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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 –  
(1) FINANCIAL SERVICES FRAMEWORK AGREEMENT (2022)  
(2) MASTER SALES AGREEMENT (2022)  
(3) MASTER PROCESSING SERVICES AGREEMENT (2022)  
AND  
(4) MASTER PROCUREMENT AGREEMENT (2022)**

Reference is made to (i) the announcement of the Company dated 31 December 2019 in relation to, among other things, the Financial Services Framework Agreement (2019), the Master Sales Agreement (2019), the Master Processing Services Agreement (2019) and the Master Procurement Agreement (2019), (ii) the announcement of the Company dated 4 November 2021 in relation to the revision of annual caps under the Master Sales Agreement (2019) and the Master Procurement Agreement (2019) and (iii) the announcement of the Company dated 23 February 2022 in relation to the revision of annual caps under the Financial Services Framework Agreement (2019). As all the said agreements will expire on 31 December 2022, to renew the same, on 28 November 2022, the Company and CIMC have entered into the Financial Services Framework Agreement (2022), the Master Sales Agreement (2022), the Master Processing Services Agreement (2022) and the Master Procurement Agreement (2022), which will all take effect on 1 January 2023.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CIMC is a controlling shareholder of the Company indirectly holding approximately 67.60% of the Shares and is therefore a connected person of the Company. As CIMC Finance is a non-wholly owned subsidiary of CIMC, it is an associate of CIMC and thus a connected person of the Company under the Listing Rules. Accordingly, the continuing connected transactions contemplated under (i) the Financial Services Framework Agreement (2022), (ii) the Master Sales Agreement (2022), (iii) the Master Processing Services Agreement (2022), and (iv) the Master Procurement Agreement (2022) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **Fully-exempt continuing connected transactions**

Under Rule 14A.90 of the Listing Rules, the Loan Services to be provided by CIMC Finance to the Group contemplated under the Financial Services Framework Agreement (2022) is fully exempt from reporting, announcement, annual review, circular and independent shareholders' approval requirements as such transactions constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance.

As the applicable percentage ratios in respect of the annual caps for the continuing connected transactions contemplated under the Financial Services Framework Agreement (2022) (except the Deposit Services and the Loan Services), on an annual basis, are less than 0.1% and the transactions in relation to the Financial Services Framework Agreement (2022) (except the Deposit Services and the Loan Services) are on normal commercial terms and terms that are no less favourable to the Group than those of Independent Third Parties, such continuing connected transactions are exempt from reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **Partially-exempt continuing connected transactions**

As some of the applicable percentage ratios in respect of the highest of the Proposed Deposit Annual Caps for the Deposit Services contemplated under the Financial Services Framework Agreement (2022), and the annual caps for the continuing connected transactions contemplated under each of (i) the Master Sales Agreement (2022), (ii) the Master Processing Services Agreement (2022), and (iii) the Master Procurement Agreement (2022) are more than 0.1% but all of them are less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## I. INTRODUCTION

Reference is made to (i) the announcement of the Company dated 31 December 2019 in relation to, among other things, the Financial Services Framework Agreement (2019), the Master Sales Agreement (2019), the Master Processing Services Agreement (2019) and the Master Procurement Agreement (2019), (ii) the announcement of the Company dated 4 November 2021 in relation to the revision of annual caps under the Master Sales Agreement (2019) and the Master Procurement Agreement (2019) and (iii) the announcement of the Company dated 23 February 2022 in relation to the revision of annual caps under the Financial Services Framework Agreement (2019). As all the said agreements will expire on 31 December 2022, to renew the same, on 28 November 2022, the Company and CIMC have entered into the Financial Services Framework Agreement (2022), the Master Sales Agreement (2022), the Master Processing Services Agreement (2022) and the Master Procurement Agreement (2022), which will all take effect on 1 January 2023.

## II. THE FINANCIAL SERVICES FRAMEWORK AGREEMENT (2022)

### A. Principal terms

<b>Date</b>	:	28 November 2022
<b>Parties</b>	:	1. the Company (as services user); 2. CIMC Finance (as services provider); and 3. CIMC (as guarantor)

#### ***Subject matter:***

Provision of the following financial services by CIMC Finance to the Group for the period commencing on 1 January 2023 and expiring on 31 December 2025:

1. Deposit Services;
2. Loan Services;
3. bill discounting services;
4. foreign exchange settlement and purchasing services;
5. issue of commercial note and guarantee services; and

6. other financial services (including provision of buyer's credit, consumer credit facilities and finance leasing; assistance to payment and receipt of transaction monies; provision of financial and financing consultation, credit reference and related consultation and agency services; arrangement of entrusted loans and entrusted investments; settlement of internal transfers and designing related settlement and clearing scheme; underwriting corporate bonds; and other businesses as permitted by CBRC and other financial regulatory authorities).

The Group utilises the financial services provided by CIMC Finance on a non-exclusive and voluntary basis. The Company has the right to decide whether to maintain its relationship with CIMC Finance as a provider of financial services.

***Pricing basis and policy:***

*1. Interest receivable from deposits*

As to the Deposit Services, the interest rates offered by CIMC Finance for deposits placed by the Group, which are mainly demand deposits, must be higher than (i) the relevant benchmark interest rates for deposits (存款基準利率) set by PBOC from time to time for deposits of similar nature and under similar terms; and (ii) the interest rates provided by other independent commercial banks in the PRC for deposits of similar nature and under similar terms.

*2. Interest payable on loans*

As to the Loan Services, the interest rates chargeable by CIMC Finance for borrowings by the Group must (i) make reference to the relevant benchmark interest rates for borrowings (貸款基準利率) set by PBOC from time to time for borrowings of similar terms; and (ii) be lower than the interest rates charged by other independent commercial banks in the PRC for borrowings of similar nature and under similar terms.

