

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 16 January 2015, the Company entered into the New Master Office Services Agreement with CIMC, whereby the Group agreed to provide miscellaneous general office services (including but not limited to staff catering, transportation services, leasing of office premises, other sites and equipment) to the CIMC Group, for the period from 1 January 2015 up to and including 31 December 2017.

On 16 January 2015, the Company entered into the New Master Processing Services Agreement with CIMC, whereby the CIMC Group agreed to provide processing services, including but not limited to uncoiling steel, sand blasting and base coat spraying, site leasing and other related services to the Group, for the period from 1 January 2015 up to and including 31 December 2017.

On 16 January 2015, the Company entered into the New Master Procurement Agreement with CIMC, whereby the Group agreed to procure various spare parts and/or raw materials, including but not limited to vehicle chassis and vehicle platforms, intelligence system, containers and steel from the CIMC Group, for the period from 1 January 2015 up to and including 31 December 2017.

As at the date of this announcement, CIMC indirectly owns as to approximately 70.52% of the Shares. Accordingly, CIMC is a controlling shareholder of the Company, and a connected person of the Company. Hence the transactions contemplated under each of the New Master Office Services Agreement, the New Master Processing Services Agreement and the New Master Procurement Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under each of the New Master Office Services Agreement, the New Master Processing Services Agreement and the New Master Procurement Agreement will, on an annual basis, be more than 0.1% but less than 5%, such transactions are

subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 30 December 2011 and the circular of the Company dated 19 January 2012 in relation to the transactions under the Existing Master Office Services Agreement, the Existing Master Processing Services Agreement and the Existing Master Procurement of Spare Parts Agreement entered into by the Company. Since it is anticipated that the Group will continue to enter into transactions of similar nature to the aforesaid existing transactions with the CIMC Group in its ordinary course of business on an ongoing basis, the Company and CIMC entered into the New Master Office Services Agreement, the New Master Processing Services Agreement and the New Master Procurement Agreement on 16 January 2015.

II. CONTINUING CONNECTED TRANSACTIONS

(1) The New Master Office Services Agreement

Date

16 January 2015

Parties

- (a) the Company as provider; and
- (b) CIMC as purchaser

Duration

From 1 January 2015 up to and including 31 December 2017

Nature of transactions

Provision of miscellaneous general office services (including but not limited to staff catering, transportation services, leasing of office premises, other sites and equipment) by the Group to the CIMC Group.

Pricing determination

- (a) the relevant services should be provided at State-prescribed prices, being the prices set by the relevant laws, regulations, decisions, orders or policies in respect of the relevant services issued by the legitimate government of the place where the relevant services are provided (including but not limited to the central government, provincial government) or other regulatory authorities of the PRC;

- (b) where there is no State-prescribed price, the relevant services should be provided at relevant market prices, being the prices at which the same type of services are provided by the Group to Independent Third Parties or by Independent Third Parties to CIMC Group at or near the same area where the relevant services are provided in the ordinary course of business on normal commercial terms; or
- (c) where there is no State-prescribed price or relevant market price, the relevant services should be provided at prices equivalent to the actual costs incurred in providing the relevant services, plus an appropriate profit margin. For general office services, other than leasing of buildings, sites and equipment, the actual costs will be determined with reference to depreciation charges of the equipment used in providing the services, the costs of labour, other incidental costs and the relevant taxes. For leasing of buildings, sites and equipment, the actual costs will be determined with reference to the depreciation charges of the relevant buildings, sites and equipment and the relevant taxes. The profit margin will be determined with reference to similar services provided by the Group to Independent Third Parties or by Independent Third Parties to their clients in the ordinary course of business on normal commercial terms.

The “actual costs plus margin” approach is adopted to determine the prices of office services provided by the Group to CIMC Group which are tailor-made for CIMC Group. However, if any State-prescribed price is applicable to the relevant services in the future, such State-prescribed price shall prevail and be executed first and if no State-prescribed price is applicable but market price is available, then such market price shall prevail.

Payment terms

The payment terms will be determined on a transaction-by-transaction basis, on normal commercial terms or terms no less favorable to the Group than terms available to Independent Third Parties.

(2) The New Master Processing Services Agreement

Date

16 January 2015

Parties

- (a) the Company as purchaser; and
- (b) CIMC as provider

Duration

From 1 January 2015 up to and including 31 December 2017

Nature of transactions

Provision of processing services, including but not limited to uncoiling steel, sand blasting and base coat spraying, site leasing and other related services by the CIMC Group to the Group.

