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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

**ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
HOLVRIEKA (CHINA) CO., LTD.***

Financial Adviser to CIMC Enric Holdings Limited



**Independent financial adviser to
the independent board committee and the Independent Shareholders**



On 10 July 2014, CIMC Tank Equipment and Sound Winner, a wholly-owned subsidiary of the Company, entered into the Agreement, pursuant to which, among others, CIMC Tank Equipment agreed to sell and Sound Winner agreed to purchase the entire equity interest in NCLS.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company subject to the announcement requirement under Chapter 14 of the Listing Rules.

CIMC Tank Equipment is an indirect wholly-owned subsidiary of CIMC, which is a substantial shareholder of the Company, and therefore CIMC Tank Equipment, being an associate of CIMC, is a connected person of the Company. Accordingly, the Acquisition constitutes connected transactions of the Company subject to the requirements of reporting, announcement and approval by the Independent Shareholders at the EGM under Chapter 14A of the Listing Rules.

GF Capital (Hong Kong) Limited has been appointed as the financial adviser to the Company in respect of the Acquisition. An independent board committee has been established to consider, among others, the terms

of the Agreement and the transactions contemplated thereunder. An independent financial adviser, Somerley Capital Limited, has been appointed to advise the independent board committee and the Independent Shareholders in this regard.

The EGM will be convened at which resolutions will be proposed to approve, inter alia, the Agreement, the transactions contemplated thereunder including the allotment and issue of the Consideration Shares.

A circular containing, among others, (i) further information of the Acquisition; (ii) a letter of recommendation from the independent board committee; (iii) a letter of advice from the independent financial adviser; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or before 30 July 2014.

Completion is conditional upon, among other things, the satisfaction of the conditions of the Agreement, and the Acquisition may or may not materialise. Shareholders and investors are reminded to exercise caution when dealing in the Shares.

I. INTRODUCTION

On 10 July 2014, CIMC Tank Equipment and Sound Winner, a wholly-owned subsidiary of the Company, entered into the Agreement, pursuant to which, among others, CIMC Tank Equipment agreed to sell and Sound Winner agreed to purchase the entire equity interest in NCLS.

II. THE AGREEMENT

Date: 10 July 2014

Parties:

1. CIMC Tank Equipment (as vendor); and
2. Sound Winner (as purchaser)

Consideration: The consideration is RMB337,000,000 and shall be satisfied by Sound Winner procuring the allotment and issue of 39,740,566 Consideration Shares by the Company at an issue price of HK\$10.60 per Consideration Share to CIMC Tank Equipment at Completion. The number of Consideration Shares is equivalent to the consideration divided by the issue price which is the average closing price per Share for the 5 trading days including and immediately before the date of the Agreement, namely, from 4 July 2014 to 10 July 2014, and represents a 0.76% premium over the closing price of HK\$10.52 per Share on the date of this

Announcement.

Assuming there is no further change to the share capital of the Company prior to Completion, the Consideration Shares represent approximately 2.10% of the existing issued share capital of the Company and approximately 2.05% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

As of the date of this Announcement, CIMC holds approximately 69.77% of the issued share capital of the Company and is a controlling shareholder of the Company as defined under the Listing Rules. Assuming there is no further change to the share capital of the Company prior to Completion, CIMC's shareholding (including through CIMC Tank Equipment) in the Company will increase from approximately 69.77% to approximately 70.39% upon Completion.

The allotment, issue and delivery of the Consideration Shares will be subject to the approval of Independent Shareholders at the EGM. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The consideration is subject to adjustments if NCLS incurred an actual loss of RMB3,000,000 or more due to non-disclosure of information or inaccurate disclosure of information by CIMC Tank Equipment in the due diligence investigation of NCLS or under the Agreement.

The consideration was arrived at after arm's length negotiations between the Parties, after taking into account of the audited net asset value of NCLS as at 31 December 2013, an independent valuation of NCLS, the rationale for the Acquisition and the benefits to the Group after the Acquisition, the historical financial information of NCLS and prospects of the industry in which NCLS operates.