*3. Fees and financial charges for financial services*

- (a) As to the bill discounting services, the fees chargeable by CIMC Finance and the discount rates charged at the time of transaction must not be higher than (i) the relevant benchmark charging rates (if applicable) and benchmark discount rates (if applicable) set by PBOC from time to time for providing discounting services of similar nature and under similar terms; and (ii) the charging rates and discount rates charged by other independent commercial banks in the PRC for providing discounting services of similar nature and under similar terms.

- (b) As to the foreign exchange settlement and purchasing services, the fees chargeable by CIMC Finance at the time of transaction must not be higher than (i) the relevant benchmark charging rates (if applicable) set by PBOC from time to time for providing spot foreign exchange settlement and purchasing services of similar nature and under similar terms; and (ii) the charging rates charged by other independent commercial banks in the PRC for providing foreign exchange settlement and purchasing services of similar nature and under similar terms. The exchange rates offered by CIMC Finance must not be less favourable than (i) the benchmark exchange rates (if applicable) set by PBOC from time to time for the same currency under similar terms; and (ii) the exchange rates offered by other independent commercial banks in the PRC for the same currency under similar terms.
  
- (c) As to the issue of commercial notes, guarantee services and other financial services, the fees chargeable by CIMC Finance for these services at the time of transaction must not be higher than (i) the relevant benchmark charging rates (if applicable) set by PBOC from time to time for providing services of similar nature and under similar terms; and (ii) the fees charged by other independent commercial banks in the PRC for providing services of similar nature and under similar terms.

The Company (or other relevant member(s) of the Group designated by the Company) and CIMC Finance will enter into separate contract(s) with respect to individual transactions contemplated under the Financial Services Framework Agreement (2022) in accordance with the principal terms set out therein.

***Other provisions:***

CIMC Finance shall be liable to the Company if the Group's withdrawal request in respect of the deposits placed by the Group with CIMC Finance (including interests accrued thereon) cannot be honoured as a result of the contractual defaults, misuses or regulatory breaches by CIMC Finance.

***Undertakings by CIMC:***

1. CIMC has made an undertaking to CBRC and also undertakes and warrants to the Company under the Financial Services Framework Agreement (2022) that if CIMC Finance encounters or expects to encounter payment difficulties under the agreement, including in respect of the Company's withdrawal needs, CIMC will promptly inject the capital needed by CIMC Finance to resolve such payment difficulties in order to ensure the normal operation of CIMC Finance.

2. CIMC undertakes joint liability of damages payable by CIMC Finance to members of the Group which maintain an account with CIMC Finance for material risks or losses suffered (including without limitation the amounts of deposits and relevant expenses incurred) as a result of (i) breaches or potential breaches of any PRC laws or regulations by CIMC Finance, (ii) CIMC Finance having or potentially having any material operational problems or payment difficulties, or (iii) non-performance of any provision of or default under the Financial Services Framework Agreement (2022) by CIMC Finance.

***Internal control and risk management measures taken by CIMC Finance:***

1. CIMC Finance shall ensure the secure operation of its fund management information system. The system has passed all the security tests for the internet banking connection with other commercial banks and has attained the safety standard of commercial banks in the PRC, and that the system adopts the CA mode of security certification for ensuring the security of the Group's funds.
2. CIMC Finance guarantees that it will strictly comply with and operate under the group finance company risk management specifications issued by the CBRC. CIMC Finance's gearing, liquidity and other ratios under regulation shall comply with the requirements specified by CBRC and other relevant PRC laws and regulations as amended from time to time.
3. CIMC Finance shall at all times monitor its credit risks. If (i) any specific situation arises which may affect the security of the deposits placed by the Group at CIMC Finance, or (ii) any other circumstances occur, which may cause serious concern to the security of the deposits placed by the Group, CIMC Finance shall give written notice to the Group within two business days after such specific situations or circumstances arise, and take measures to avoid or contain any losses. Once being notified, the Group has the right to withdraw its deposits forthwith.
4. During the term of the Financial Services Framework Agreement (2022), CIMC Finance shall regularly provide the Company with a report on the amount of deposits placed and loans borrowed by the Group to facilitate the Company's monitoring of the transaction amounts between the Group and CIMC Finance and to ensure that such transaction amounts are within the annual caps approved by the Board, the Stock Exchange and/or the independent shareholders of the Company (if required).
5. CIMC Finance shall provide to the Company internet access to its annual reports.
6. During the term of the Financial Services Framework Agreement (2022), CIMC Finance shall on request provide returns and regulatory reports submitted to the CBRC by CIMC Finance to the Company for its perusal.
7. CIMC Finance shall implement all measures to control risk.

**Termination:**

The Financial Services Framework Agreement (2022) may be unilaterally terminated by the Company if:

1. the Group suffered material risk or loss as a result of (i) breaches of any PRC laws or regulations by CIMC Finance or (ii) non-performance of any provision of or default under the Financial Services Framework Agreement (2022) by CIMC Finance; or
2. the performance of the Financial Services Framework Agreement (2022) by the Company may result in the breach or potential breach of laws or regulations (including applicable Listing Rules) effective after the date of the Financial Services Framework Agreement (2022).

**B. Historical figures:**

The historical transaction amounts and the corresponding annual caps of the maximum daily outstanding balance of deposits under the Financial Services Framework Agreement (2019) during the relevant years are as follows:

	Annual caps (in RMB'000) (Note)			Actual amount (in RMB'000)		
	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ending 31 December 2022	For the year ended 31 December 2020	For the year ended 31 December 2021	For the 6 months ended 30 June 2022
Maximum daily outstanding balance of deposits	419,000	419,000	600,000	418,410	417,912	599,653

*Note:* Annual caps figures in the table above are derived from the announcements of the Company dated 31 December 2019 and 23 February 2022.

