proposed to be entered into by the Company with CIMC, which will be officially entered into, subject to the approval at the General Meeting, and will come into force upon signing after the approval of the Supplemental Agreement and the Revised Annual Caps by the Independent Shareholders at the General Meeting

“%” per cent

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

Hong Kong, 2 June 2022

*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. Huang Haicheng**, Mr. He Jin**, Mr. Feng Jinhua***, Mr. Fan Zhaoping*** and Mr. Cheng Hok Kai Frederick***.*

* *Executive Director*

** *Non-executive Directors*

*** *Independent non-executive Directors*