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CIMC | TianDa

CIMC-TianDa Holdings Company Limited
中集天達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 445)

ANNOUNCEMENT
MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF 5% EQUITY INTEREST IN
SHENZHEN CIMC TONGCHUANG SUPPLY CHAIN CO., LTD

THE TONGCHUANG EQUITY TRANSFER

The Board is pleased to announce that on 28 August 2018 (after trading hours), Allied Best (China), an indirect wholly owned subsidiary of the Company, entered into the Tongchuang Equity Transfer Agreement with CIMC Tianda (Shenzhen), an indirect wholly owned subsidiary of CIMC, pursuant to which Allied Best (China) agreed to acquire the Sale Shares from CIMC Tianda (Shenzhen) at nil consideration. As CIMC Tianda (Shenzhen) has only acquired the Sale Shares by way of subscription by entering in the Capital Increase Agreement on 20 July 2018 and CIMC Tianda (Shenzhen) has not made its capital contribution of RMB10,000,000 to the registered share capital of RMB200,000,000 of Tongchuang as at the date of the Tongchuang Equity Transfer Agreement, Allied Best (China) shall instead assume the obligation of CIMC Tianda (Shenzhen) to contribute RMB10,000,000 to the registered capital of Tongchuang upon completion of the Tongchuang Equity Transfer.

Upon completion of the Tongchuang Equity Transfer, Allied Best (China) shall hold 5% equity interest in Tongchuang.

LISTING RULES IMPLICATIONS

CIMC Tianda (Shenzhen) is an indirect wholly owned subsidiary of CIMC which is the controlling shareholder of the Company. As such, CIMC and CIMC Tianda (Shenzhen) are connected persons of the Company and the Tongchuang Equity Transfer therefore constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules.

As the Tongchuang Equity Transfer Agreement was entered into within 12 months after completion of the Previous Transactions and the agreements in respect of the Previous Transactions and the Tongchuang Equity Transfer Agreement were entered into between parties which are ultimately controlled by CIMC, the Tongchuang Equity Transfer and the Previous Transactions are aggregated pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios for the Tongchuang Equity Transfer and the Previous Transactions in aggregate under the Listing Rules is more than 25% but less than 100%, the Tongchuang Equity Transfer constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Tongchuang Equity Transfer Agreement is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the applicable percentage ratios in respect of the Tongchuang Equity Transfer and the Previous Transactions in aggregate under the Listing Rules is more than 5%, the Tongchuang Equity Transfer also constitutes a connected transaction of the Company that is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company will convene the EGM to seek, among other things, the approval of the Independent Shareholders for the Tongchuang Equity Transfer in addition to the Previous Transactions.

In view of CIMC's material interest in the Tongchuang Equity Transfer, CIMC and its respective associate(s) will abstain from voting on the relevant resolutions at the EGM.

An independent board committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders as to whether the terms of the Transactions are fair and reasonable and as to voting in respect thereof at the EGM. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details about the Transactions; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Transactions; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Transactions; and (iv) the notice convening the EGM, will be despatched to the Shareholders on or before 30 September 2018 to allow sufficient time for the preparation of the relevant information (including but not limited to the accountants' report and pro forma financial information in relation to the Transactions) for inclusion in the circular.

WARNING

As completion of the Tongchuang Equity Transfer may or may not materialise, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

1. THE TONGCHUANG EQUITY TRANSFER AGREEMENT

Date

28 August 2018 (after trading hours)

Parties

- (a) CIMC Tianda (Shenzhen)
- (b) Allied Best (China)

CIMC Tianda (Shenzhen) is a connected person of the Company. Further information about CIMC Tianda (Shenzhen) and Allied Best (China) is set out in the section headed "Information Relating to the Parties of the Tongchuang Equity Transfer Agreement" below.

Consideration

CIMC Tianda (Shenzhen) has only acquired the Sale Shares by way of subscription by entering in the Capital Increase Agreement on 20 July 2018 and has not made its contribution of RMB10,000,000 to the registered capital of Tongchuang as at the date of the Tongchuang Equity Transfer Agreement. Accordingly, the consideration for the Tongchuang Equity Transfer is nil and Allied Best (China) shall instead assume the obligation of CIMC Tianda (Shenzhen) to contribute RMB10,000,000 to the registered capital of Tongchuang upon completion of the Tongchuang Equity Transfer. The Sale Shares represent 5% equity interest in Tongchuang.