It is expected that the actual amount for the year ending 31 December 2022 will not exceed the proposed annual cap for the corresponding year.

**C. Proposed annual caps and basis for proposed annual caps:**

The Proposed Deposit Annual Caps for the three years ending 31 December 2025 under the Financial Services Framework Agreement (2022) are set out below:

	<b>Annual caps (in RMB'000)</b>		
	<b>For the year ending 31 December 2023</b>	<b>For the year ending 31 December 2024</b>	<b>For the year ending 31 December 2025</b>
Maximum daily outstanding balance of deposits	700,000	700,000	700,000

The Proposed Deposit Annual Caps have been determined with reference to the Group's historical maximum daily outstanding balance of deposits placed with CIMC Finance, the business forecast of the Group, the estimated cash and cash equivalent of the Group, the estimated cash flow and the estimated level of cash to be deposited with CIMC Finance to facilitate settlement of accounts with members of the Group and the CIMC Group.

**D. Reasons for and benefits of entering into the Financial Services Framework Agreement (2022):**

The Group requires cash deposit services, loan services and other financial services in its ordinary course of business which are currently also provided by independent commercial banks and/or financial institutions. Since the Deposit Services, Loan Services and other financial services offered by CIMC Finance contemplated under the Financial Services Framework Agreement (2022) will be of terms no less favourable to the Group than those offered by independent commercial banks and/or financial institutions in the PRC, this represents cost savings to the Group by reducing the amount of finance fees and charges payable. The financial services to be provided by CIMC Finance under the Financial Services Framework Agreement (2022) are also diversified and can meet the business needs of the Group.

With CIMC Finance being a member of the CIMC Group, the Group is expected to benefit from CIMC Finance's better understanding of the operation and business needs of the Group which will allow more expedient and efficient services than those rendered by independent commercial banks and/or financial institutions. For instance, it is expected that the time required for CIMC Finance to examine and approve loans and/or guarantees to be provided to the Group will be shorter than that required by independent commercial banks and/or financial institutions. The dual functions of CIMC Finance in deposit taking from, and lending to, the members of the Group may also facilitate the allocation of financial resources from members of the Group with surplus deposits to members of the Group who are borrowers. CIMC Finance also acts as the central clearing house within the CIMC Group (including members of the Group) which facilitates the settlement of accounts between members of the Group as well as with other members of CIMC Group.



Furthermore, any risk of the Group associated with the placing of deposits with CIMC Finance will be minimized by the guarantees provided by CIMC as set out in the section headed “II. The Financial Services Framework Agreement (2022) – A. Principal terms – Undertakings by CIMC”.

The Directors (including the independent non-executive Directors) believe that (i) the terms of the Financial Services Framework Agreement (2022) and the continuing connected transactions contemplated thereunder (including the Deposit Services) are in the ordinary and usual course of business of the Group, on normal commercial terms and no less favourable to the Group than those of Independent Third Parties; and (ii) the terms of the Financial Services Framework Agreement (2022), the continuing connected transactions contemplated thereunder (including the Deposit Services) and the Proposed Deposit Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**E. Internal control measures:**

To ensure that the terms of the continuing connected transactions contemplated under the Financial Services Framework Agreement (2022) are on normal commercial terms, and on terms no less favourable to the Group than those offered by independent commercial banks and/or financial institutions in the PRC, the Group has adopted the following internal control measures to monitor the transactions contemplated under the Financial Services Framework Agreement (2022) and to ensure that the transactions are conducted in accordance with the terms thereof:

The Group’s finance department has adopted a sound internal audit system and a comprehensive financial management system. The Group’s finance department will monitor the maximum daily outstanding balance of the deposits to ensure that the aggregate deposits do not exceed the applicable annual caps. The Group will also maintain bank accounts with independent commercial banks and/or financial institutes. If the balance at the end of any day exceeds the maximum daily balance of deposits, the excess funds will be transferred to the designated bank accounts with an independent commercial bank and/or financial institutes.

Prior to drawing any loan or obtaining any financial services of substantial fees or charges from CIMC Finance, the Group will obtain quotations from independent commercial banks and/or financial institutes for such loan or financial services of similar nature and under similar terms. The Group will enter into the transaction if it believes that the terms of the transaction are no less favourable to the terms available to the Group from other independent commercial banks and/or financial institutes.

The Group will request CIMC Finance to provide information including various financial indicators, such as its asset size at the end of every quarter as well as annual and interim financial statements to enable the Group to monitor and review CIMC Finance's financial condition. If the Group considers that there is any material adverse change in the financial condition of CIMC Finance, the Group will take appropriate measures (including early uplift of deposits and a moratorium on further deposits) to protect the Group's financial position. The Group will, from time to time at its sole discretion, request for the deposits with CIMC Finance to be withdrawn (either in full or in part) to assess and ensure the liquidity and safety of the deposits.

### III. THE MASTER SALES AGREEMENT (2022)

#### A. Principal terms

**Date** : 28 November 2022

**Parties** : 1. The Company (as services provider); and  
2. CIMC (as service user)

***Subject matter:***

Sale of products for storage, transportation and processing in the fields of clean energy, chemical and environmental and liquid food, spare parts and raw materials for production, as well as components for construction projects (including but not limited to natural gas refueling stations and related equipment, natural gas refueling station trailers, CNG seamless pressure cylinders, CNG trailers, natural gas compressors, LNG trailers and tanks, on-vehicle LNG fuel tanks, cryogenic liquefied gas tanks, compressed specialized gas trailers, tank containers for chemical liquids, liquefied gas and cryogenic liquids, and stainless steel processing, storage tanks for liquid food, vehicle chassis, vehicle platforms, operating system, steel and waste and surplus materials) by the Group to the CIMC Group for a period of three years commencing on 1 January 2023 and expiring on 31 December 2025.