Conditions precedent: Completion of the Acquisition is conditional upon, among others:

1. the relevant resolutions of the shareholders and directors of NCLS respectively approving the Acquisition having been provided by CIMC Tank Equipment;

2. CIMC Tank Equipment having confirmed in writing that the transfer of the entire equity interest in NCLS is in accordance with the laws and without any restriction;
3. the relevant board resolutions of Sound Winner approving the Acquisition having been provided;
4. all permissions, approvals, authorisations and/or waiver (if applicable) necessary for the transfer of the entire equity interest in NCLS and related matters having been issued by the relevant parties, the PRC government or regulatory authorities, including approval from (i) State-owned Assets Supervision and Administration Commission of the State Council (if required), (ii) Nantong Development and Reform Commission and Jiangsu Development and Reform Commission (if required) and (iii) Department of Commerce of Jiangsu Province;
5. the transactions contemplated under the Agreement being in compliance with the requirements prescribed by relevant regulatory authorities, including the requirement of obtaining the approval of Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder;
6. the allotment, issue, listing of and dealing in Consideration Shares had been approved by the relevant regulatory authority;
7. there being no actual or potential material adverse change in the financial conditions, business or assets of NCLS since the date of the Agreement;
8. all warranties under the Agreement having remained true and accurate in all the material aspect before Completion; and
9. Sound Winner having completed the due diligence investigation and being satisfied with the results of such investigation.

The Parties shall use their best endeavour to fulfill the conditions precedent within 90 Business Days of the date of the Agreement or any further period as agreed by Sound Winner in writing.

Completion:

Completion shall take place after Sound Winner notifies CIMC Tank Equipment in

writing upon fulfillment of all the conditions set out in the Agreement (or Sound Winner waives one or more conditions set out in the Agreement, except for those mandatory requirements of laws and regulations and mandatory governmental approvals), the equity transferring registration having been completed and NCLS having obtained a newly issued business license.

If the conditions precedent cannot be satisfied within 180 days from the execution date of the Agreement and such failure is caused by CIMC Tank Equipment, the Agreement shall not be performed (unless Sound Winner agrees in writing to change the relevant provision).

III. INFORMATION ON NCLS

NCLS is a company established in the PRC on 20 December 2007 with limited liability. The registered share capital of NCLS is USD47,700,000. NCLS is principally engaged in the research, development, design, production and sale of tanks and relevant parts; undertake contractor projects in relation to tanks; provision of product parts, repair and maintenance services for tank projects; and provision of training and consultancy services in relation to tank projects.

Based on the audited accounts of NCLS, which were prepared in accordance with the generally accepted accounting principles in the PRC, the net asset value of NCLS as at 31 December 2013 was approximately RMB314,346,000. According to an independent valuation, market value of the 100% equity interest of NCLS as at 31 December 2013 was RMB337,000,000.

In accordance with the generally accepted accounting principles in the PRC, the audited profit (or loss) before and after taxation of NCLS for the years ended 31 December 2012 and 31 December 2013 are set out in the following table:

	Year ended 31 December 2013	Year ended 31 December 2012
	RMB	RMB
Profit (or loss) before taxation	12,341,000	(776,000)
Profit (or loss) after taxation	7,073,000	(2,163,000)

IV. REASONS FOR AND BENEFITS OF THE ACQUISITION

Following the acquisition of the chemical and liquid food equipment businesses from CIMC group (the “2009 Acquisition”), the Group has extended to become a manufacturer of specialised equipment and a provider for related project engineering services in energy, chemical and liquid food industries. The Group has

experienced sustainable growth in turnover and net profit attributable to equity shareholders, with a respective CAGR of approximately 35.7% and 52.0% throughout 2010 to 2013. NCLS was not transferred from CIMC group into the Group as part of the 2009 Acquisition because NCLS was still an initial set-up and had not commenced business by then. However, pursuant to the deed of non-compete undertakings given by CIMC to the Company in 2009, the Company has been granted the purchase option and the pre-emptive right to acquire, amongst other things, any interests in NCLS from CIMC.

Over the past few years, NCLS has been producing and selling tanks for various industries, especially for the liquid food industry. NCLS also provides turnkey solution in brewing to its customers. The production base of NCLS is in the PRC, its products and services are mainly sold and delivered to the PRC and other Asian countries. For the year ended 31 December 2013, NCLS recorded a turnover of approximately RMB383.0 million and a net profit attributable to shareholders of approximately RMB7.1 million. The Board believes that the production capability, manufacturing technologies and project reference of NCLS would be able to complement the Group's development in China's liquid food equipment industry.

The Group focuses on integrating its business and operational structures with the assets acquired in 2012 from Ziemann Group and making use of the acquired resources in terms of brand name, market network, manufacturing technologies, process automation and project reference for complementing its development in turnkey solutions in liquid food equipment.

The major manufacturing plants for the segment of liquid food equipment of the Group are located in Germany, Netherlands, Belgium and Denmark. The relatively high costs of production and operation in Europe limit the Group's development in China market. Since 2012, the Group has granted non-exclusive licences to NCLS to use the know-how and trademarks of the Group in design, manufacturing and sale of tank and related parts in the PRC. NCLS has been providing services and selling products to the Group and other third parties over the past few years.