The following table shows the registered capital and shareholding structure of Tongchuang before and after the Tongchuang Equity Transfer:

Shareholders	Before the Tongchuang Equity Transfer		After the Tongchuang Equity Transfer	
	Registered capital of Tongchuang (RMB)	% of shareholding in Tongchuang	Registered capital of Tongchuang (RMB)	% of shareholding in Tongchuang
CIMC Investment	70,000,000	35%	70,000,000	35%
CIMC Technology	50,000,000	25%	50,000,000	25%
CIMC Vehicle	20,000,000	10%	20,000,000	10%
Eric Shenzhen	20,000,000	10%	20,000,000	10%
CIMC-Tianda (Shenzhen)	10,000,000	5%	–	–
Shenzhen Qili	30,000,000	15%	30,000,000	15%
Allied Best (China)	–	–	10,000,000	5%
Total	<u>200,000,000</u>	<u>100</u>	<u>200,000,000</u>	<u>100</u>

Conditions Precedent

Completion of the Tongchuang Equity Transfer is conditional upon the following conditions:

- (a) Tongchuang completes the relevant procedures for the registration of the change of shareholders relating to the Sale Shares with the relevant business registration authority in the PRC;
- (b) the board of directors and the shareholders of CIMC Tianda (Shenzhen) have passed a resolution on the Tongchuang Equity Transfer;
- (c) the board of directors and the shareholders of Tongchuang have passed a resolution on the Tongchuang Equity Transfer; and
- (d) the Independent Shareholders have approved the Tongchuang Equity Transfer Agreement and the transactions contemplated thereunder at the EGM in accordance with the Listing Rules.

Pre-emptive Rights

For the purpose of the Tongchuang Equity Transfer, the other existing shareholders of Tongchuang, namely CIMC Investment, CIMC Technology, CIMC Vehicle, Enric Shenzhen and Shenzhen Qili, have agreed not to exercise their pre-emptive rights to purchase the Sale Shares.

Completion

Completion will take place on the date of the completion of the relevant procedures for the registration of the change of shareholders of Tongchuang from CIMC Tianda (Shenzhen) to Allied Best (China) in respect of the Tongchuang Equity Transfer with the relevant business registration authority in the PRC and after the above conditions precedent are satisfied. The completion of the Tongchuang Equity Transfer shall be no later than 31 December 2018 or any other date as agreed between CIMC Tianda (Shenzhen) and Allied Best (China).

Information Relating to the Parties of the Tongchuang Equity Transfer Agreement

Information on CIMC

CIMC is a joint stock company established in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange and the H shares of which are listed on the Main Board of the Stock Exchange. CIMC is principally engaged in the container manufacturing and service business, road transportation vehicle business, energy, chemical and food equipment business, offshore engineering business, airport facilities equipment business and fire safety business.

Information on the Group

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the production and sale of fire engines, the production and sale of fire prevention and fighting equipment, the design and manufacturing of passengers boarding bridges and auto stereoscopic parking systems, and the provision of integrated solutions of airport facility equipment, including airport logistic systems (baggage handling and material handling) and ground support equipment.

Information on CIMC Tianda (Shenzhen)

CIMC Tianda (Shenzhen) is a company established in the PRC with limited liability and an indirect wholly owned subsidiary of CIMC. It is principally engaged in the provision of consultancy services for corporate management and the development of airport equipment.

Information on Allied Best (China)

Allied Best (China) is a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company. It is principally engaged in the design and manufacturing of fire equipment.

Information on Tongchuang

Tongchuang is a limited liability company established in the PRC in 2016. It is principally engaged in supply chain management and sales services for various steel and aluminium products. Its target customers are CIMC and its subsidiaries and business enterprises outside the CIMC Group.