The sale of the products by the Group to the CIMC Group is for the purposes of (i) enabling the CIMC Group to provide finance leases to the Sales Customers (who are customers of the Group that require finance leases to purchase the products and are referred by the Group to the CIMC Group for that purpose) and/or (ii) the CIMC Group's own manufacturing and business operations.

***Pricing basis and policy:***

The relevant member(s) of the Group and the relevant member(s) of the CIMC Group will enter into separate contract(s) with respect to the individual transactions contemplated under the Master Sales Agreement (2022) in accordance with the principal terms set out therein. In particular, in case where products of the Group are sold to the CIMC Group for the purpose of enabling the latter to provide finance leases to the Sales Customers, separate tripartite contracts will be entered into among the Sales Customer, the relevant member(s) of the Group and of the CIMC Group, under which the relevant member(s) of the CIMC Group will covenant to pay for the products to be provided by the relevant member(s) of the Group.

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

The price of the products contemplated under the Master Sales Agreement (2022) will be determined in accordance with the estimated cost to be incurred in providing the relevant products (including the estimated cost of raw materials, depreciation of premises/building/equipment used in producing the products, the costs of labour, other incidental costs and the relevant taxes) plus an appropriate profit margin, to be agreed between the Group and the CIMC Group with reference to the profit margin obtained by the Group when the same type of products are provided by the Group to the Independent Third Parties and the price offered by the Group's counterparts to their customers for the same type of products at or near the same area in the ordinary course of business and on normal commercial terms. The Group maintains a minimum target gross profit margin for all products on the Product Price List (as defined below in the section headed "*E. Internal control measures*"), which is equally applicable for sales to both the CIMC Group and Independent Third Parties when negotiating prices.

Regarding the sale of products to the CIMC Group for the purpose of enabling it to provide finance leases to the Sales Customers, within 10 business days following the entering into of a tripartite contract for each individual transaction among the Sales Customers, the relevant member(s) of the CIMC Group and of the Group, the Sales Customers will pay to the Group (or the CIMC Group will receive on the Group's behalf) no less than 10% of the consideration thereunder as deposit. The balance of the consideration will be paid by the CIMC Group to the Group within 30 days from the date of acknowledgement of receipt of the products or passing of the inspection by the CIMC Group. Upon the entering into each tripartite individual contract, in line with the usual terms of the contracts between the Group and Independent Third Parties, the Group will provide a one-year quality guarantee to the Sales Customer during which the Group will provide free repair and maintenance services to the Sales Customer.

## B. Historical figures:

The historical transaction amounts of the Master Sales Agreement (2019) and the corresponding annual caps during the relevant years are as follows:

	Annual caps (in RMB'000) (Note)			Actual amount (in RMB'000)		
	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ending 31 December 2022	For the year ended 31 December 2020	For the year ended 31 December 2021	For the 6 months ended 30 June 2022
Master Sales Agreement (2019)	310,000	500,000	580,000	85,702	317,896	119,240

Note: Annual caps figures in the table above are derived from the announcements of the Company dated 31 December 2019 and 4 November 2021.

It is expected that the actual transaction amount for the year ending 31 December 2022 will not exceed the proposed annual cap for the corresponding year.

## C. Proposed annual caps and basis for proposed annual caps:

The proposed annual caps for the three years ending 31 December 2025 under the Master Sales Agreement (2022) are set out below:

	Annual caps (in RMB'000)		
	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
Master Sales Agreement (2022)	500,000	570,000	670,000

The proposed annual caps are determined based on the historical transaction amounts under the Master Sales Agreement (2019), the estimated investment in the natural gas equipment to cater for the projected growth in natural gas consumption in China, the expected growth in different business segments of the Group, the expected growth of CIMC Group's business, the projected number of products to be sold to the CIMC Group (both for providing finance leases to the Sales Customers and for CIMC Group's own manufacturing and business operations) and the forecast in market price of the products (including the forecast increase in the selling price due to inflation).

#### **D. Reasons for and benefits of entering into the Master Sales Agreement (2022)**

The entering into of the Master Sales Agreement (2022) can help maintain an additional source of revenue for the Group. The Master Sales Agreement (2022) also facilitates Sales Customers in financing their purchase of the Group's products. Since the Group does not provide any finance leasing services, Sales Customers of the Group who may have difficulties in obtaining financing from independent commercial banks or financial institutions may require finance leasing services provided by the CIMC Group in purchasing the Group's products. Pursuant to the Master Sales Agreement (2022), the Group may refer Sales Customers to the CIMC Group to arrange such finance leases for Sales Customers to pay for the purchase of products. The Master Sales Agreement (2022) will thus enable the Group to retain customers who otherwise might not have the financial resources to purchase the Group's products and thereby increase the Group's revenue.

