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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)

CONNECTED TRANSACTIONS

(1) TRANSFER OF LAND PARCELS

(2) ACQUISITION OF TARGET ASSETS

(1) TRANSFER OF LAND PARCELS

On 27 May 2021, CIMC Safe Tech, a subsidiary of the Company, entered into the Land Transfer Agreement with CIMC Special Container, pursuant to which CIMC Safe Tech agreed to acquire from CIMC Special Container the land use rights of Land Parcel A for a consideration of approximately RMB39,000 and Land Parcel B for a consideration of approximately RMB5,024,000. At the same time, CIMC Safe Tech agreed to dispose of the land use right of Land Parcel C to CIMC Special Container for a consideration of approximately RMB5,261,000.

(2) ACQUISITION OF TARGET ASSETS

On the same date, CIMC Safe Tech entered into the Asset Transfer Agreement with CIMC Special Container, pursuant to which CIMC Safe Tech agreed to acquire the Target Assets from CIMC Special Container for a consideration of approximately RMB31,082,000.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CIMC indirectly holds 67.92% of the entire share capital of the Company, and is therefore a controlling shareholder and connected person of the Company. CIMC Special Container is a connected person of the Company by virtue of it being a subsidiary and an associate of CIMC. Accordingly, the transactions contemplated under the Transfer Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Transfer Agreements were entered into with the same connected person at the same time, the Transfer Agreements are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transfer Agreements, when calculated on an aggregated basis, is more than 0.1% but less than 5%, the transactions contemplated under the Transfer Agreements are subject to the reporting and announcement requirements but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board announces that on 27 May 2021, CIMC Safe Tech, a subsidiary of the Company, entered into the Land Transfer Agreement with CIMC Special Container, pursuant to which CIMC Safe Tech agreed to acquire from CIMC Special Container the land use rights of Land Parcel A for a consideration of approximately RMB39,000 and Land Parcel B for a consideration of approximately RMB5,024,000. At the same time, CIMC Safe Tech agreed to dispose of the land use right of Land Parcel C to CIMC Special Container for a consideration of approximately RMB5,261,000.

On the same date, CIMC Safe Tech entered into the Asset Transfer Agreement with CIMC Special Container, pursuant to which CIMC Safe Tech agreed to acquire the Target Assets from CIMC Special Container for a consideration of approximately RMB31,082,000.

I. LAND TRANSFER AGREEMENT

Date

27 May 2021

Parties

- (1) CIMC Special Container (as seller of Land Parcel A and Land Parcel B and buyer of Land Parcel C); and
- (2) CIMC Safe Tech, a subsidiary of the Company (as buyer of Land Parcel A and Land Parcel B and seller of Land Parcel C).

Nature of the Transaction

Pursuant to the Land Transfer Agreement, CIMC Safe Tech agreed to acquire from CIMC Special Container the land use rights of Land Parcel A and Land Parcel B. At the same time, CIMC Safe Tech agreed to dispose of the land use right of Land Parcel C to CIMC Special Container.

The Land Parcels

Land Parcel A is a piece of industrial land located at No.55 Lujing Road, Gangzha District, Nantong City, Jiangsu Province* (江蘇省南通市港閘區蘆涇路55號) with an area of approximately 112 m².

Land Parcel B is a piece of industrial land located at No.55 Lujing Road, Gangzha District, Nantong City, Jiangsu Province* (江蘇省南通市港閘區蘆涇路55號) with an area of approximately 14,561 m².

Land Parcel C is a piece of industrial land located at No.155 Chenggang Road, Gangzha District, Nantong City, Jiangsu Province* (江蘇省南通市港閘區城港路155號) with an area of approximately 15,031 m².

As advised by CIMC Special Container, the original acquisition cost of Land Parcel A and Land Parcel B was approximately RMB18,000 and RMB3,029,000 respectively. As at 31 December 2020, the net book value of Land Parcel A and Land Parcel B was approximately RMB12,000 and RMB1,898,000 respectively. As an integrated part of CIMC Special Container's business operation, Land Parcel A and Land Parcel B did not generate any profits on their own for the two years ended 31 December 2019 and 31 December 2020.

According to the audited accounts of CIMC Safe Tech, as at 31 December 2020, the net book value of Land Parcel C was approximately RMB671,000. Land Parcel C did not generate any profits on its own for the two years ended 31 December 2019 and 31 December 2020.

Consideration

The consideration payable by CIMC Safe Tech for the acquisition of the land use right of Land Parcel A is approximately RMB39,000, which was determined after arm's length negotiations by the Parties with reference to the site inspection of Land Parcel A conducted by the Parties, the book value of Land Parcel A and the appraised market value of Land Parcel A of approximately RMB39,000 as at 28 February 2021 by an independent property valuer on the basis of market approach.

The consideration payable by CIMC Safe Tech for the acquisition of the land use right of Land Parcel B is approximately RMB5,024,000, which was determined after arm's length negotiations by the Parties with reference to the site inspection of Land Parcel B conducted by the Parties, the book value of Land Parcel B and the appraised market value of Land Parcel B of approximately RMB5,024,000 as at 28 February 2021 by an independent property valuer on the basis of market approach.