The audited financial information of Tongchuang from the establishment to the year ended 31 December 2017 and the unaudited financial information of Tongchuang for the six months ended 30 June 2018, prepared in accordance with the PRC accounting standards, are set out below:

	For the financial year ended 31 December 2017 <i>(audited)</i> RMB'000	For the six months ended 30 June 2018 <i>(unaudited)</i> RMB'000
Profit/(loss) before taxation	894	(218)
Profit/(loss) after taxation	670	(218)

The net asset value of Tongchuang as at 31 December 2017 and 30 June 2018 were RMB670,470.33 and RMB36,152,313.6 respectively.

Tongchuang was established by CIMC Investment in March 2016 and therefore it involved no original acquisition cost of its holding of Tongchuang.

2. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

The Board believes that by injecting capital to Tongchuang, which is principally engaged in supply chain management and sales services for various steel and aluminium products, the Group is able to establish a closer business relationship with Tongchuang and secure a consistent and reliable supply of quality steel and aluminium products and services from Tongchuang for the Group's production activities. The Board believes that this strategic relationship is beneficial to the business development of the Group and Tongchuang by allowing them to focus and leverage on their respective strengths in the industry and benefit from economies of scale.

The contribution of RMB10,000,000 by Allied Best (China) to the registered capital of Tongchuang, which was determined between CIMC Tianda (Shenzhen) and Allied Best (China) on arm's length negotiations, will be financed by the internal resources of the Group.

The Board believes that the Tongchuang Equity Transfer will enable the Group to enjoy more favourable prices on procurement and gains from the capital investment in Tongchuang.

Accordingly, the Directors (excluding (1) the independent non-executive Directors whose opinions will be rendered after having obtained the advice from the independent financial adviser; and (2) each of Mr. Li Yin Hui, Mr. Zheng Zu Hua, Mr. Luan You Jun and Mr. Yu Yu Qun, who are connected Directors of CIMC and have abstained from voting) are of the view that the terms of the Tongchuang Equity Transfer Agreement are fair and reasonable and the entering into of the Tongchuang Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

3. IMPLICATIONS UNDER THE LISTING RULES

CIMC Tianda (Shenzhen) is an indirect wholly owned subsidiary of CIMC which is the controlling shareholder of the Company. As such, CIMC and CIMC Tianda (Shenzhen) are connected persons of the Company and the Tongchuang Equity Transfer therefore constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules.

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An independent board committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders as to whether the terms of the Transactions are fair and reasonable and as to voting in respect thereof at the EGM. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details about the Transactions; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Transactions; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Transactions; and (iv) the notice convening the EGM, will be despatched to the Shareholders on or before 30 September 2018 to allow sufficient time for the preparation of the relevant information (including but not limited to the accountants' report and pro forma financial information in relation to the Transactions) for inclusion in the circular.

As the completion of the Tongchuang Equity Transfer may or may not materialise, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Allied Best (China)”	Allied Best (China) Fire Safety Appliances Manufacturing Co., Ltd (萃聯(中國)消防設備製造有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company;
“Board”	the board of Directors;

“Capital Increase Agreement”	the agreement dated 20 July 2018 amongst CIMC Investment, CIMC Technology, CIMC Vehicle, Enric Shenzhen, CIMC-Tianda (Shenzhen) and Shenzhen Qili in relation to the increase in the registered capital of Tongchuang from RMB 35,700,000 to RMB200,000,000;
“CIMC”	China International Marine Containers (Group) Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 2039);
“CIMC Finance”	CIMC Finance Co., Ltd., a company established in the PRC with limited liability and a direct wholly owned subsidiary of CIMC as at the date of this announcement;
“CIMC Finance Capital Increase”	the capital contributions by Southern CIMC Container, CIMC-Tianda Airport Support, Enric Jingmen and CIMC Modern Logistics to the increase in the registered capital of CIMC Finance pursuant to the CIMC Finance Capital Increase Agreement;
“CIMC Finance Capital Increase Agreement”	the agreement dated 20 July 2018 between CIMC, Southern CIMC Container, CIMC-Tianda Airport Support, Enric Jingmen and CIMC Modern Logistics in relation to the CIMC Finance Capital Increase;
“CIMC Investment”	Shenzhen CIMC Investment Co., Ltd* (深圳市中集投資有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of CIMC;
“CIMC Modern Logistics”	CIMC Modern Logistics Development Co., Ltd.* (中集現代物流發展有限公司), a company established in the PRC with limited liability and a direct wholly owned subsidiary of CIMC;
“CIMC Technology”	CIMC Technology Co., Ltd (中集技術有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of CIMC;
“CIMC-Tianda Airport Support”	Shenzhen CIMC-Tianda Airport Support Co., Ltd.* (深圳中集天達空港設備有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company;