The Directors (including the independent non-executive Directors) believe that (i) the terms of the Master Sales Agreement (2022) and the continuing connected transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and no less favourable to the Group than those of Independent Third Parties; and (ii) the terms of the Master Sales Agreement (2022), the continuing connected transactions contemplated thereunder and the relevant proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **E. Internal control measures:**

To ensure that the terms of the continuing connected transactions contemplated under the Master Sales Agreement (2022) are on normal commercial terms, and on terms no less favourable to the Group than terms available to Independent Third Parties, the Group has adopted the following internal control measures to monitor the transactions contemplated under the Master Sales Agreement (2022) and to ensure that the transactions are conducted in accordance with the terms thereof:

The Group's sales department maintains a price list of the Group's products (the "**Product Price List**"). The Product Price List is compiled based on (i) the estimated production cost (determined taking into account factors including the estimated cost of raw materials, depreciation of premises/building/equipment used in production, the labour cost, incidental production costs and the relevant taxes); and (ii) appropriate profit margin to be determined by the Group with reference to the profit margin obtained by the Group when the same type of products are provided by the Group to the Independent Third Parties and the price offered by the Group's counterparts to their customers for the same type of products at or near the same area in the ordinary course of business and on normal commercial terms. The Group maintains a minimum target gross profit margin for all products on the Product Price List, which is equally applicable for sales to both the CIMC Group and Independent Third Parties when negotiating prices.

Records of products supplied by the Group to all customers (i.e. including the CIMC Group and Independent Third Parties), which include information relating to identity of the customer, nature of the transaction and transaction amount will be maintained by the Group's sales department. The finance department of the Group will also keep detailed records of the actual production cost of products supplied by the Group to all customers (i.e. including the CIMC Group and Independent Third Parties) and the corresponding profit margin. The Group's sales department is also responsible for keeping track of the price offered by industry counterparts for similar type of products. The senior management of the Group will review and adjust the Product Price List from time to time with reference to such records, as well as prices offered by the Group's counterparts for the same type of products in the market (if any).

In addition, each member of the Group will report their respective transaction amounts and details as contemplated under the Master Sales Agreement (2022) at the end of each month to the Group's finance department. The Group's finance department will then on a monthly basis consolidate the transaction details and the total transaction amounts, so as to monitor the Group's total transaction amounts to ensure the proposed annual caps will not be exceeded.

#### **IV. THE MASTER PROCESSING SERVICES AGREEMENT (2022)**

##### **A. Principal terms**

**Date** : 28 November 2022

**Parties** : 1. the Company (as services user); and  
2. CIMC (as service provider)

##### ***Subject matter:***

Provision of processing services (including but not limited to steel uncoiling, sand blasting and base coat spraying and other related processing services) and other services related to such processing services (including but not limited to site and equipment leasing, testing and training, water and electricity supply, after-sales maintenance and transportation services) by the CIMC Group to the Group for a period of three years commencing on 1 January 2023 and expiring on 31 December 2025.

The Group and the CIMC Group may receive services from or provide services to third parties. If the terms and conditions proposed by such third parties are the same as those proposed by the Group or the CIMC Group, priority will be given to the provision of services to or receipt of services from the Group or the CIMC Group.

***Pricing basis and policy:***

The relevant member(s) of the Group and the relevant member(s) of the CIMC Group will enter into separate contract(s) with respect to the individual transactions contemplated under the Master Processing Services Agreement (2022) in accordance with the principal terms set out therein.

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

The fee of the services contemplated under the Master Processing Services Agreement (2022) will be determined in accordance with the following principles and orders:

1. the Government Determined Rate;
2. (where there is no Government Determined Rate) with reference to market price, being the price at which the same type of services is provided by the Independent Third Parties to their customers at or near the same area in the ordinary course of business and on normal commercial terms; and
3. (where there is no Government Determined Rate or relevant market price) the estimated cost incurred in providing the relevant services (including but not limited to depreciation of premises/building/equipment used in connection with the provision of such services, the costs of labour, other incidental costs and the relevant taxes) plus an appropriate profit margin, to be agreed between the Group and the CIMC Group with reference to the restriction on relevant fees chargeable imposed by the State Administration of Taxation of the PRC (if applicable) and the gross profit margin obtained by Independent Third Parties when providing similar type of services in the ordinary course of business and on normal commercial terms.

## B. Historical figures:

The historical transaction amounts of the Master Processing Services Agreement (2019) and the corresponding annual caps during the relevant years are as follows:

	Annual caps (in RMB'000) (Note)			Actual amount (in RMB'000)		
	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ending 31 December 2022	For the year ended 31 December 2020	For the year ended 31 December 2021	For the 6 months ended 30 June 2022
Master Processing Services Agreement (2019)	27,000	31,000	36,000	23,808	19,146	14,597

Note: Annual caps figures in the table above are derived from the announcement of the Company dated 31 December 2019.

It is expected that the actual amount for the year ending 31 December 2022 will not exceed the proposed annual cap for the corresponding year.

## C. Proposed annual caps and basis for proposed annual caps:

The proposed annual caps for the three years ending 31 December 2025 under the Master Processing Services Agreement (2022) are set out below:

	Annual caps (in RMB'000)		
	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
Master Processing Services Agreement (2022)	38,000	41,000	45,000

The proposed annual caps are determined based on the historical transaction amounts under the Master Processing Services Agreement (2019), the expected sales volume growth of the Group's products that will require processing services during their production process and the expected growth in market prices due to inflation.



**D. Reasons for and benefits of entering into the Master Processing Services Agreement (2022):**

The Group would from time to time require processing services to be performed on their raw materials and semi-finished products. As some of the members of the CIMC Group are located in close proximity to the Group's subsidiaries, they can offer reliable processing services to the Group on a timely basis. The transactions contemplated under the Master Processing Services Agreement (2022) ensure the supply of reliable processing services on a timely basis to support the growth of the Group's business. In addition, the Group is able to enjoy handling and transportation cost savings as a result of close proximity of the production facilities of the Group and the CIMC Group.

