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中 海 集 裝 箱 運 輸 股 份 有 限 公 司

China Shipping Container Lines Company Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 02866)

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF SHARES IN KINGRAY
NEW MATERIALS SCIENCE & TECHNOLOGY CO., LTD.**

The Board is pleased to announce that on 18 May 2016, the Company (as the subscriber) and Kingray New Materials Science & Technology Co., Ltd. (as the issuer) entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to subscribe for and the Issuer has conditionally agreed to allot and issue the Subscription Shares for a total consideration of RMB1,500,000,000.

As the highest applicable percentage ratio set out in the Listing Rules for the Subscription exceeds 5% but less than 25%, the Subscription constitutes discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules but exempt from shareholders' approval requirement under the Listing Rules.

Since the completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

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I. THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below:

Date: 18 May 2016

Parties: (a) The Company (as the subscriber); and
(b) Kingray New Materials Science & Technology Co., Ltd. (as the issuer).

Subscription Shares: Pursuant to the Subscription Agreement, the Company (as one of the specific targets of the Ancillary Financing) has conditionally agreed to subscribe for and the Issuer has conditionally agreed to allot and issue the Subscription Shares at the Subscription Price for a total consideration of RMB1,500,000,000.

The number of the Subscription Shares shall be determined by dividing the total consideration (i.e. RMB1,500,000,000) by the Subscription Price. If the above calculation results in fractional shares, the number of the Subscription Shares to be issued will be rounded down to the nearest whole share.

Based on the Subscription Price of RMB10.15 per Subscription Share, the total number of the Subscription Shares will be 147,783,251, representing approximately (i) 32.75% of the Issuer's total share capital as at the date of this announcement; and (ii) 3.96% of the Issuer's total share capital as enlarged by the Ancillary Financing and share issue relating to its restructuring, assuming that there will be no change in the Issuer's total share capital between the date of this announcement and the completion date of the Ancillary Financing. The aggregate nominal value of the Subscription Shares will be RMB147,783,251.

If there is any change to the total amount of the Ancillary Financing, the total consideration for the Subscription Shares to be subscribed by the Company will be changed in proportion, and the number of the Subscription Shares will also be adjusted accordingly.

The total number of shares to be issued under the Ancillary Financing is subject to the final approval of the CSRC. If there is any adjustment to or decrease in the total number of shares to be issued under the Ancillary Financing according to the requirements from securities regulatory authorities or changes in regulatory policies, the number of the Subscription Shares to be subscribed by the Company will be adjusted or decreased in proportion accordingly.

The abovementioned total consideration will be funded from internal resources of the Company.

Subscription Price:

The Subscription Price of RMB10.15 per Subscription Share is determined based on 90% of the average trading price of the Kingray Shares for the 20 trading days immediately preceding the Pricing Benchmark Date.

In the event that the Issuer distributes dividends, grants bonus shares, converts capital reserve into share capital or carries out any other ex-rights or ex-dividends activities during the period commencing from the Pricing Benchmark Date to the completion date of the Ancillary Financing, the corresponding adjustments shall be made to the Subscription Price. The amount of the Subscription Shares shall be adjusted accordingly based on the adjustment to the Subscription Price.

**Adjustment to
Subscription Price:**

(1) Trigger events:

During the period from the publication date of the general meeting resolution announcement of the Issuer in relation to its restructuring and the Ancillary Financing and up to the approval by the CSRC of such restructuring and the Ancillary Financing (the “**Adjustable Period**”), the SSE Composite Index (000001.SH) falls by over 10% from 2,739.25 points, being the closing level on the trading day immediately preceding the date on which the Issuer first suspended trading of its shares for such restructuring and the Ancillary Financing (i.e. 3 February 2016), for at least 10 trading days out of 20 consecutive trading days prior to any trading day; or, during the Adjustable Period, the price of the Kingray Shares falls by over 20% from RMB12.82 per share, being the closing price on the trading day immediately preceding the date on which the Issuer first suspended trading of its shares for such restructuring and the Ancillary Financing (i.e. 3 February 2016), for at least 10 trading days out of 20 consecutive trading days prior to any trading day.

