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CIMC ENRIC

CIMC Enric Holdings Limited

中集安瑞科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3899)

CONTINUING CONNECTED TRANSACTIONS

On 28 November 2013, the Company and CIMC entered into the Sales Agreement in which it was agreed that the Group will sell and the CIMC Group will purchase the Products for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016.

On 28 November 2013, the Company and CIMC entered into the Services Agreement in which it was agreed that the Group will provide and the CIMC Group will receive Services for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016.

As at the date of this announcement, CIMC indirectly owns as to approximately 69.99% of the Shares. Accordingly, CIMC is a substantial shareholder of the Company and is therefore a connected person of the Company. Hence, the transactions contemplated under the Sales Agreement and the Services Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under the Sales Agreement will, on an annual basis, respectively be more than 5% and as it is expected that the annual consideration will be more than HK\$10,000,000, such continuing connected transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and also the independent shareholders' approval requirements set out in Rules 14A.48 to 14A.55 under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under the Services Agreement will, on an annual basis, respectively be more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirements set out in Rules 14A.37 to 14A.40 and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened on 23 January 2014 at which ordinary resolutions will be proposed to approve, inter alia, the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps. CIMC and its associates (among others) will abstain from voting in respect of such resolutions as they have a material interest.

A circular containing, among others:-

- (i) notice of the Company's upcoming EGM to seek approval by the Independent Shareholders of the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps;
- (ii) further details of the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps;
- (iii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps; and
- (iv) letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders in respect of the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps,

will be despatched to the Shareholders on or before 18 December 2013.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 22 December 2010 and the circular of the Company dated 12 January 2011 in relation to the transactions contemplated under the following agreements entered into by the Company:-

- (i) the Existing Sales Agreement which will expire on 31 December 2013; and
- (ii) the Existing Services Agreement which will expire on 31 December 2013.

Since it is anticipated that the Group will enter into transactions in relation to the Products and Services with the CIMC Group in its ordinary course of business in the three years commencing on 1 January 2014 and ending 31 December 2016, the Company and CIMC entered into the Sales Agreement and the Services Agreement on 28 November 2013.

II. CONTINUING CONNECTED TRANSACTIONS

(1) SALES AGREEMENT

Date : 28 November 2013

Parties : 1. the Company; and
2. CIMC

Subject matter:

The CIMC Group will purchase and the Group will sell the Products for the purpose of providing finance leases by the CIMC Group to Sales Customers and/or for the purpose of the CIMC Group's own manufacturing and business operations, for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016.

A written agreement for each individual transaction contemplated under the Sales Agreement will be entered into between the relevant member of the CIMC Group and of the Group. Upon the entering

into of such agreement, the Group will offer a one-year quality guarantee period to Sales Customers during which the Group will provide free repair and maintenance services. After the end of such quality guarantee period, the Group will provide repair and maintenance services to Sales Customers at the Sales Market Rate.

Price and payment terms of Products:

Prices of the Products contemplated under the Sales Agreement will be determined with reference to the then Sales Market Rate, with premium reasonable to the Group to be added to the actual costs incurred by the Group in providing the Products, which will be agreed upon by the Group, the CIMC Group and, if applicable, the Sales Customers.

Regarding purchase of Products for the purpose of providing finance leases by the CIMC Group to Sales Customers, upon entering into a written agreement for each individual transaction between the relevant member of the CIMC Group and of the Group, the CIMC Group will pay 10% of the consideration thereunder as deposit to the Group within 10 days from the date of such agreement. The CIMC Group will pay the balance of the consideration within 10 days from the date of acknowledgement of receipt of the Products by the CIMC Group and the relevant Sales Customers by cash, cheque, telegraphic transfer or notes.

Regarding the normal sale business between the CIMC Group and the Group (i.e. excluding the business of provision of finance leases by the CIMC Group), it is agreed that the payment terms will be determined on a transaction-by-transaction basis, with reference to market practices and on terms no less favorable to the Group than terms available by the Group to independent third parties.

Historical transaction amounts:

The historical transaction amounts of the Existing Sales Agreement and the corresponding annual caps during the relevant years are as follows:

	Annual caps (in RMB) (Note)			Actual amount (in RMB)		
	For the year ended 31 December 2011	For the year ended 31 December 2012	For the year ending 31 December 2013	For the year ended 31 December 2011	For the year ended 31 December 2012	For the six months ended 30 June 2013
Existing Sales Agreement	294,000,000	386,000,000	489,000,000	266,453,000	376,495,000	217,847,000

Note:

Annual caps figures in the table above derive from the announcement of the Company dated 22 December 2010 and the circular of the Company dated 12 January 2011. The annual caps were approved by the independent shareholders of the Company in an extraordinary general meeting held on 31 January 2011.

None of actual amounts above exceeded their respective annual caps for the corresponding years. It is expected that the actual amount for the year ending 31 December 2013 will not exceed the cap for the corresponding year.