The consideration payable by CIMC Special Container for the acquisition of the land use right of Land Parcel C is approximately RMB5,261,000, which was determined after arm's length negotiations by the Parties with reference to the site inspection of Land Parcel C conducted by the Parties, the book value of Land Parcel C and the appraised market value of Land Parcel C of approximately RMB5,261,000 as at 28 February 2021 by an independent property valuer on the basis of market approach.

Payment of the Consideration

The respective consideration for the Land Parcels shall be settled in cash. Pursuant to the Land Transfer Agreement:

- (1) CIMC Safe Tech shall settle 50% of the consideration for Land Parcel A and Land Parcel B, and CIMC Special Container shall settle 50% of the consideration for Land Parcel C within 10 Working Days from the date of signing of the Land Transfer Agreement; and
- (2) CIMC Safe Tech shall settle the remaining 50% of the consideration for Land Parcel A and Land Parcel B and CIMC Special Container shall settle the remaining 50% of the consideration for Land Parcel C within 10 Working Days from the date of Completion of Delivery of Land Parcels.

The consideration for Land Parcel A and Land Parcel B will be funded by internal resources of CIMC Safe Tech.

Completion

Completion of Delivery of Land Parcels will be on the date on which CIMC Special Container (in case of Land Parcel C) and CIMC Safe Tech (in case of Land Parcel A and Land Parcel B) obtain the updated land use right certificates and possession of the land.

II. ASSET TRANSFER AGREEMENT

Date

27 May 2021

Parties

- (1) CIMC Special Container (as seller); and
- (2) CIMC Safe Tech, a subsidiary of the Company (as buyer).

Nature of the Transaction

Pursuant to the Asset Transfer Agreement, CIMC Safe Tech agreed to acquire the Target Assets from CIMC Special Container.

The Target Assets

The Target Assets comprise factory buildings and the manufacturing equipment annexed thereto to be used for the production of the products of CIMC Safe Tech. The Target Assets are located at No. 159 Chenggang Road, Gangzha District, Nantong City, Jiangsu Province* (江蘇省南通市港閘區城港路159號).

As advised by CIMC Special Container, the original acquisition cost of the Target Assets was approximately RMB41,296,000. As at 31 December 2020, the net book value of the Target Assets was approximately RMB27,698,000. The Target Assets were used by CIMC Special Container as an integral part of its operation and the Target Assets did not generate any profits on their own for the two years ended 31 December 2019 and 31 December 2020.

Consideration

The consideration for the acquisition of the Target Assets is approximately RMB31,082,000, which was determined after arm's length negotiations by the Parties with reference to the site inspection of the Target Assets by the Parties, the book value of the Target Assets, the appraised value of the Target Assets of approximately RMB32,355,000 as at 30 September 2020 by an independent property valuer on the basis of cost approach and the costs and expenses expected to be incurred by CIMC Safe Tech to get the Target Assets ready to be put into use for producing CIMC Safe Tech's products.

Payment of the Consideration

The consideration shall be settled by CIMC Safe Tech in cash in the following manner:

- (1) 50% of the consideration shall be paid within 10 Working Days from the date of signing of the Asset Transfer Agreement; and
- (2) the remaining 50% of the consideration shall be paid within 10 Working Days from the date of completion of the acquisition of the Target Assets.

The consideration will be funded by internal resources of CIMC Safe Tech.

Completion

Completion of the acquisition of the Target Assets will be on the date on which CIMC Safe Tech obtains the property ownership certificate and vacant possession of the Target Assets.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENTS

Land Transfer Agreement

Prior to the Transfer of Land Parcels, CIMC Safe Tech has been using Land Parcel A and Land Parcel B free of charge and has established a production plant thereon. At the same time, CIMC Safe Tech owns Land Parcel C, a piece of vacant land which CIMC Special Container has been using from time to time as a temporary depot for its finished products. Through the Transfer of Land Parcels, CIMC Safe Tech can ensure continuity of its production by acquiring Land Parcel A and Land Parcel B. Accordingly, the Parties agreed to the Transfer of Land Parcels for the mutual benefit of the Group and CIMC Special Container.

Asset Transfer Agreement

The Target Assets mainly comprise factory buildings and the manufacturing equipment annexed thereto, whilst the land use right of the industrial land on which the said factory buildings are erected belongs to CIMC Safe Tech. Given the Group has planned to enhance the production capacity of CIMC Safe Tech, the acquisition of the Target Assets will enable CIMC Safe Tech to quickly expand its production capacity.