“CIMC Tianda (Shenzhen)”	CIMC Tianda Holdings (Shenzhen) Co., Ltd. (中集天達控股(深圳)有限公司), a limited liability company established in the PRC and an indirect wholly owned subsidiary of CIMC;
“CIMC Vehicle”	CIMC Vehicle (Group) Co., Ltd.* (中集車輛(集團)有限公司), a company established in the PRC with limited liability and a direct non-wholly owned subsidiary of CIMC;
“Company”	CIMC-TianDa Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 445);
“connected person”	has the meaning as ascribed thereto under the Listing Rules;
“controlling shareholder”	has the meaning as ascribed thereto under the Listing Rules;
“Directors”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving Transactions;
“Enric Jingmen”	CIMC Enric (Jingmen) Energy Equipment Company Limited* (中集安瑞科(荊門)能源裝備有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CIMC;
“Enric Shenzhen”	CIMC Enric Investment Holdings (Shenzhen) Ltd.* (中集安瑞科投資控股(深圳)有限公司) a company established in the PRC with limited liability, an indirect non-wholly owned subsidiary of CIMC
“Group”	the Company and its subsidiaries;
“Huijie”	Shenzhen CIMC Huijie Supply Chain Co., Ltd.* (深圳中集匯杰供應鏈有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of CIMC;

“Huijie Equity Transfer”	the acquisition of the Huijie Sale Shares by Allied Best (China) from CIMC Tianda (Shenzhen);
“Huijie Equity Transfer Agreement”	the agreement dated 20 July 2018 between CIMC Tianda (Shenzhen) and Allied Best (China) in respect of the Huijie Equity Transfer;
“Huijie Sale Shares”	10% of the equity interest in Huijie;
“Independent Shareholders”	shareholders of the Company other than CIMC and its associates and its concert parties;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, will exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China;
“Previous Transactions”	the contribution to the CIMC Finance Capital Increase by CIMC-Tianda Airport Support and the Huijie Equity Transfer;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	5% of the equity interest in Tongchuang;
“Shareholder(s)”	the holder(s) of shares of the Company;
“Shenzhen Qili”	Shenzhen Qili Corporate Management Partnership (Limited Partnership)* (深圳齊力企業管理合夥企業(有限合夥)), a limited partnership established in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tongchuang”	Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.* (深圳中集同創供應鏈有限公司), a limited liability company established in the PRC;
“Tongchuang Equity Transfer”	the acquisition of the Sale Shares by Allied Best (China) from CIMC Tianda (Shenzhen);

“Tongchuang Equity Transfer Agreement”	the agreement dated 28 August 2018 between CIMC Tianda (Shenzhen) and Allied Best (China) in respect of the Tongchuang Equity Transfer;
“Transactions”	the Previous Transactions and the Tongchuang Equity Transfer;
“%”	per cent.

By order of the Board
CIMC-TianDa Holdings Company Limited
Li Ching Wah
Company Secretary

Hong Kong, 28 August 2018

As at the date of this announcement, the Company’s Directors are as follows:

<i>Dr. Li Yin Hui</i>	<i>Chairman and Non-executive Director</i>
<i>Mr. Jiang Xiong</i>	<i>Honorary Chairman and Executive Director</i>
<i>Mr. Zheng Zu Hua</i>	<i>Executive Director</i>
<i>Mr. Luan You Jun</i>	<i>Executive Director</i>
<i>Mr. Yu Yu Qun</i>	<i>Non-executive Director</i>
<i>Mr. Robert Johnson</i>	<i>Non-executive Director</i>
<i>Dr. Loke Yu</i>	<i>Independent non-executive Director</i>
<i>Mr. Heng Ja Wei</i>	<i>Independent non-executive Director</i>
<i>Mr. Ho Man</i>	<i>Independent non-executive Director</i>

* *For identification purpose only*