Proposed annual caps:

	Annual caps (in RMB)		
	For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016
Sales Agreement	840,000,000	1,140,000,000	1,487,000,000

Basis of proposed annual caps

The Board derives the projected numbers by reference to the historical transaction amounts under the Existing Sales Agreement, the Group's existing operations and the anticipated development and growth of the Group's business as well as the existing operation and the anticipated development and growth of the CIMC Group's business. Determination of the annual caps are based on the projected number of Products sold to the CIMC Group for providing finance lease by the CIMC Group to Sales Customers and/or for the purpose of the CIMC Group's manufacturing and business operations multiplied by the corresponding price which is determined by reference to the Sales Market Rate.

Requirements under the Listing Rules

As the relevant applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under the Sales Agreement will, on an annual basis, respectively be more than 5% and as it is expected that the annual consideration will be more than HK\$10,000,000, such continuing connected transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and also the independent shareholders' approval requirements set out in Rules 14A.48 to 14A.55 under Chapter 14A of the Listing Rules.

In view of the directorship(s) and/or senior management position(s) held by Mr. Zhao Qingsheng, Mr. Gao Xiang, Mr. Jin Jianlong and Mr. Yu Yuqun, all of whom are executive Directors of the Company, in CIMC and/or certain subsidiaries of CIMC, they are deemed to be materially interested in the transactions contemplated under the Sales Agreement and have abstained from voting on the relevant Board resolutions.

Reasons for and benefits of the transaction:

The Group is engaged in the sale of transportation, storage and processing equipment for energy, chemical and liquid food industries and some of its customers may require payment by finance lease in purchasing the Group's Products. As the Group is not engaged in the finance lease business, the Group may refer customers who wish to pay by the finance lease for their purchases to the CIMC Group for it to arrange finance leases to such customers.

The Directors (excluding the independent non-executive Directors who will provide their views after considering the advice of Somerley) considered that the terms of the Sales Agreement are fair and reasonable, on normal commercial terms and in the best interests of the Company and Shareholders as a whole after taking into account the above factors.

An Independent Board Committee consisting of independent non-executive Directors has been formed and will advise the Independent Shareholders in respect of the Sales Agreement in the circular of the Company which will be despatched to Shareholders on or before 18 December 2013, upon receiving the recommendations from Somerley.

(2) SERVICES AGREEMENT

Date : 28 November 2013

Parties : 1. the Company; and
2. CIMC

Subject matter:

The Group will provide and the CIMC Group will receive the Services for a term commencing on 1 January 2014 and expiring on 31 December 2016. During the term of the Services Agreement, the Group will provide Services to the CIMC Group according to the actual operation or production needs of the CIMC Group.

A written agreement for each individual transaction contemplated under the Services Agreement will be entered into between the relevant member of the Group and of the CIMC Group.

Fees and payment terms of Services:

Fees for the Services contemplated under the Services Agreement will be determined by reference to the then Government Determined Rate; which if inapplicable, with reference to the then Services Market Rate; and which if also inapplicable, by reference to the actual costs incurred by the Group in providing the Services plus a premium fair and reasonable to the Group, to be agreed between the Group and the CIMC Group.

Within 30 days after receiving the statements and invoices for the Services to be issued by the Group in each month, the CIMC Group shall settle such fee for the Services.

Historical transaction amounts:

The historical transaction amounts of the Existing Services Agreement and the corresponding annual caps during the relevant years are as follows:

	Annual caps (in RMB) (Note)			Actual amount (in RMB)		
	For the year ended 31 December 2011	For the year ended 31 December 2012	For the year ending 31 December 2013	For the year ended 31 December 2011	For the year ended 31 December 2012	For the six months ended 30 June 2013
Existing Services Agreement	23,000,000	30,000,000	39,000,000	21,290,000	24,722,000	2,257,000

Note:

Annual caps figures in the table above derive from the announcement of the Company dated 22 December 2010.

None of actual amounts above exceeded their respective annual caps for the corresponding years. It is expected that the actual amount for the year ending 31 December 2013 will not exceed the cap for the corresponding year.

Proposed annual caps:

	Annual caps (in RMB)		
	For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016
Services Agreement	30,000,000	35,000,000	40,000,000

Basis of proposed annual caps

The Board derives the projected numbers by reference to the CIMC Group's existing operations and the anticipated development and growth of the CIMC Group's business. Determination of the annual caps are based on the expansion of the Group's capacity in providing Services; the expected growth of the Group from the effective date of the Services Agreement to the end of 2016 in view of the

economic growth in the PRC and the growth in demand for the Services from the CIMC Group and the trend in fees in respect of the Services in the future.

Requirements under the Listing Rules

As the relevant applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under the Services Agreement will, on an annual basis, respectively be more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirements set out in Rules 14A.37 to 14A.40 and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the directorship(s) and/or senior management position(s) held by Mr. Zhao Qingsheng, Mr. Gao Xiang, Mr. Jin Jianlong and Mr. Yu Yuqun, all of whom are executive Directors of the Company, in CIMC and/or certain subsidiaries of CIMC, they are deemed to be materially interested in the transactions contemplated under the Services Agreement and have abstained from voting on the relevant Board resolutions.

