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 People's Republic of China with limited liability)
(Stock Code: 2039)

SUPPLEMENTARY ANNOUNCEMENT REGARDING THE REPLY IN RESPECT OF THE FEEDBACK ON THE REVIEW OF THE APPLICATION DOCUMENTS FOR THE NON-PUBLIC ISSUANCE OF A SHARES BY THE COMPANY

References are made to the Announcement Regarding the Reply in Respect of the Feedback on the Review of the Application Documents for the Non-Public Issuance of A Shares by the Company (the "**Announcements**") and the Overseas Regulatory Announcement Regarding the Reply in Respect of the Feedback on the Review of the Application Documents for the Non-Public Issuance of A Shares by the Company (the "**ORA**") published by China International Marine Containers (Group) Co., Ltd. (the "**Company**" or "**CIMC**") on 11 January 2018. Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As stipulated under the Announcements, in accordance with the requirements of the "Notice Regarding the CSRC's Feedback on the Review of Administrative Permission Items*" (《中國證監會行政許可項目審查反饋意見通知書》) (No.162937) (the "**Feedback**"), the Company and the relevant intermediaries have conducted careful verification and confirmation regarding the questions raised by the Feedback and provided supplementary information and answers to the questions in relation to the matters concerned (the "**Reply**"). Please refer to the ORA for the full text of the Reply.

Extract of the Reply is set out below:

Question: Basis of estimate of the working capital for replenishment (input for initial working capital and preparation costs of the projects shall be estimated according to the estimate of the working capital for replenishment, excluding the impact of the revenue from the real estate business during estimation).

Reply:

The Company intends to replenish its working capital with the proceeds of up to RMB1,800 million from the Non-public Issuance of A Shares. If the preparation costs and initial working capital of the construction projects are further taken into account, the proceeds for replenishment of working capital will amount to approximately RMB1,928.41 million, which will be mainly used for meeting the working capital needs for future business development and further enhancement of the overall profitability of the Company.

From 2014 to 2016, the Company recorded revenue of RMB70,070.86 million, RMB58,685.80 million and RMB51,111.65 million respectively, representing year-on-year growth of 21.1%, -16.2% and -12.9% respectively, with an average growth rate of -2.7%. Excluding the revenue from the real estate business, from 2014 to 2016, the Company recorded revenue of RMB68,934.79 million, RMB57,582.20 million and RMB50,216.55 million, representing year-on-year growth of 21.9%, -16.5% and -12.8% respectively, with an average growth rate of about -2.5%. As the industries where the Company is principally engaged in are recently stabilizing and recovering, it is expected that the revenue of the Company (excluding the revenue from the real estate business and the revenue from the projects to be invested with the proceeds) will maintain steady growth in the coming three years, and the working capital needs will increase correspondingly. Such needs will be satisfied by financing.

After careful consideration, the Company has estimated the revenue growth for the coming three years (excluding the additional production capacity and the corresponding revenue to be brought about by the projects to be invested with the proceeds) and the additional working capital needs for 2017, 2018 and 2019 arising therefrom.

Special note: The amount of the revenue of the Company for 2017, 2018 and 2019 as stated below are only for the estimation of the replenishment of working capital in the Company's reply to the feedback on the Non-public Issuance of A Shares, neither representing any forecast on the profitability for these three years or expression of any opinion thereon by the Company, nor constituting any commitment of the Company. Investors shall not make any investment decision based on such information. If investors make investment decisions based on such information and suffer loss, the Company shall not be liable for compensation.

1. Principle of the estimate of the working capital

The basic assumptions of the estimate: The principal businesses, business models and turnover of assets and liabilities are stable in the long run. Unless there is any significant change in the future, the operating assets, liabilities and sales revenue will remain at a relatively stable proportion. Accordingly, the Company can estimate the change in the relevant current assets and current liabilities attributable to the future revenue growth by using the percentage-of-sales method, and can then estimate its working capital needs for production and operation in the future. In order to more accurately reflect the relationship between the working capital needs and revenue, the Company has only selected operating assets and operating liabilities in its estimation, excluding the effect of financial assets/liabilities for trading, other receivables, other payables and other items as well as the effect of the real estate business on revenue, current assets and current liabilities.

