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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 22 December 2010, 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 2011 and expiring on 31 December 2013.

On 22 December 2010, the Company and CIMC entered into the Services Agreement in which it was agreed that the Group will provide and CIMC Group will receive Services for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013.

As at the date of this announcement, CIMC indirectly owns as to 56.59% 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 three of the 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 three of the 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 31 January 2011 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 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 dispatched to the Shareholders on or before 12 January 2011.

I. INTRODUCTION

Reference is made to the announcements of the Company dated 31 December 2007 and 3 June 2009 in relation to Existing Continuing Connected Transactions entered into by the Company, which include transactions contemplated under the following agreements:-

- (i) the CIMC (Group) Master Product Sales Agreement which will expire on 31 December 2010;
- (ii) the Master Sale of Products Agreement which will expire on 31 December 2011; and
- (iii) the Holvrieka Master Sale of Tanks Agreement which will expire on 31 December 2011.

Details of the Existing Continuing Connected Transactions are more particularly set out in the announcements of the Company dated 31 December 2007 and 3 June 2009, respectively.

Since the CIMC (Group) Master Product Sales Agreement will expire on 31 December 2010 and as it is anticipated that the Group and the CIMC Group will continue to enter into transactions as contemplated thereunder in its ordinary course of business in the three years ending 31 December 2013, the Company is of the view that the CIMC (Group) Master Product Sales Agreement should be renewed. However, since the nature of the transactions as contemplated under the CIMC (Group) Master Product Sales Agreement are substantially the same as those under the Master Sale of Products Agreement and the Holvrieka Master Sale of Tanks Agreement, it has been the intention of the Company to enter into a single agreement that would substantially incorporate the same terms

as the agreements to which the Existing Continuing Connected Transactions relate and hence, the Sales Agreement was entered into by the Company instead of renewing the CIMC (Group) Master Product Sales Agreement.

In order to facilitate the entering into of the Sales Agreement, the CIMC (Group) Master Product Sales Agreement will not be renewed but rather, its principal terms incorporated into the Sales Agreement; and the Master Sale of Products Agreement and the Holvrieka Master Sale of Tanks Agreement will be early terminated upon the approval of the Sales Agreement by the Independent Shareholders at the EGM which will be convened on 31 January 2011, since their principal terms have been incorporated into the Sales Agreement.

The Company also has entered into the Services Agreement.

II. CONTINUING CONNECTED TRANSACTIONS

(1) SALES AGREEMENT

Date: : 22 December 2010

Parties: : 1. the Company; and
2. CIMC

Subject matter:

The CIMC Group will purchase and the Group will sell the Products manufactured and / or sold by the Group 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 2011 and expiring on 31 December 2013.

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 by reference to the then Sales Market Rate, which will be agreed upon by the Group, the CIMC Group and, if applicable, the Sales Customers.

Upon the entering into of 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 customers.

Historical transaction amounts:

The historical transaction amounts of the Existing Continuing Connected Transactions and the corresponding annual caps during the relevant periods or years are as follows:

	Annual caps (in RMB) (Note 1)				Actual amount (in RMB)		
	For the year ended 31 December 2008	For the year ended 31 December 2009	For the year ending 31 December 2010	For the year ending 31 December 2011	For the year ended 31 December 2008	For the year ended 31 December 2009 (Note 2)	For the six months ended 30 June 2010
CIMC (Group) Master Product Sales Agreement	155,000,000	186,000,000	223,200,000	N/A	21,700,000	91,142,000	50,568,000
Master Sale of Products Agreement	N/A	178,699,000	240,879,000	349,211,000	N/A	23,240,000	18,822,000
Holvrieka Master Sale of Tanks Agreement	N/A	24,614,528	37,591,484	51,446,580	N/A	20,113,000	10,025,000

Note:

1. Annual caps figures in the table above derive from the announcements of the Company dated 31 December 2007 and 3 June 2009, respectively.
2. Actual amounts in relation to the year ended 31 December 2009 for both Master Sale of Products Agreement and Holvrieka Master Sale of Tanks Agreement only covered transactions from 14 August 2009, being the date which the two aforementioned agreements were approved by the then Independent Shareholders, to 31 December 2009.

None of aggregate amounts above exceeded their respective annual caps for the corresponding periods or years. It is expected that the aggregate amount for the year ending 2010 will not exceed the cap for the corresponding year.