Reasons for and benefits of the transaction

As the CIMC Group mainly engages in the business of design, manufacturing and sale of dry containers, reefers, special containers, road transportation vehicles and tank equipment, they would from time to time require subcontracting services to be performed on their semi-finished products and entering into of the Services Agreement will provide the Group with an additional source of revenue.

The Directors (including the independent non-executive Directors) considered that the terms of the Services Agreement are fair and reasonable, on normal commercial terms and are in the best interests of the Company and Shareholders as a whole after taking into account the above factors.

III. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CIMC indirectly owns as to approximately 69.99% of the Shares. Accordingly, CIMC is a substantial shareholder of the Company and is therefore a connected person of the Company. Hence, the transactions contemplated under the Sales Agreement and the Services Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under the Sales Agreement will, on an annual basis, respectively be more than 5% and as it is expected that the annual consideration will be more than HK\$10,000,000, such continuing connected transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and also the independent shareholders' approval requirements set out in Rules 14A.48 to 14A.55 under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under the Services Agreement will, on an annual basis, respectively be more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirements set out in Rules 14A.37 to 14A.40

and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened on 23 January 2014 at which ordinary resolutions will be proposed to approve, inter alia, the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps. CIMC and its associates (amongst others) will abstain from voting in respect of such resolutions as they have a material interest.

A circular containing, among others:-

- (i) notice of the Company's upcoming EGM to seek approval by the Independent Shareholders of the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps;
- (ii) further details of the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps;
- (iii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps; and
- (iv) letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders in respect of the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps,

will be despatched to the Shareholders on or before 18 December 2013.

IV. GENERAL

The Group is principally engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that are widely used among the energy, chemical and liquid food industries.

CIMC is principally engaged in the container manufacturing and service business, road transportation vehicle business, energy, chemical and food equipment business, offshore engineering business and airport facilities equipment business.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company

“CIMC”	中國國際海運集裝箱(集團)股份有限公司(China International Marine Containers (Group) Co., Ltd.*), a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange
“CIMC Group”	CIMC together with its subsidiaries (but excluding members of the Group) and associates
“CNG”	compressed natural gas
“Company”	CIMC Enric Holdings Limited, an exempted company incorporated in the Cayman Islands on 28 September 2004 with limited liability under the Companies Law (Revised) of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on 23 January 2014 at which ordinary resolutions will be proposed to approve the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps
“Existing Sales Agreement”	the agreement dated 22 December 2010 entered into between the Company and CIMC in which it was agreed that the Group will sell and the CIMC Group will purchase certain products for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013
“Existing Services Agreement”	the agreement dated 22 December 2010 entered into between the Company and CIMC in which it was agreed that the Group will provide and the CIMC Group will receive certain services for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013
“Government Determined Rate”	the rate of fees for Services as determined by laws, regulations, rulings and orders by the government and provincial governments of the PRC or other regulatory agencies in the PRC
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee comprising the independent non-executive Directors of the Company
“Independent Shareholders”	Shareholder(s) (other than, among others, CIMC and its associates) who do not have to abstain from voting in the EGM
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“PRC”	the People’s Republic of China and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Products”	products including but not limited to natural gas refueling stations, CNG refueling stations and trailers, cryogenic liquefied gas storage tanks, pressure cylinders, LNG trailers, CNG trailers, compressed specialty gas trailers, compressors, on-vehicle LNG fuel tanks, tank containers and liquid food storage tanks
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Agreement”	the agreement dated 28 November 2013 entered into between the Company and CIMC in which it was agreed that the Group will sell and the CIMC Group will purchase the Products for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016
“Sales Customers”	customers referred to the CIMC Group from the Group pursuant to the Sales Agreement
“Sales Market Rate”	the basis upon which the price of Products are sold and purchased and the fees for repair and maintenance services provided after the one year quality guarantee period under the Sales Agreement, which will be in the following manner: (i) determined with reference to the normal commercial terms offered or applicable to the area or the vicinity in which the Products and aforementioned services are sold or provided to independent third parties; or (ii) if (i) is inapplicable, determined with reference to the normal commercial terms offered or applicable in the PRC to independent third parties
“Services”	services including but not limited to steel uncoiling, sand blasting, base coat spraying, welding, heat treatment and other related services such as site leasing, testing and training
“Services Agreement”	the agreement dated 28 November 2013 entered into between the Company and CIMC in which it was agreed that the Group will provide and the CIMC Group will receive Services for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016

“Services Market Rate”	the rate of fees for Services as determined with reference to the normal commercial terms offered or applicable to the area or the vicinity in which the Services are provided to independent third parties
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Somerville”	Somerville Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) having CE registration number AAJ067, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sales Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

By order of the Board
CIMC Enric Holdings Limited
Cheong Siu Fai
Company Secretary

Hong Kong, 28 November 2013

As at the date of this announcement, the Board consists of Mr. Zhao Qingsheng (Chairman), Mr. Gao Xiang (General Manager), Mr. Jin Jianlong and Mr. Yu Yuqun as executive Directors; Mr. Jin Yongsheng as a non-executive Director; and Mr. Wong Chun Ho, Mr. Tsui Kei Pang and Mr. Zhang Xueqian as independent non-executive Directors.

** For identification purposes only*