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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)

**REVISION OF ANNUAL CAPS FOR EXISTING
CONTINUING CONNECTED TRANSACTIONS UNDER
(1) THE MASTER SALES AGREEMENT (2019)
AND
(2) THE MASTER PROCUREMENT AGREEMENT (2019)**

REVISION OF ANNUAL CAPS

This announcement is made pursuant to Rule 14A.54 of the Listing Rules.

Reference is made to the announcement of the Company dated 31 December 2019 in relation to, among other matters, (i) the Master Sales Agreement (2019) entered into between the Company and CIMC with respect to the Sales Transactions for a term of three years commencing from 1 January 2020 to 31 December 2022, and (ii) the Master Procurement Agreement (2019) entered into between the Company and CIMC with respect to the Procurement Transactions for a term of three years commencing from 1 January 2020 to 31 December 2022.

As the actual transaction amounts of the Company for (i) the Sales Transactions under the Master Sales Agreement (2019) and (ii) the Procurement Transactions under the Master Procurement Agreement (2019) for the nine months ended 30 September 2021 have exceeded the estimates of the Company at the time of determining the respective existing annual caps in 2019, and it is expected that the transaction amounts for (i) the Sales Transactions under the Master Sales Agreement (2019) and (ii) the Procurement Transactions under the Master Procurement Agreement (2019) will exceed the respective existing annual caps for the two years ending 31 December 2022. The Company has therefore on 4 November 2021 decided to revise (i) the Existing Sales Annual Caps to the Revised Sales Annual Caps, and (ii) the Existing Procurement Annual Caps to the Revised Procurement Annual Caps, while all terms and conditions under the Master Sales Agreement (2019) and the Master Procurement Agreement (2019) remain unchanged.

LISTING RULES IMPLICATIONS

As CIMC is a controlling shareholder of the Company indirectly holding approximately 67.63% of the Shares, it is therefore a connected person of the Company under the Listing Rules. As such, the Sales Transactions contemplated under the Master Sales Agreement (2019) and the Procurement Transactions contemplated under the Master Procurement Agreement (2019) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given that all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of (i) the Revised Sales Annual Caps, and (ii) the Revised Procurement Annual Caps are more than 0.1% but less than 5%, the Sales Transactions and the Procurement Transactions are therefore subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

REVISION OF ANNUAL CAPS FOR TRANSACTIONS UNDER THE MASTER SALES AGREEMENT (2019)

Reference is made to the announcement of the Company dated 31 December 2019 in relation to, among other matters, the Master Sales Agreement (2019) entered into between the Company and CIMC with respect to the Sales Transactions for a term of three years commencing from 1 January 2020 to 31 December 2022. As the actual transaction amounts of the Company for the Sales Transactions under the Master Sales Agreement (2019) for the nine months ended 30 September 2021 have exceeded the estimate of the Company when determining the existing annual cap, and it is expected that the transaction amounts for the Sales Transactions under the Master Sales Agreement (2019) will exceed the existing annual caps for the two years ending 31 December 2022, the Company has therefore on 4 November 2021 decided to revise the Existing Sales Annual Caps to the Revised Sales Annual Caps, while all terms and conditions under the Master Sales Agreement (2019) remain unchanged.

I. REVISION OF THE EXISTING SALES ANNUAL CAPS

The existing maximum aggregate consideration payable by members of the CIMC Group to members of the Group per annum in connection with the Sales Transactions contemplated under the Master Sales Agreement (2019) for the two years ending 31 December 2022 and the Revised Sales Annual Caps are as follows:

	For the year ending 31 December 2021	For the year ending 31 December 2022
Existing Sales Annual Caps	RMB340,000,000	RMB380,000,000
Revised Sales Annual Caps	RMB500,000,000	RMB580,000,000

The historical transaction amounts for the year ended 31 December 2020 and the nine months ended 30 September 2021 under the Master Sales Agreement (2019) are set out below:

	For the year ended 31 December 2020 (audited)	For the nine months ended 30 September 2021 (unaudited)
Historical transaction amounts	RMB85,702,000	RMB253,820,000

The Board confirms that the Existing Sales Annual Cap for the year ending 31 December 2021 under the Master Sales Agreement (2019) has not yet been exceeded as at the date of this announcement.

The terms and conditions under the Master Sales Agreement (2019), including the pricing basis and policy, remain unchanged.