The Directors (including the independent non-executive Directors) believe that (i) the terms of the Master Processing Services Agreement (2022) and the continuing connected transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and no less favourable to the Group than those of Independent Third Parties, and (ii) the terms of the Master Processing Services Agreement (2022), the continuing connected transactions contemplated thereunder and the relevant proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**E. Internal control measures:**

To ensure that the terms of the continuing connected transactions contemplated under the Master Processing Services Agreement (2022) are on normal commercial terms, and on terms no less favourable to the Group than terms available from Independent Third Parties, the Group has adopted the following internal control measures to monitor the transactions contemplated under the Master Processing Services Agreement (2022) and to ensure that the transactions are conducted in accordance with the terms thereof.

The production department of the Group is primarily responsible for the production planning and assessing the requirements for processing services. Prior to entering into any separate contracts with the CIMC Group and upon receiving the quotation from the CIMC Group for such processing service, the production department will ascertain the relevant market price by obtaining quotations from Independent Third Parties for the same or similar service (if available). The Group will obtain such quotations through direct enquiries from established service providers in the area in which the relevant member(s) of the Group requiring such services are located.

The finance and the production departments will compare the quotations and terms supplied by the CIMC Group with those obtained from Independent Third Parties. The terms will be assessed based on the price, quality, or other selection criteria (depending on the specific requirements, if any) of the services. The two aforementioned departments will also consider the corporate background of the counterparty, its reputation and reliability, its ability to conduct the transaction in accordance with the terms of the contract, and at the same time reduce the Group's time and costs of transaction. The pricing terms will be reviewed by the finance department and approved by the senior management.

In case there is no relevant market price, the finance department of the Group will compare the pricing terms supplied by the CIMC Group with reference to the estimated cost to be incurred in providing the relevant services (including the estimated cost of labour, the depreciation of premises/building/equipment used for the services, other incidental costs and the relevant taxes) plus a gross profit margin of approximately 5% to be fixed by the Group and the CIMC Group with reference to the restriction on relevant fees chargeable imposed by the State Administration of Taxation of the PRC (if applicable) and the profit margin obtained by Independent Third Parties when providing similar type of services in the ordinary course of business and on normal commercial terms. The finance department of the Group will obtain relevant information to ascertain the relevant gross profit margin obtained by such Independent Third Parties. The pricing terms will be sent to the senior management for approval.

In addition, each member of the Group will report their respective transaction amounts and details as contemplated under the Master Processing Services Agreement (2022) at the end of each month to the Group's finance department. The Group's finance department will then on a monthly basis consolidate the transaction details and the total transaction amounts, so as to monitor the Group's total transaction amounts to ensure the proposed annual caps will not be exceeded.

## **V. THE MASTER PROCUREMENT AGREEMENT (2022)**

### **A. Principal terms**

**Date** : 28 November 2022

**Parties** : 1. the Company (as purchaser); and  
2. CIMC (as seller)

#### ***Subject matter:***

Procurement of various spare parts, raw materials (including but not limited to vehicle chassis, vehicle platforms, operating system, containers and steel (inclusive of waste and surplus materials)) and/or components for construction projects by the Group from the CIMC Group for a period of three years commencing on 1 January 2023 and expiring on 31 December 2025.

The Group and the CIMC Group may purchase spare parts, raw materials and/or components for construction projects from or sell spare parts, raw materials and/or components for construction projects to third parties. If the terms and conditions proposed by such third parties are the same as those proposed by the Group or the CIMC Group, priority will be given to the sale of spare parts, raw materials and/or components for construction projects to or purchase of spare parts, raw materials and/or components for construction projects from the Group or the CIMC Group.

***Pricing basis and policy:***

The relevant member(s) of the Group and the relevant member(s) of the CIMC Group will enter into separate contract(s) with respect to the individual transactions contemplated under the Master Procurement Agreement (2022) in accordance with the principal terms set out therein.

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

The price of the spare parts, raw materials and/or components for construction projects contemplated under the Master Procurement Agreement (2022) will be determined in accordance with the following principles and orders:

1. the Government Determined Rate;
2. (where there is no Government Determined Rate) with reference to market price, being the price at which the same type of spare parts, raw materials and/or components for construction projects are provided by Independent Third Parties to the Group at or near the same area in the ordinary course of business and on normal commercial terms; or
3. (where there is no Government Determined Rate or relevant market price) the estimated cost incurred in providing the relevant spare parts, raw materials and/or components for construction projects (including costs of the raw materials, depreciation charges, the costs of labour and other production costs) plus an appropriate profit margin, to be agreed between the Group and the CIMC Group with reference to the profit margin obtained by the CIMC Group when the same type of spare parts, raw materials and/or components for construction projects are provided by the CIMC Group to Independent Third Parties in the ordinary course of business and on normal commercial terms.

Within 14 days from the entering into of an individual contract, 10% of the consideration will be paid by the Group as deposit and the balance will be paid within 3 months from receipt and satisfactory inspection of the spare parts, raw materials and/or components for construction projects.

## B. Historical figures:

The historical transaction amounts of the Master Procurement Agreement (2019) and the corresponding annual caps during the relevant years are as follows:

	<b>Annual caps (in RMB'000) (Note)</b>			<b>Actual amount (in RMB'000)</b>		
	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>	<b>For the year ending 31 December 2022</b>	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>	<b>For the 6 months ended 30 June 2022</b>
Master Procurement Agreement (2019)	250,000	440,000	510,000	232,705	419,639	187,381

*Note:* Annual caps figures in the table above are derived from the announcements of the Company dated 31 December 2019 and 4 November 2021.

It is expected that the actual amount for the year ending 31 December 2022 will not exceed the proposed annual cap for the corresponding year.