Proposed annual caps:

	Annual caps (in RMB)		
	For the year ending 31 December 2011	For the year ending 31 December 2012	For the year ending 31 December 2013
Sales Agreement	294,000,000	386,000,000	489,000,000

Basis of proposed annual caps

The Board derives the projected numbers by reference to the historical transaction amounts under the Existing Continuing Connected Transactions, 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 multiplied by the corresponding price which is determined by reference to the Sales Market Rate and multiplied by the percentage of customers for the Products that will likely require payment by finance lease and the projected number of Products to be purchased from the Group by the CIMC Group for the purpose of the CIMC Group's manufacturing and business operations.

Requirements under the Listing Rules

As three of the 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.

Reasons for and benefits of the transaction:

The Group is engaged in the sale of transportation, storage and processing equipments for energy, chemicals and liquid food 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 (including the independent non-executive Directors) considered that the terms of the Sales Agreement are fair and reasonable and at 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 dispatched to Shareholders on or before 12 January 2011, upon receiving the recommendations from Somerley.

(2) SERVICES AGREEMENT

Date: : 22 December 2010

Parties: : 1. the Company; and
2. CIMC

Subject matter:

The Group will provide and CIMC Group will receive the Services for a term commencing on 1 January 2011 and expiring on 31 December 2013.

During the term of the Services Agreement, CIMC Group will at the end of each calendar year prepare and submit a plan to the Group which will set out details as to what CIMC Group requires from the Group in relation to the Services in the forthcoming calendar year.

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 CIMC Group.

Fees, payment terms and provision 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, the then Services Market Rate and which if inapplicable too, by reference to the costs incurred by the Group in providing the Services plus a reasonable premium, to be agreed between the Group and CIMC Group. Such premium shall be finalised by both parties on the basis that it is reasonable and fair to both parties.

Proposed annual caps:

	Annual caps (in RMB)		
	For the year ending 31 December 2011	For the year ending 31 December 2012	For the year ending 31 December 2013
Services Agreement	23,000,000	30,000,000	39,000,000

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 2013 in view of the economic growth in the PRC and the growth in demand for the Services from CIMC Group and the trend in fees in respect of the Services in the future.

Requirements under the Listing Rules

As three of the 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.

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 and are at 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 56.59% 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 three of the 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 three of the 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 31 January 2011 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 dispatched to the Shareholders on or before 12 January 2011.

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 equipments that are widely used among the energy, chemical and liquid food industries.

CIMC is principally engaged in the manufacturing and sales of containers, road transportation vehicles, energy, chemical and liquid food equipment as well as air and sea transportation equipment through its various direct and indirect operating subsidiaries.

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
“CIMC (Group) Master Product Sales Agreement”	the agreement dated 31 December 2007 entered into between the Company and CIMC, details of which are set out in the

		announcement of the Company dated 31 December 2007
“CIMC Group”		CIMC together with its subsidiaries and associates
“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 in the Main Board of 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 31 January 2011 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
“Existing Continuing Connected Transactions”		the continuing connected transactions contemplated under the CIMC (Group) Master Product Sales Agreement, the Master Sale of Products Agreement and the Holvrieka Master Sale of Tanks Agreement
“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 and other regulatory agencies
“Group”		the Company together with its subsidiaries
“HK\$”		Hong Kong dollars, the lawful currency of Hong Kong
“holding company(ies)”		has the meaning ascribed to it under the Listing Rules
“Holvrieka Master Sale of Tanks Agreement”		the master sale of tanks agreement dated 14 August 2009 entered into between the Company and Burg Industries B.V., details of which are set out in the announcement of the Company dated 3 June 2009
“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 CIMC and its associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Sale of Products Agreement”	the master sale of products agreement dated 14 August 2009 entered into between the Company and CIMC, details of which are set out in the announcement of the Company dated 3 June 2009
“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, compress natural gas (“CNG”) hydraulic refueling stations and trailers, cryogenic liquefied gas storage tanks, pressure cylinders, liquified natural gas trailers, CNG trailers, compressed specialty gas trailers, compressors, oil tanks, pressure cylinder tanks, ISO tanks and liquid food storage tanks
“RMB”	Renminbi, the lawful currency of the PRC
“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 the Products for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013
“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 services in relation to the one-year quality guarantee period are provided 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 or with reference to those accepted by independent third parties; or (ii) if (i) is inapplicable, determined with reference to the normal commercial terms offered or applicable in the PRC or with reference to those accepted by independent third parties
“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 or with reference to those accepted by independent third parties

“Services”	services including but not limited to uncoiling steel, sand blasting, base coat spraying, welding, heat treatment and testing and other related services such as site leasing
“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 CIMC Group will receive Services for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013
“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, 22 December 2010

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 and Mr. Petrus Gerardus Maria van der Burg as non-executive Directors; and Mr. Wong Chun Ho, Mr. Tsui Kei Pang and Mr. Zhang Xueqian as independent non-executive Directors.