Pricing determination

- (a) the relevant services should be procured or provided at State-prescribed prices, being the prices set by the relevant laws, regulations, decisions, orders or policies in respect of the relevant services issued by the legitimate government of the place where the relevant services are provided (including but not limited to the central government, provincial government) or other regulatory authorities of the PRC;
- (b) where there is no State-prescribed price, the relevant services should be procured or provided at relevant market prices, being the prices at which the same type of services are provided by CIMC Group to Independent Third Parties or by Independent Third Parties to the Group at or near the same area where the relevant services are provided in the ordinary course of business on normal commercial terms; or
- (c) where there is no State-prescribed price or relevant market price, the relevant services should be procured or provided at prices equivalent to the actual costs incurred in providing the relevant services plus an appropriate profit margin. For the processing services, other than leasing of sites, the actual costs will be determined with reference to depreciation charges of the equipment used in providing the services, the costs of labour, other incidental costs and the relevant taxes. For leasing of sites, the actual costs will be determined with reference to the depreciation charges of the relevant sites and the relevant taxes. The profit margin will be determined with reference to similar services provided by Independent Third Parties to the Group or by Independent Third Parties to their clients in the ordinary course of business on normal commercial terms.

The “actual costs plus margin” approach is adopted in determining the prices of processing services provided by CIMC Group to the Group which are tailor-made for the Group. However, if any State-prescribed price is applicable to the relevant services in the future, such State-prescribed price shall prevail and be executed first and if no State-prescribed price is applicable but market price is available, then such market price shall prevail.

Payment terms

The payment terms will be determined on a transaction-by-transaction basis, on normal commercial terms or terms no less favorable to the Group than terms available to Independent Third Parties.

(3) The New Master Procurement Agreement

Date

16 January 2015

Parties

- (a) the Company as purchaser; and
- (b) CIMC as seller

Duration

From 1 January 2015 up to and including 31 December 2017

Nature of transactions

Procurement of various spare parts and/or raw materials, including but not limited to vehicle chassis, vehicle platforms, intelligence system, containers and steel by the Group from the CIMC Group.

Pricing determination

- (a) the relevant spare parts and/or raw materials should be procured or provided at State-prescribed prices, being the prices set by the relevant laws, regulations, decisions, orders or policies in respect of the relevant spare parts and/or raw materials issued by the legitimate government of the place where the relevant spare parts and/or raw materials are provided (including but not limited to the central government, provincial government) or other regulatory authorities of the PRC;
- (b) where there is no State-prescribed price, the relevant spare parts and/or raw materials should be procured or provided at relevant market prices, being the prices at which the same type of spare parts and/or raw materials are provided by CIMC Group to Independent Third Parties or by Independent Third Parties to the Group at or near the same area where the relevant spare parts and/or raw materials are provided in the ordinary course of business on normal commercial terms; or
- (c) where there is no State-prescribed price or relevant market price, the relevant spare parts and/or raw materials should be procured or provided at prices equivalent to the actual costs incurred in providing the relevant spare parts and/or raw materials plus an appropriate profit margin. The actual costs will be determined with reference to the cost of the raw materials, depreciation charges, labour and other production costs. The profit margin will be determined with reference to profit margins of similar spare parts and/or raw materials provided by CIMC Group to Independent Third Parties in the ordinary course of business on normal commercial terms.

Procurement of spare parts and/or raw materials generally uses the market price and in limited cases where the spare parts are tailor-made by CIMC Group for the Group, the “actual costs plus margin” approach is adopted. However, if any State-prescribed price is applicable to the relevant spare parts and/or raw materials in the future, such State-prescribed price shall prevail and be executed first.

Payment terms

10% deposit will be paid within 14 days of signing the relevant individual purchase orders, and the balance will be paid by the Group within 3 months of acknowledgement of receipt of the relevant spare parts and/or raw materials.

III. HISTORICAL FIGURES AND PROPOSED ANNUAL CAPS

(1) Historical figures

The historical transaction amounts and the corresponding historical annual caps under each of the Existing Master Office Services Agreement, the Existing Master Processing Services Agreement and the Existing Master Procurement of Spare Parts Agreement for the three financial years ended 31 December 2012, 2013 and 2014 respectively were as follows:-

	Annual caps (in RMB)			Actual amount (in RMB)		
	For the year ended 31 December 2012	For the year ended 31 December 2013	For the year ended 31 December 2014	For the year ended 31 December 2012	For the year ended 31 December 2013	For the six months ended 30 June 2014
Existing Master Office Services Agreement	15,400,000	18,000,000	21,200,000	7,723,000	6,226,000	1,287,000
Existing Master Processing Services Agreement	16,000,000	23,000,000	31,000,000	14,345,000	21,526,000	8,711,000
Existing Master Procurement of Spare Parts Agreement	345,000,000	455,000,000	614,000,000	111,905,000	290,249,000	174,773,000

(2) Proposed annual caps

The proposed annual caps for the transactions contemplated under each of the New Master Office Services Agreement, the New Master Processing Services Agreement and the New Master Procurement Agreement for the three financial years ending 31 December 2015, 2016 and 2017 respectively are set out as follows:

	Proposed annual caps (in RMB)		
	For the financial year ending 31 December		
	2015	2016	2017
New Master Office Services Agreement	18,000,000	20,000,000	24,000,000
New Master Processing Services Agreement	29,000,000	32,000,000	36,000,000
New Master Procurement Agreement	340,000,000	390,000,000	450,000,000

(3) Basis of the proposed annual caps

The proposed annual caps for the transactions contemplated under the New Master Office Services Agreement have been determined based on the historical transaction amounts, the expected usage of the relevant office services and relevant price for each of the relevant services, taken into account the expected growth in the connected parties' business.