2. Assumptions of the estimate of working capital needs

(1) Revenue forecast

An estimation was made by the Company in respect of the revenue from 2017 to 2019, after taking a comprehensive consideration on changes in revenue excluding real estate business for the past three years, and its current production capacity. Benefiting from the favourable macro-economic conditions in mainland China and overseas, the principal business operations of the Company have been faring remarkably well since 2017, leading to a leap in the Company's profitability. From January to September in 2017, the revenue of the Company amounted to RMB53,962.71 million, representing an increase of 54.3% as compared with the previous year. It is expected that the revenue of the Company will maintain its strong growth momentum for the coming three years.

In order to achieve a more reasonable estimation for the Company's revenue for 2017, the Company has adopted the average percentage of the Company's revenue from January to September in 2006 to 2016 to annual revenue, being 75.2%, combining with the realised revenue of the Company from January to September in 2017 to arrive at the estimation for the Company's revenue for 2017, amounting to approximately RMB71,752.98 million.

In respect of the revenue estimation for the years of 2018 and 2019, a growth rate of 4.3% (being the compound annual growth rate of the Company's revenue from 2006 to 2016) is applied as the calculation basis of the revenue growth rate for 2018 and 2019. The estimated revenue excluding real estate business and the growth rate from 2017 to 2019 are set out as follows:

Item	**2014**	**2015**	**2016**	**2017 forecast**	**2018 forecast**	**2019 forecast**
Revenue (excluding real estate business) *(RMB '0000)*	6,893,479	5,758,220	5,021,655	7,175,298	7,483,281	7,804,484
Growth rate	21.9%	-16.5%	-12.8%	42.9%	4.3%	4.3%

Note: The revenue from 2014 to 2016 is net of revenue from real estate business

(2) The ratios of various operating current assets/revenue and various operating current liabilities/revenue of the Company for the years 2017-2019 were the same as those in 2016.

(3) Appropriation of working capital = operating current assets – operating current liabilities, among which operating current assets include notes receivable, accounts receivable, advance to suppliers and inventories; and operating current liabilities include notes payable, accounts payable and advances from customers.

(4) New working capital needs = expected appropriation of working capital at the end of the period – appropriation of working capital during the base period

(5) Working capital gap of the Company = expected aggregate new working capital needs during 2017-2019.

(6) None of the relevant internal systems of the Company has set specific stipulations regarding application of profit for the year to replenish the working capital.

(7) The above revenue forecast does not constitute any profit forecast or commitment of the Company.

3. Calculation of working capital needs and working capital gap during 2017-2019

Based on the revenue growth trend from 2006 to 2016 and the proportions that relevant operating assets and operating liabilities accounted for revenue in 2016, together with the management's market forecast for the next three years (2017-2019) and the internal business planning of the Company and without consideration of the investment project to be funded by the proceeds, the Company has estimated its working capital needs and the details of which are set out as follows:

Unit: RMB'0000

Item	2016	Percentage of revenue of 2016	2017 forecast	2018 forecast	2019 forecast
Revenue	**5,021,655**	**–**	**7,175,298**	**7,483,281**	**7,804,484**
Accounts receivable	1,149,038	22.9%	1,641,827	1,712,298	1,785,795
Notes receivable	153,619	3.1%	219,502	228,924	238,750
Advance to suppliers	215,991	4.3%	308,623	321,870	335,685
Inventories	1,560,166	31.1%	2,229,277	2,324,964	2,424,757
Operating current assets total	**3,078,814**	**61.3%**	**4,399,229**	**4,588,055**	**4,784,987**
Notes payable	153,470	3.1%	219,288	228,701	238,517
Accounts payable	998,260	19.9%	1,426,385	1,487,609	1,551,461
Advances from customers	356,196	7.1%	508,958	530,803	553,587
Operating current liabilities total	**1,507,925**	**30.0%**	**2,154,631**	**2,247,113**	**2,343,565**
Appropriation of working capital (operating current assets – operating current liabilities)	1,570,889	31.3%	2,244,598	2,340,942	2,441,422
Demands of liquidity additions	**–**	**–**	**673,709**	**96,344**	**100,480**
Working capital gap					**870,533**