The Board believes that the Acquisition can enhance production capability of the Group, achieve synergy and eliminate potential competition. Moreover, by leveraging on NCLS's established platform in the PRC, the Group can further develop its liquid food equipment business in Asia, in particular China. The Acquisition is in line with the strategy of the Group in proactively seeking new business and acquisition opportunities on the solid foundation of its continuing organic growth.

The Chinese government announced the "Food Industry 12th Five-Year Plan" to promote, among others, further development of its beverage and brewing industries. Domestic beverage production is projected to reach 160 million tons by 2015, representing an annual growth of around 10%. A number of major international brewery groups and liquid food producers as well as the Chinese liquid food producers have made investments in China, especially on building production facilities and plants. According to the National

Bureau of Statistics of China, the percentage of urban population to total population in China has reached 53.7% by 2013. It is forecasted that the percentage will progressively climb to approximately 69.4% by 2030, which will drive long-term economic development in the country. In view of increasing household income and purchasing power, the Board believes that the liquid food industry would experience further development in China.

NCLS owns a pier which is located along Yangtze River and also possesses a parcel of land of approximately 187,000 sq. meters pending for development. As China seeks to broaden its use of natural gas, the country's LNG vessel market will take off with a favourable subsidies policy announced recently. The potential demand for on-board LNG fuel tanks, LNG refueling equipment for LNG vessels and related equipment present a business opportunity for the Group. The Board believes that the potential benefits generated from the pier and the aforesaid land will further complement the existing operations and allow the Group to possibly capture additional business opportunities by strengthening the Group's foothold in the PRC.

The Directors (excluding the independent non-executive Directors whose views will be provided after taking into account the views of the independent financial adviser) consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

V. LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company subject to the announcement requirement under Chapter 14 of the Listing Rules.

CIMC Tank Equipment is an indirect wholly-owned subsidiary of CIMC, which is a substantial shareholder of the Company, and therefore CIMC Tank Equipment, being an associate of CIMC, is a connected person of the Company. Accordingly, the Acquisition constitutes connected transactions of the Company subject to the requirements of reporting, announcement and approval by the Independent Shareholders at the EGM under Chapter 14A of the Listing Rules.

GF Capital (Hong Kong) Limited has been appointed as the financial adviser to the Company in respect of the Acquisition. An independent board committee has been established to consider, among others, the terms of the Agreement and the transactions contemplated thereunder. An independent financial adviser, Somerley Capital Limited, has been appointed to advise the independent board committee and the Independent Shareholders in this regard.

The EGM will be convened at which resolutions will be proposed to approve, inter alia, the Agreement, the transactions contemplated thereunder including the allotment and issue of the Consideration Shares.

A circular containing, among others, (i) further information of the Acquisition; (ii) a letter of recommendation from the independent board committee and; (iii) a letter of advice from the independent financial adviser; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or before 30 July 2014.

VI. GENERAL INFORMATION

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 Tank Equipment is principally engaged in investment holding.

Completion is conditional upon, among other things, the satisfaction of the conditions of the Agreement, and the Acquisition may or may not materialise. Shareholders and investors are reminded to exercise caution when dealing in the Shares.

VII. DEFINITIONS

Unless the context otherwise requires, the following terms in this announcement shall have the meanings set out below: -

“Acquisition”	the acquisition of the entire equity interest of NCLS from CIMC Tank Equipment by Sound Winner pursuant to the terms and conditions of the Agreement
“Agreement”	the equity interest transfer agreement dated 10 July 2014 and entered into between CIMC Tank Equipment and Sound Winner for the sale and purchase of the entire equity interest in NCLS
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day other than statutory holidays and rest days in the PRC
“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 Tank Equipment”	CIMC Tank Equipment Investment Holdings Company Limited, a company with limited liability incorporated in Hong Kong, an indirect wholly-owned subsidiary of CIMC

“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
“Completion”	completion of the Agreement
“connected person(s)”	has the meaning ascribed to it under Chapter 14A the Listing Rules
“Consideration Shares”	39,740,566 new Shares to be allotted and issued by the Company as consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at which ordinary resolutions will be proposed to approve the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	Shareholder(s) (other than those who are required under the Listing Rules to abstain from voting) who do not have to abstain from voting at the EGM pursuant to the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LNG”	liquefied natural gas
“NCLS”	南通中集大型儲罐有限公司 (Holvrieka (China) Co., Ltd.*), a company incorporated in the PRC with limited liability
“Parties”	CIMC Tank Equipment and Sound Winner
“PRC” or “China”	the People’s Republic of China and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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 Shares
“Sound Winner”	Sound Winner Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

** for identification purpose only*

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

Hong Kong, 10 July 2014

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 the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.250.