(2) Price adjustment mechanism:

If any of the trigger events occurs, the Issuer is entitled to convene a board meeting within 20 trading days from such occurrence to consider whether to carry out a one-off adjustment to the issue price under the Ancillary Financing in accordance with this price adjustment mechanism. Where the conditions for such adjustment are fulfilled and the Issuer's board resolves to carry out such adjustment, the benchmark date for such adjustment will be the date of publication date of such board resolution announcement. The adjusted price will not be lower than 90% of the average trading price of the Kingray Shares for the 20 trading days immediately preceding the benchmark date and not be lower than the issue price in relation to the acquisition of the assets.

Such price adjustment mechanism is subject to approval at the general meeting of the Issuer.

Conditions Precedent:

The effectiveness of the Subscription Agreement and the implementation of the Subscription is conditional upon:

- (1) the execution and sealing with official chop of the Subscription Agreement by the legal representative or authorised representative of each party thereto;
- (2) the approval by the Issuer's board of directors and general meeting of the Ancillary Financing;
- (3) the approval by the state-owned assets supervision authorities of the Ancillary Financing and relevant matters; and
- (4) the approval by the CSRC of the Issuer's restructuring.

Lock-up Undertaking:

The Subscription Shares subscribed by the Company shall not be traded or transferred within 36 months upon the completion of issuance. In the event that the Company is entitled to bonus shares, converts capital reserve into share capital etc., based on the Subscription, such additional shares shall also comply with the above lock-up period.

Termination:

- (1) Prior to its taking effect, the Subscription Agreement may be terminated by parties thereto upon negotiation and mutual agreement.
- (2) The Subscription cannot be implemented due to force majeure or other objective reasons out of the control of both parties thereto.

Guarantee/Payment: The Company has paid RMB75,000,000, representing 5% of the total consideration, to the Issuer on 16 May 2016 as the deposit for the Subscription.

After the Subscription Agreement takes effect, the Company will pay the total consideration in one lump sum into the specific proceeds account designated by the Issuer within five Business Days after the Company's receipt of a payment notice from the Issuer.

The Issuer will return the abovementioned deposit and interests accrued thereon to the Company within three Business Days after the date of the payment of the total consideration by the Company in full.

Completion: Upon the completion of the subscription procedures, the Issuer will apply for share registration formalities with Shanghai Branch of China Securities Depository and Clearing Corporation Limited in a timely manner in accordance with relevant rules.

II. REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT

The Company is in the process of major asset restructuring. After the completion of such restructuring, the Group will be principally engaged in integrated financial services with diversified leasing businesses such as vessel leasing, container leasing and non-shipping finance leasing as core. China Minmetals Corporation ("**China Minmetals**") contemplates to inject its high-quality financial assets in entirety into the Issuer. Participation in the Ancillary Financing in connection with the Issuer's major asset restructuring is in line with the business positioning of the Company, and facilitates the synergy development for the financial businesses of the Company and China Minmetals. Leveraging on the strategic equity investment in the Issuer, the Company on one hand can learn from the valuable experiences of China Minmetals in developing financial business, and on the other hand can seek for business cooperation opportunities with China Minmetals, thereby accelerating the development of its financial business.

In light of the above, the Board (including the independent non-executive Directors) believes that the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms. The Subscription contemplated under the Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

III. GENERAL INFORMATION

The Company is in the process of major asset restructuring. After the completion of such restructuring, the Group will be principally engaged in integrated financial services with diversified leasing businesses such as vessel leasing, container leasing and non-shipping finance leasing as core.

The Issuer is a joint stock limited company established under the authorization of Guo Jing Mao Qi Gai [1999] No. 718 issued by the PRC State Economic and Trade Commission by CRIMM as the principal promoter, together with Hunan Valin Iron & Steel Group Co., Ltd. (湖南華菱鋼鐵集團有限責任公司), the 48th Institute of the Ministry of Electronics Industries (電子工業部第四十八研究所), Yinjia Technology Co., Ltd. (銀佳科技有限公司) at Changsha National High-Tech Industrial Development Zone and China Metallurgical Import and Export Hunan Corporation (中國冶金進出口湖南公司) as joint promoters in July 1999. The Issuer has been listed on the main board of the Shanghai Stock Exchange since 19 December 2000 under the stock code of 600390. In 2009, CRIMM was transferred by the State-owned Assets Supervision and Administration Commission of the State Council to China Minmetals at nil consideration. Hence, the Issuer became a listed subsidiary under China Minmetals. As at 31 March 2016, China Minmetals indirectly held 27.34% equity interests in the Issuer through CRIMM.