## C. Proposed annual caps and basis for proposed annual caps:

The proposed annual caps for the three years ending 31 December 2025 under the Master Procurement Agreement (2022) are set out below:

	<b>Annual caps (in RMB'000)</b>		
	<b>For the year ending 31 December 2023</b>	<b>For the year ending 31 December 2024</b>	<b>For the year ending 31 December 2025</b>
Master Procurement Agreement (2022)	590,000	640,000	700,000

The proposed annual caps are determined based on the historical transaction amounts under the Master Procurement Agreement (2019) and the estimated sale volumes of products that would require spare parts, raw materials and/or components for construction projects supplied by CIMC Group with reference to the estimated growth in market prices due to inflation.

**D. Reasons for and benefits of entering into the Master Procurement Agreement (2022):**

The CIMC Group is a leading manufacturer of vehicle chassis and vehicle platform in China and has been supplying the Group with quality vehicle chassis and vehicle platforms on a timely basis and at good value. The transactions contemplated under the Master Procurement Agreement (2022) ensure the continuous supply of quality spare parts and/or raw materials to support the growth of the Group's business. In addition, the Group is able to enjoy handling and transportation cost savings as result of close proximity of the production facilities of the Group and the CIMC Group.

The Directors (including the independent non-executive Directors) believe that the terms of the Master Procurement Agreement (2022) and the continuing connected transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and no less favourable to the Group than those of Independent Third Parties, and (ii) the terms of the Master Procurement Agreement (2022), the continuing connected transactions contemplated thereunder and the relevant proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**E. Internal control measures:**

To ensure that the terms of the continuing connected transactions contemplated under the Master Procurement Agreement (2022) are on normal commercial terms, and on terms no less favourable to the Group than terms available from Independent Third Parties, the Group has adopted the following internal control measures to monitor the transactions contemplated under the Master Procurement Agreement (2022) and to ensure that the transactions are conducted in accordance with the terms thereof.

The procurement department of the Group is primarily responsible for assessing the procurement plans. Prior to entering into any separate procurement contracts with the CIMC Group and upon receiving the quotation from the CIMC Group for the procurement, the procurement department will ascertain the relevant market price by obtaining quotations from Independent Third Parties for comparable volume of same or similar spare parts, raw materials and/or components for construction projects. The Group will obtain such quotations through direct enquiries from established suppliers of scale at or near the same area or tenders.

The finance and procurement departments will compare the quotations and terms supplied by the CIMC Group with those obtained from Independent Third Parties. The terms will be assessed based on the price, the quality, or other selection criteria (depending on the specific requirements, if any) of the spare parts, raw materials and/or components for construction projects. The two aforementioned departments will also consider the corporate background of the counterparty, its reputation and reliability, its ability to conduct the transaction in accordance with the terms of the contract, and at the same time reduce the Group's time and costs of transaction. The pricing terms will be reviewed by the finance department and approved by the senior management.

In case where there is no relevant market price, the finance department of the Group will compare the pricing terms supplied by the CIMC Group with reference to the estimated cost to be incurred in providing the relevant spare parts and/or raw materials (including costs of the raw materials, depreciation charges, the costs of labour and other production costs) plus a gross profit margin to be agreed between the Group and the CIMC Group with reference to the profit margin obtained by the CIMC Group when the same type of spare parts and/or raw materials are provided by the CIMC Group to Independent Third Parties in the ordinary course of business and on normal commercial terms. The finance department of the Group will obtain statistics from the CIMC Group to ascertain the relevant profit margin obtained by the CIMC Group as against the Independent Third Parties. The pricing terms will be sent to the senior management for approval.

In addition, each member of the Group will report their respective transaction amounts and details as contemplated under the Master Procurement Agreement (2022) at the end of each month to the Group's finance department. The Group's finance department will then on a monthly basis consolidate the transaction details and the total transaction amounts, so as to monitor the Group's total transaction amounts to ensure the proposed annual caps will not be exceeded.

## **VI. INFORMATION ON THE PARTIES**

The Group is principally engaged in the design, development, manufacturing, engineering and sales of, as well as the provision of technical maintenance services for, a wide range of transportation, storage and processing equipment used in the energy, chemical and liquid food industries. As at the date of this announcement, the ultimate controlling party of the Company is CIMC.

CIMC Group is principally engaged in the container manufacturing and service business, road transportation vehicle business, energy business, offshore engineering business and airport facilities equipment business, as well as the provision of relevant services, including the design, manufacture and service of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semisubmersible drilling platforms, special vessels, passenger boarding bridges and bridge mounted equipment, airport ground support equipment, fire safety and rescue vehicles, automated logistics system and intelligent parking system and relevant services.

CIMC Finance is principally engaged in the provision of financial services to fellow subsidiaries of CIMC. CIMC Finance is ultimately controlled by CIMC.

## **VII. LISTING RULES IMPLICATIONS**

As at the date of this announcement, CIMC is a controlling shareholder of the Company indirectly holding approximately 67.60% of the Shares and is therefore a connected person of the Company. As CIMC Finance is a non-wholly owned subsidiary of CIMC, it is an associate of CIMC and thus a connected person of the Company under the Listing Rules. Accordingly, the continuing connected transactions contemplated under (i) the Financial Services Framework Agreement (2022), (ii) the Master Sales Agreement (2022), (iii) the Master Processing Services Agreement (2022), and (iv) the Master Procurement Agreement (2022) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **Fully-exempt continuing connected transactions**

Under Rule 14A.90 of the Listing Rules, the Loan Services to be provided by CIMC Finance to the Group contemplated under the Financial Services Framework Agreement (2022) is fully exempt from reporting, announcement, annual review, circular and independent shareholders' approval requirements as such transactions constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance.