II. REASONS FOR REVISING AND THE BASIS FOR DETERMINING THE REVISED SALES ANNUAL CAPS

Based on the Company's unaudited financial information as at 30 September 2021, the total actual transaction amount of the Company for the Sales Transactions for the nine months ended 30 September 2021 has exceeded the estimate of the Company at the time of determining the existing annual cap in 2019. As the Chinese government endeavours to control and lower carbon emission and the gradual tightening of vehicle exhaust emission standards have stimulated the usage of clean energy, there has been a boost in the demand for clean energy transportation and storage equipment. As a result, the Group's clean energy business' revenue growth has been boosted and instances of customers requiring finance leasing services (including those provided by the CIMC Group) have also increased, causing a rise in Sales Transactions. Since the Group does not provide any finance leasing services, customers of the Group may require finance leasing services provided by the CIMC Group in purchasing the Group's products. Therefore, increasing the Existing Sales Annual Caps enables the Group to retain customers who otherwise might not have the financial resources to purchase the Group's products, thereby increasing the Group's revenue.

The Revised Sales Annual Caps have been determined with reference to:

- (a) actual Sales Transactions recorded for the nine-month period ended 30 September 2021;
- (b) sales orders received up to 30 September 2021 which are expected to be completed by 31 December 2021;
- (c) estimated sales orders that are expected to be received and completed by 31 December 2021; and
- (d) estimated growth in demand for the Group's products in 2022.

The Directors (including the independent non-executive Directors) consider that the Sales Transactions are and will continue to be in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms of the Sales Transactions and the Revised Sales Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders taken as a whole.

REVISION OF ANNUAL CAPS FOR TRANSACTIONS UNDER THE MASTER PROCUREMENT AGREEMENT (2019)

Reference is made to the announcement of the Company dated 31 December 2019 in relation to, among other matters, the Master Procurement Agreement (2019) entered into between the Company and CIMC with respect to the Procurement Transactions for a term of three years commencing from 1 January 2020 to 31 December 2022. As the actual transaction amounts of the Company for the Procurement Transactions for the nine months ended 30 September 2021 have exceeded the estimate of the Company at the time of determining the existing annual cap in 2019, and it is expected that the transaction amounts for the Procurement Transactions will exceed the existing annual caps for the two years ending 31 December 2022, the Company has therefore on 4 November 2021 decided to revise the Existing Procurement Annual Caps to the Revised Procurement Annual Caps, while all terms and conditions under the Master Procurement Agreement (2019) remain unchanged.

I. REVISION OF THE EXISTING PROCUREMENT ANNUAL CAPS

The existing maximum aggregate consideration payable by members of the Group to members of the CIMC Group per annum in connection with the Procurement Transactions for the two years ending 31 December 2022 and the Revised Procurement Annual Caps are as follows:

	For the year ending 31 December 2021	For the year ending 31 December 2022
Existing Procurement Annual Caps	RMB280,000,000	RMB330,000,000
Revised Procurement Annual Caps	RMB440,000,000	RMB510,000,000

The historical transaction amounts for the year ended 31 December 2020 and the nine months ended 30 September 2021 under the Master Procurement Agreement (2019) are set out below:

	For the year ended 31 December 2020 (audited)	For the nine months ended 30 September 2021 (unaudited)
Historical transaction amounts	RMB232,705,000	RMB235,938,000

The Board confirms that the Existing Procurement Annual Cap for the year ending 31 December 2021 under the Master Procurement Agreement (2019) has not yet been exceeded as at the date of this announcement.

The terms and conditions under the Master Procurement Agreement (2019), including the pricing basis and policy, remain unchanged.

II. REASONS FOR REVISING AND THE BASIS FOR DETERMINING THE REVISED PROCUREMENT ANNUAL CAPS

Based on the Company's unaudited financial information as at 30 September 2021, the total actual transaction amount of the Company for the Procurement Transactions for the nine months ended 30 September 2021 has exceeded the estimate of the Company when determining the existing annual cap in 2019. The increase in sales of the Group's products during the year, especially energy transportation equipment and energy storage equipment, entails the increase in procurement of various spare parts, raw materials (including but not limited to vehicle chassis, vehicle platforms, operating system, containers and steel) from the CIMC Group. Increasing the Existing Procurement Annual Caps ensures the continuous supply of quality spare parts, raw materials and components for construction projects to support the business operations of the Group.

The Revised Sales Annual Caps have been determined with reference to:

- (a) actual Procurement Transactions recorded for the nine-month period ended 30 September 2021;
- (b) procurement orders placed with the CIMC Group up to 30 September 2021 which are expected to be completed by 31 December 2021;
- (c) estimated sales orders that are expected to be received which will require procurement by 31 December 2021; and
- (d) estimated growth in demand for the Group's products in 2022 that will require procurement of spare parts, raw materials and components for construction projects from the CIMC Group.

The Directors (including the independent non-executive Directors) consider that the Procurement Transactions are and will continue to be in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms of the Procurement Transactions and the Revised Sales Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders taken as a whole.