The Issuer is principally engaged in research and development, manufacturing and sales of battery materials, manganese, and manganese series products, with major products including lithium battery polynary anode material precursors, lithium battery ternary anode materials, lithium cobalt oxide, spherical nickel hydroxide for NiMH batteries, electrolytic manganese and manganese tetroxide. The Issuer is accredited as a high and new tech enterprise by the Ministry of Technology and Chinese Academy of Sciences, and is a key high and new tech enterprise of Hunan Province and the Torch Program in the PRC.

The table below sets out the major financial data of the Issuer as at and for periods ended 31 December 2014, 31 December 2015 and 31 March 2016. For the whole year of 2015, the net profit attributable to the shareholders of the Issuer amounted to RMB-370 million as affected by the significant decline in electrolytic manganese price and one-off factors such as provisions for impairment loss and severance benefits and reimbursement for early retirement costs. With the great enhancement in capacity for lithium anode materials, the increasing production and sales of battery substances and the absence of such one-off factors in 2015, the Issuer's performance results for 2016 will improve.

Unit: RMB100 million

	As at 31 December 2014	As at 31 December 2015	As at 31 March 2016
Total assets	21.59	22.83	23.54
Net assets attributable to the shareholders	8.91	11.71	12.13
	For 2014	For 2015	For Jan-Mar 2016
Operating income	13.04	13.66	4.20
Net profit attributable to the shareholders	-0.28	-3.70	0.43
Gross profit margin	9.74%	3.63%	21.50%
Weighted average return on net assets	-3.07%	-37.84%	3.57%
Debt to asset ratio	54.87%	45.27%	45.18%

Source: Annual and quarterly reports of the Issuer

As at 31 March 2016, the top ten shareholders of the Issuer are as follows:

No.	Name of shareholders	Shareholding (%)
1	CRIMM	27.34
2	Kaixin Investment Management Co., Ltd. (凱信投資管理有限公司)	2.46
3	Penghua Assets – Construction Bank – Penghua Assets Jian Zeng No. 1 Special Asset Management Scheme (鵬華資產 – 建設銀行 – 鵬華資產建增1號專項資產管理計劃)	2.01
4	Shanghai Wuniu Haizun Investment Center (LLP) (上海五牛亥尊投資中心(有限合夥))	1.66
5	Baoying Fund – Shanghai Pudong Development Bank – Ping An Trust – Ping An Wealth* Win VI Collective Trust Scheme (寶盈基金 – 浦發銀行 – 平安信託 – 平安財富*創贏六號集合資金信託計劃)	1.41
6	Wang Zhenyu (王震宇)	1.41
7	First State Cinda Fund – CMB – Fixed Income Select No. 1 Asset Management Scheme (信達澳銀基金 – 招商銀行 – 定增優選1號資產管理計劃)	1.41
8	HuaAn Fund – Industrial Bank – China Fixed Income Quantification No. 1 Asset Management Scheme (華安基金 – 興業銀行 – 華安定增量化1號資產管理計劃)	0.80
9	Cai Yuefeng (蔡月鳳)	0.75
10	Bank of China Limited – Guotou Ruiyin Ruili Flexible Allocation Hybrid Equity Investment Fund (中國銀行股份有限公司 – 國投瑞銀瑞利靈活配置混合型證券投資基金)	0.70
	Total	39.95

Source: The first quarterly report for 2016 of the Issuer

The Issuer's indirect controlling shareholder, China Minmetals Corporation Limited, is contemplating certain major asset restructuring matters which involve the Issuer. The Issuer has published a relevant announcement on the Shanghai Stock Exchange on 26 February 2016 and has thereby entered into the major asset restructuring procedures. The Subscription constitutes a part of the Ancillary Financing contemplated by the Issuer in connection with such major asset restructuring. Please refer to the Issuer's announcement published on the Shanghai Stock Exchange on 19 May 2016 for details.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Issuer and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

IV. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio set out in the Listing Rules for the Subscription exceeds 5% but less than 25%, the Subscription constitutes discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules but exempt from shareholders' approval requirement under the Listing Rules.