As the applicable percentage ratios in respect of the annual caps for the continuing connected transactions contemplated under the Financial Services Framework Agreement (2022) (except the Deposit Services and the Loan Services), on an annual basis, are less than 0.1% and the transactions in relation to the Financial Services Framework Agreement (2022) (except the Deposit Services and the Loan Services) are on normal commercial terms and terms that are no less favourable to the Group than those of Independent Third Parties, such continuing connected transactions are exempt from reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **Partially-exempt continuing connected transactions**

As some of the applicable percentage ratios in respect of the highest of the Proposed Deposit Annual Caps for the Deposit Services contemplated under the Financial Services Framework Agreement (2022), and the annual caps for the continuing connected transactions contemplated under each of (i) the Master Sales Agreement (2022), (ii) the Master Processing Services Agreement (2022), and (iii) the Master Procurement Agreement (2022) are more than 0.1% but all of them are less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the senior management position(s) and/or directorship(s) held by Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Yu Yuqun, Mr. Wang Yu and Mr. Zeng Han, all of whom are directors of the Company, CIMC and/or certain subsidiaries of CIMC, they are deemed to be materially interested in the continuing connected transactions contemplated under the above mentioned agreements and have abstained from voting on the relevant Board resolutions. Save for the aforementioned, none of the other Directors has a material interest in the continuing connected transactions contemplated under the above mentioned agreements.

## 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
“CBRC”	the China Banking Regulatory Commission
“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 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, and the controlling shareholder (as defined under the Listing Rules) of the Company
“CIMC Finance”	中集集團財務有限公司 (CIMC Finance Company Ltd.*), a company established in the PRC with limited liability, and a non-wholly owned subsidiary of CIMC
“CIMC Group”	CIMC and its subsidiaries (but excluding members of the Group) and associates
“CNG”	compressed natural gas
“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
“Deposit Services”	the deposit services to be provided by CIMC Finance to the Group contemplated under the Financial Services Framework Agreement (2022)
“Director(s)”	director(s) of the Company
“Financial Services Framework Agreement (2019)”	the framework agreement dated 31 December 2019 entered into among the Company, CIMC Finance and CIMC in relation to the provision of financial services by CIMC Finance to the Group for the period commencing on 1 January 2020 and expiring on 31 December 2022
“Financial Services Framework Agreement (2022)”	the framework agreement dated 28 November 2022 entered into among the Company, CIMC Finance and CIMC in relation to the provision of financial services by CIMC Finance to the Group for the period commencing on 1 January 2023 and expiring on 31 December 2025
“Government Determined Rate”	the rate of fees/prices for a particular type of services/products as determined by laws, regulations, decisions, orders or policies issued by the legitimate government of the place where the relevant services/products are provided (including the government and provincial governments of the PRC) or other regulatory authorities
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party(ies) which is (are) independent of and not connected with any of the Directors, chief executives or substantial shareholders 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
“LNG”	liquefied natural gas
“Loan Services”	the loan services to be provided by CIMC Finance to the Group contemplated under the Financial Services Framework Agreement (2022)
“Master Processing Services Agreement (2019)”	the agreement dated 31 December 2019 entered into between the Company and CIMC pursuant to which the CIMC Group will provide and the Group will receive processing services for a period of three years commencing on 1 January 2020 and expiring on 31 December 2022
“Master Processing Services Agreement (2022)”	the agreement dated 28 November 2022 entered into between the Company and CIMC pursuant to which the CIMC Group will provide and the Group will receive processing services for a period of three years commencing on 1 January 2023 and expiring on 31 December 2025
“Master Procurement Agreement (2019)”	the agreement dated 31 December 2019 entered into between the Company and CIMC pursuant to which the Group will procure various spare parts, raw materials and/or components for construction projects from the CIMC Group for a period of three years commencing on 1 January 2020 and expiring on 31 December 2022
“Master Procurement Agreement (2022)”	the agreement dated 28 November 2022 entered into between the Company and CIMC pursuant to which the Group will procure various spare parts, raw materials and/or components for construction projects from the CIMC Group for a period of three years commencing on 1 January 2023 and expiring on 31 December 2025

“Master Sales Agreement (2019)”	the agreement dated 31 December 2019 entered into between the Company and CIMC pursuant to which the Group will sell and the CIMC Group will purchase products for storage, transportation and processing in the fields of clean energy, chemical and environmental and liquid food, spare parts and raw materials for production, as well as components for construction projects for a period of three years commencing on 1 January 2020 and expiring on 31 December 2022
“Master Sales Agreement (2022)”	the agreement dated 28 November 2022 entered into between the Company and CIMC pursuant to which the Group will sell and the CIMC Group will purchase products for storage, transportation and processing in the fields of clean energy, chemical and environmental and liquid food, spare parts and raw materials for production, as well as components for construction projects for a period of three years commencing on 1 January 2023 and expiring on 31 December 2025
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan region
“Proposed Deposit Annual Cap(s)”	the proposed annual cap(s) for the continuing connected transactions in relation to the Deposit Services on the maximum daily outstanding balance of deposits to be placed by the Group with CIMC Finance for the three years ending 31 December 2023, 2024 and 2025
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Sales Customers”	the customers who require finance leases to purchase products of the Group and are referred by the Group to the CIMC Group pursuant to the Master Sales Agreement (2022)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	registered holder(s) of Share(s)

“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**  
**Gao Xiang**  
*Chairman*

Hong Kong, 28 November 2022

*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. Wang Caiyong and Mr. Yang Lei as independent non-executive Directors.*

\* *For identification purposes only*