Based on the above estimate results, if the non-capital expenditure and the initial working capital under other investment projects to be funded by the proceeds arising from the Non-public Issuance of A Shares are included in the estimation of the working capital for replenishment, the aggregate working capital for replenishment under investment projects to be funded by the proceeds will be RMB1,928.41 million, which does not exceed the working capital gap of RMB8,705.33 million arising from the increase in revenue as at the end of 2019. Considering that the Company has a relatively high gearing ratio at present, further debt financing will result in further increase in short-term debt repayment exposure, with slower surplus accumulation. Hence, it is reasonable to utilise a portion of the proceeds arising from the Issuance for replenishment of working capital.

4. Gearing ratio comparison between the Company and its industry peers

As at 31 December 2016 and 30 September 2017, the gearing ratio comparison between the Company and comparable listed companies is set out below:

Unit: RMB'0000

Gearing ratio		30 September 2017	31 December 2016
CSRC industry classification:	Median	38.2%	37.3%
Metal product industry	Average	38.6%	38.9%
CIMC (Prior to the Non-public Issuance of A Shares)		69.5%	68.6%
CIMC (After the Non-public Issuance of A Shares)		66.5%	65.4%

Note: Pursuant to the industry classification standard under the Guidelines on Industry Classification of Listed Companies issued by CSRC, the Company belongs to metal product industry under manufacturing industry. According to the aforesaid industry classification standard, there are a total of 54 comparable listed companies as at 15 December 2017.

As at 31 December 2016, the total liabilities of the Company amounted to RMB85,479.96 million, with a gearing ratio of 68.6%. The gearing ratio was 69.1% when excluding the impacts of the real estate business. If the aforesaid working capital gap is fully replenished by means of debt financing, the gearing ratio of the Company for 2016 would increase to 70.6%. The gearing ratio after excluding real estate business would increase to 71.2%, resulting in greater financial exposure.

Based on the aforesaid factors, the Company intends to replenish working capital with RMB1,800 million by utilising the proceeds to be raised from the Non-public Issuance of A Shares. When further considering the preparation fees for project construction and initial working capital, the total amount of proceeds to be utilised for replenishment of working capital would be approximately RMB1,928.41 million, which does not exceed the aforesaid estimated working capital gap.

The Non-public Issuance of A Shares by the Company is still subject to the approval by the CSRC, and there are still uncertainties as to whether such approval can be obtained. The Company will duly perform its obligation of information disclosure in compliance with the requirements of relevant laws and regulations according to the progress of the Non-public Issuance of A Shares. Investors are advised to pay attention to the investment risks.

This announcement is available for review on the website of the Company at http://www.cimc.com and the website of the Hong Kong Stock Exchange at http://www.hkexnews.hk.

By order of the Board
China International Marine Containers (Group) Co., Ltd.
YU Yuqun
Company Secretary

Hong Kong, 12 January 2018

As at the date of this announcement, the Board of the Company comprises Mr. WANG Hong (Chairman), Mr. WANG Yuhang (Vice-chairman), Mr. HU Xianfu and Mr. LIU Chong as non-executive directors; Mr. MAI Boliang as executive director; and Mr. PAN Chengwei, Mr. PAN Zhengqi and Mr. WONG Kwai Huen, Albert as independent non-executive directors.

* *For identification purpose only*