LISTING RULES IMPLICATIONS

As CIMC is a controlling shareholder of the Company indirectly holding approximately 67.63% of the Shares, it is therefore a connected person of the Company under the Listing Rules. As such, the Sales Transactions and the Procurement Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given that all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of (i) the Revised Sales Annual Caps, and (ii) the Revised Procurement Annual Caps are more than 0.1% but less than 5%, the Sales Transactions and Procurement Transactions are therefore subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the senior management position(s) and/or directorship(s) held by Mr. Gao Xiang, Mr. Yu Yuqun, Mr. Wang Yu and Mr. Zeng Han, all of whom are directors of the Company, in CIMC and/or certain subsidiaries of CIMC, they are deemed to be materially interested in (i) the Sales Transactions contemplated under the Master Sales Agreement (2019) and (ii) the Procurement Transactions contemplated under the Master Procurement Agreement (2019) and have abstained from voting on the relevant Board resolutions. Other than the aforementioned, none of the other Directors has a material interest in the continuing connected transactions contemplated under the abovementioned agreements.

INFORMATION ON THE PARTIES

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 in the energy, chemical and liquid food industries. As at the date of this announcement, the Directors consider the ultimate controlling party of the Company to be CIMC.

CIMC Group is principally engaged in the container manufacturing and service business, road transportation vehicle business, energy, chemical and liquid food equipment business, offshore engineering business and airport facilities equipment business, as well as the provision of relevant services, including the design, manufacture and service of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges and bridge-mounted equipment, airport ground support equipment, fire safety and rescue vehicles, automated logistics system and intelligent parking system and relevant services.

DEFINITIONS

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

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

“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 joint stock company incorporated under the laws of 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, and the controlling shareholder of the Company
“CIMC Group”	CIMC and 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 with limited liability on 28 September 2004 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)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Procurement Annual Caps”	the maximum aggregate consideration payable by members of the Group to members of the CIMC Group per annum in connection with the Procurement Transactions contemplated under the Master Procurement Agreement (2019) for the two years ending 31 December 2022, the particulars of which are set out in the section headed “I. Revision of the Existing Procurement Annual Caps” in this announcement
“Existing Sales Annual Caps”	the maximum aggregate consideration payable by members of the CIMC Group to members of the Group per annum in connection with the Sales Transactions contemplated under the Master Sales Agreement (2019) for the two years ending 31 December 2022, the particulars of which are set out in the section headed “I. Revision of the Existing Sales Annual Caps” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“LNG”	liquefied natural gas
“Master Procurement Agreement (2019)”	the agreement dated 31 December 2019 entered into between the Company and CIMC relating to the Procurement Transactions, details of which are set out in the section titled “V. The Master Procurement Agreement (2019)” in the announcement of the Company dated 31 December 2019
“Master Sales Agreement (2019)”	the agreement dated 31 December 2019 entered into between the Company and CIMC relating to the Sales Transactions, details of which are set out in the section titled “III. The Master Sales Agreement (2019)” in the announcement of the Company dated 31 December 2019
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Procurement Transactions”	the procurement of various spare parts, raw materials (including but not limited to vehicle chassis, vehicle platforms, operating system, containers and steel (inclusive of waste and surplus materials)) and/or components for construction projects by members of the Group from members of the CIMC Group
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Revised Procurement Annual Caps”	the revised maximum aggregate consideration payable by members of the Group to members of the CIMC Group per annum in connection with the Procurement Transactions contemplated under the Master Procurement Agreement (2019) for the two years ending 31 December 2022, the particulars of which are set out in the section headed “I. Revision of the Existing Procurement Annual Caps” in this announcement
“Revised Sales Annual Caps”	the revised maximum aggregate consideration payable by members of the CIMC Group to members of the Group per annum in connection with the Sales Transactions contemplated under the Master Sales Agreement (2019) for the two years ending 31 December 2022, the particulars of which are set out in the section headed “I. Revision of the Existing Sales Annual Caps” in this announcement

“Sales Transactions”	the sale of products for storage, transportation and processing in the fields of clean energy, chemical and environmental and liquid food, spare parts and raw materials for production, as well as components for construction projects (including but not limited to natural gas refueling stations and related equipment, natural gas refueling station trailers, CNG seamless pressure cylinders, CNG trailers, natural gas compressors, LNG trailers and tanks, on-vehicle LNG fuel tanks, cryogenic liquefied gas tanks, compressed specialised gas trailers, tank containers for chemical liquids, liquefied gas and cryogenic liquids, and stainless steel processing, storage tanks for liquid food, vehicle chassis, vehicle platforms, operating system, steel and waste and surplus materials) by members of the Group to members of the CIMC Group
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 4 November 2021

As at the date of this announcement, the Board consists of Mr. Gao Xiang (Chairman) as a non-executive Director; Mr. Yang Xiaohu (General Manager) as an executive Director; Mr. Yu Yuqun, Mr. Wang Yu and Mr. Zeng Han as non-executive Directors; and Ms. Yien Yu Yu, Catherine, Mr. Tsui Kei Pang, Mr. Zhang Xueqian and Mr. Wang Caiyong as independent non-executive Directors.

English names marked with “” in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*