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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)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of CIMC Enric Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform shareholders of the Company and potential investors that based on preliminary assessment of the unaudited consolidated management accounts of the Group, the unaudited profit attributable to equity shareholders of the Company for the six months ended 30 June 2015 is expected to decreased by approximately 43% as compared with that for the corresponding period in 2014.

Based on the information currently available, the Board believes that the decrease in profit is primarily due to:

Macroeconomic factors

Influenced by the significant decline in international oil price and the Chinese’s government natural gas pricing reforms implemented in recent years, the price advantage of using natural gas as an alternative fuel over oil has weakened gradually, and the gap between natural gas price and oil price has narrowed significantly in comparison with the corresponding period of last year, and to a certain extent, undermined the motivation for oil-to-gas projects in China as well as the attractiveness of using natural gas as a vehicle fuel. Therefore, the market demand for natural gas equipment dropped significantly during the period, the Group’s natural gas equipment recorded a significant decline in sales. Consolidating the sales performance of the Group’s energy equipment segment, chemical equipment segment and the liquid food equipment segment, the Group’s turnover decreased by approximately 15% during the period.

Market factors

In recent years, the natural gas equipment industry in China has grown rapidly, market competition becoming more intense and average selling prices of some products decreasing significantly. Meanwhile, the economies of scale have diminished due to the decrease in sales volume of the natural gas equipment, and the overall gross profit margin of the Group has recorded a slight decline.

Other expense factors

During the period, the Group implemented stringent cost control measures, selling expenses, administrative expenses and finance costs recorded an obvious reduction. Nonetheless, the Company granted 38,420,000 share options on 5 June 2014 and the relevant equity-settled share-based fair value was only amortised for 25 days in the first half of 2014, while it was amortised for the whole period in the first half of 2015. Moreover, the Company and certain foreign subsidiaries of the Group (as immediate holding companies for the Group's PRC subsidiaries) were regarded as Chinese Resident Enterprises in the first half of 2014, since then the payment of enterprise income tax is no longer required on distribution of dividends by the PRC subsidiaries to the abovementioned foreign subsidiaries. Therefore, during the first half of 2014, the deferred withholding tax liability of approximately RMB59,053,000 previously provided for the distributable profits of PRC subsidiaries was reversed and credited to income tax. However, there was no significant reversal of income tax during the first half of 2015.

In view of the above factors, the profit attributable to equity shareholders of the Company for the six months ended 30 June 2015 is expected to record a significant decline. Nonetheless, the Group's operation remains healthy and solid as a whole and its overall financial position remains robust. The Group has also taken various measures to mitigate operational pressures, including (among others) strengthening of market competitiveness through continuous product development and product upgrades, and enhancement of profitability through stringent cost control. It is believed that the above measures will lay down a solid foundation to cope with market competition and long-term development of the Group in the future.

The information contained in this announcement is based on a preliminary assessment of the information currently available to the Board, including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2015, which as at the date of this announcement are yet to be confirmed or audited by the Company's auditors. The Group's interim results for the six months ended 30 June 2015 are expected to be announced before the end of August 2015 in accordance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 3 August 2015

As at the date of this announcement, the Board consists of Mr. Gao Xiang (Chairman), Mr. Liu Chunfeng (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.