The proposed annual caps for the transactions contemplated under the New Master Processing Services Agreement have been determined with reference to the historical transaction amounts, the expected growth in market prices and the expected growth in the business of the Group.

The proposed annual caps for the transactions contemplated under the New Master Procurement Agreement have been determined based on the estimated increase in sale volumes of products that would require spare parts and/or raw materials supplied by CIMC Group with reference to the historical transaction amounts, the expected growth in market prices and the expected growth of the Group. Before the completion of the acquisition of NCLS by the Group in November 2014, the procurement by the Group from NCLS constituted continuing connected transactions contemplated under the Existing Master Procurement of Spare Parts Agreement. Subsequent to the completion of the said acquisition, such procurement no longer constitutes continuing connected transactions. Hence the proposed annual caps are relatively lower compared with the historical annual caps despite the estimated increase and expected growth as mentioned above.

IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

The purpose of entering into the New Master Office Services Agreement is to regulate the provision of office services by the Group to the CIMC Group previously under the Existing Office Services Agreement. The transactions contemplated in the New Master Office Services Agreement increases the utilisation of the Group's under-utilised buildings, sites and equipment and processing capacities as well as generate additional revenue streams for the Group.

The purpose of entering into the New Master Processing Services Agreement is to regulate the provision of processing services, including site leasing, provided by the CIMC Group to support the production of the Group. The transactions contemplated under the New Master Processing Services Agreement ensure the supply of reliable processing services at terms no less favourable to the Group than terms available to Independent Third Parties from CIMC Group, to support the growth of the Group's business.

The purpose of entering into the New Master Procurement Agreement is to regulate the procurement of spare parts and/or raw materials by the Group from the CIMC Group. The transactions contemplated under the New Master Procurement Agreement ensure the supply of quality spare parts and/or raw materials at terms no less favourable to the Group than terms available to Independent Third Parties from CIMC Group, to support the growth of the Group's business.

The Directors (including the independent non-executive Directors) believe that the New Master Office Services Agreement, the New Master Processing Services Agreement and the New Master Procurement Agreement were entered into on normal commercial terms and in the ordinary and usual courses of business of the Group, the terms of the New Master Office Services Agreement, the New Master Processing Services Agreement and the New Master Procurement Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

V. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CIMC indirectly owns as to approximately 70.52% of the Shares. Accordingly, CIMC is a controlling shareholder of the Company, and a connected person of the Company. Hence the transactions contemplated under the New Master Office Services Agreement, the New Master Processing Services Agreement and the New Master Procurement Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under each of the New Master Office Services

Agreement, the New Master Processing Services Agreement and the New Master Procurement Agreement will, on an annual basis, be more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules 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 New Master Office Services Agreement, the New Master Processing Services Agreement and the New Master Procurement Agreement 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 transactions contemplated under the New Master Office Services Agreement, the New Master Processing Services Agreement and the New Master Procurement Agreement.

VI. 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.

VII. DEFINITIONS

In this announcement, the following expressions shall 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
“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 and its subsidiaries (but excluding members of the Group) 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 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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Existing Master Office Services Agreement”	the master office services agreement dated 30 December 2011 entered into between the Company and CIMC for the provision of miscellaneous general office services by the Group to the CIMC Group
Existing Master Processing Services Agreement	the master processing services agreement dated 30 December 2011 entered into between the Company and CIMC for the provision of processing services by the CIMC Group to the Group
Existing Master Procurement of Spare Parts Agreement	the master procurement of spare parts agreement dated 30 December 2011 entered into between the Company and CIMC for the procurement of various spare parts and/or raw materials by the Group from the CIMC Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	a party or parties which is/are independent of and not connected with any of the Directors, chief executives or substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“New Master Office Services Agreement”	the master office services agreement dated 16 January 2015 entered into between the Company and CIMC for the provision of miscellaneous general office services by the Group to the CIMC Group
“New Master Processing Services Agreement”	the master processing services agreement dated 16 January 2015 entered into between the Company and CIMC for the provision of processing services by the CIMC Group to the Group
“New Master Procurement Agreement”	the master procurement agreement dated 16 January 2015 entered into between the Company and CIMC for the procurement of various spare parts and/or raw materials by the Group from the CIMC Group
“PRC”	People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China 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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“0%”

per cent

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

Hong Kong, 16 January 2015

As at the date of this announcement, the board of directors of the Company 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*