Since the completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

V. RISK ANALYSIS

1. Market risks

There will be a lock-up period of three years for the Subscription. The Subscription Shares can only be traded in market upon the expiry of lock-up period. The PRC securities market is affected by factors such as global macroeconomic environment and industrial cycles, and therefore uncertainty exists.

2. Approval risks

The Issuer's restructuring proposal involves assets acquisition by share issue and ancillary financing, and constitutes a major asset restructuring. Therefore, it is subject to the approval of the CSRC and other applicable regulatory authorities, and there is also uncertainty in respect of approval and qualification requirements for investees implemented by regulatory authorities, which may affect the progress of the transaction.

VI. DEFINITIONS

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

“Ancillary Financing”	the proposed issuance and private placement of new Kingray Shares by the Issuer at the Subscription Price to up to ten specific investors (including the Company), in order to raise funds for assets acquisition under its contemplated major asset restructuring, please refer to the Issuer's announcement published on the Shanghai Stock Exchange on 19 May 2016 for details
“Board”	the board of Directors of the Company
“Business Day”	all calendar days save for Saturday, Sunday and public holiday of the PRC

“Company”	China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司), a joint stock limited company incorporated in the PRC, of which 3,751,000,000 H shares are listed on the Stock Exchange and 7,932,125,000 A shares are listed on the Shanghai Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“CRIMM”	Changsha Research Institute of Mining and Metallurgy Co., Ltd. (長沙礦冶研究院有限責任公司), a limited liability company incorporated in the PRC, formerly known as the Changsha Metallurgy Institute of the Ministry of Metallurgical Industry (冶金工業部長沙礦冶研究院), being renamed as Changsha Research Institute of Mining and Metallurgy (長沙礦冶研究院) on 15 May 2000 and transformed into Changsha Research Institute of Mining and Metallurgy Co., Ltd. in 2010
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Issuer”	Kingray New Materials Science & Technology Co., Ltd. (金瑞新材料科技股份有限公司), a joint stock limited company incorporated in the PRC, of which 451,256,401 Kingray Shares are listed on the Shanghai Stock Exchange under the stock code of 600390
“Kingray Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Issuer, which are listed and traded on the Shanghai Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to such term under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

“Pricing Benchmark Date”	19 May 2016, the publication date of the first board resolution announcement of the Issuer in relation to its restructuring and the Ancillary Financing on the Shanghai Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Subscription”	the subscription of the Subscription Shares by the Company pursuant to the Subscription Agreement for a total consideration of RMB1,500,000,000
“Subscription Agreement”	the share subscription agreement dated 18 May 2016 in relation to the Subscription entered into between the Company and the Issuer
“Subscription Price”	the subscription price of RMB10.15 per Subscription Share, subject to adjustment
“Subscription Share(s)”	the new Kingray Shares to be subscribed by the Company and issued by the Issuer at the Subscription Price pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board of
China Shipping Container Lines Company Limited
Yu Zhen
Joint Company Secretary

Shanghai, the PRC
19 May 2016

The Board as at the date of this announcement comprises of Ms. Sun Yueying, Mr. Huang Xiaowen, Mr. Wang Daxiong and Mr. Liu Chong, being executive Directors, Mr. Ding Nong, Mr. Yu Zenggang, Mr. Yang Jigui, Mr. Han Jun and Mr. Chen Jihong, being non-executive Directors, and Ms. Zhang Nan, Mr. Guan Yimin, Mr. Shi Xin, Ms. Hai Chi Yuet and Mr. Graeme Jack, being independent non-executive Directors.

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name “China Shipping Container Lines Company Limited”.*