The Directors (including the Independent Non-executive Directors) consider that the terms and conditions of the transactions contemplated under the Transfer Agreements are on the normal commercial terms and are fair and reasonable. The entering into of the Transfer Agreements is in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

IV. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CIMC indirectly holds 67.92% of the entire share capital of the Company, and is therefore a controlling shareholder and connected person of the Company. CIMC Special Container is a connected person of the Company by virtue of it being a subsidiary and an associate of CIMC. Accordingly, the transactions contemplated under the Transfer Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Transfer Agreements were entered into with the same connected person at the same time, the Transfer Agreements are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transfer Agreements, when calculated on an aggregated basis, is more than 0.1% but less than 5%, the transactions contemplated under the Transfer Agreements are subject to the reporting and announcement requirements but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since no Director has or may be perceived to have a material interest in the transactions contemplated under the Transfer Agreements, none of the Directors is required to abstain from voting on the relevant Board resolutions approving the Transfer Agreements under the requirements of the Listing Rules.

V. GENERAL

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

CIMC Special Container is a subsidiary of CIMC and is principally engaged in the production, sales and repair of special containers of various medium, various special storage containers, transportation equipment and their components, various container products and their components, and steel structure products; provision of technical consultation and after-sales service, examination and testing, cleaning and loading and unloading of related products; property management services; and domestic freight forwarding. As at the date of this announcement, CIMC Special Container is ultimately owned by CIMC (as to 71%), Nantong Wanda Boiler Co. Ltd (南通萬達鍋爐有限公司), a state-owned enterprise in the PRC (as to 14%) and Sumitomo Corporation, a company listed on the Tokyo, Nagoya and Fukuoka Stock Exchanges (Stock Code: 8053) (as to 15%). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Nantong Wanda Boiler Co., Ltd. and Sumitomo Corporation are third parties independent of the Company and its connected persons.

CIMC Safe Tech is a subsidiary of the Company and is principally engaged in the manufacture and sales of standard tank containers, special tank containers and a wide range of equipment for multimodal transportation of bulk cargos, predominantly chemicals, in the forms of liquid, gas and powder. As at the date of this announcement, CIMC Safe Tech is ultimately owned by the Company (as to 90%), Zhuhai Zilang Enterprise Administration Centre (Limited Partnership)* (珠海紫琅企業管理中心 (有

限合夥)) (as to 5.13%) and Zhuhai Pengrui Senmao Enterprise Administration Centre (Limited Partnership)* (珠海鵬瑞森茂企業管理合夥企業 (有限合夥)) (as to 4.87%). The aforesaid limited partnerships are shareholding platforms of the Chemical and Environmental Business Unit Equity Incentive Scheme of CIMC Safe Tech. For further information on the participants of the scheme, please refer to the announcement of the Company dated 27 November 2020.

VI. DEFINITIONS

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

“Asset Transfer Agreement”	the agreement dated 27 May 2021 entered into between CIMC Special Container and CIMC Safe Tech in relation to the sale and purchase of the Target Assets
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CIMC”	China International Marine Containers (Group) Co., Ltd.* (中國國際海運集裝箱 (集團) 股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC, 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
“CIMC Safe Tech”	CIMC Safeway Technologies Co., Ltd* (中集安瑞環科技股份有限公司), (formerly known as 南通中集罐式儲運設備製造有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“CIMC Special Container”	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.* (南通中集特種運輸設備製造有限公司), a company incorporated in the PRC with limited liability and a subsidiary of CIMC

“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
“Completion of Delivery of Land Parcels”	the completion of Transfer of Land Parcels pursuant to the terms of the Land Transfer Agreement
“connected person(s)”	shall have the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	shall have the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Parcels”	collectively, Land Parcel A, Land Parcel B and Land Parcel C
“Land Parcel A”	as defined in the section headed “ <i>I. Land Transfer Agreement – The Land Parcels</i> ” in this announcement
“Land Parcel B”	as defined in the section headed “ <i>I. Land Transfer Agreement – The Land Parcels</i> ” in this announcement
“Land Parcel C”	as defined in the section headed “ <i>I. Land Transfer Agreement – The Land Parcels</i> ” in this announcement
“Land Transfer Agreement”	the agreement dated 27 May 2021 entered into between CIMC Special Container and CIMC Safe Tech in relation to the sale and purchase of the Land Parcels
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	collectively, CIMC Special Container and CIMC Safe Tech

“PRC”	the People’s Republic of China, and for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	the assets to be acquired by CIMC Safe Tech from CIMC Special Container pursuant to the Asset Transfer Agreement
“Transfer Agreements”	collectively, the Asset Transfer Agreement and the Land Transfer Agreement
“Transfer of Land Parcels”	collectively, the transfer of land use rights of Land Parcel A and Land Parcel B from CIMC Special Container to CIMC Safe Tech and the transfer of land use right of Land Parcel C from CIMC Safe Tech to CIMC Special Container pursuant to the Land Transfer Agreement
“Working Day(s)”	the statutory working days in the PRC
“%”	per cent.

By order of the Board
CIMC Enric Holdings Limited
GAO Xiang
Chairman

Hong Kong, 27 May 2021

As at the date of this announcement, the Board consists of Mr. Gao Xiang (Chairman) as non-executive Director; Mr. Yang Xiaohu (General Manager) as 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.

* *For identification purposes only*