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CIMC ENRIC

CIMC Enric Holdings Limited

中集安瑞科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3899)

CONNECTED TRANSACTIONS

ENERGY AND ENVIRONMENTAL PROTECTION FUNDS COOPERATION FRAMEWORK AGREEMENT

The Board is pleased to announce that on 18 October 2017, EIHL, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with Sky Capital and ZJU Joint Innovation in relation to the establishment of the Dedicated Funds.

Sky Capital is a wholly-owned subsidiary of CIMC, which is the controlling shareholder of the Company, and therefore Sky Capital, being an associate of CIMC, is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Agreement constitute connected transactions of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, ZJU Joint Innovation and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

As one or more of the applicable percentage ratios of the capital contributions of EIHL under the Agreement is higher than 0.1% but less than 5%, the connected transactions contemplated under the Agreement will be subject to the reporting and announcement requirements but will be exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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I. THE AGREEMENT

The principal terms of the Agreement are as follows:

- Date** : 18 October 2017
- Parties** : 1. EIHL, an indirect wholly-owned subsidiary of the Company;
2. Sky Capital, a wholly-owned subsidiary of CIMC; and
3. ZJU Joint Innovation.
- Establishment of the Dedicated Funds** : The Parties have agreed to enter into the Agreement to establish the Dedicated Funds. Under the terms of the Agreement, Sky Capital and ZJU Joint Innovation will act as general partners and managers of the Dedicated Funds so established.
- Investment objectives** : The Dedicated Funds will focus on investing in equity interests of growing and matured energy and environmental protection projects with proprietary technologies, economies of scale or development potential.
- Total capital contributions** : The aggregate amount of capital contributions to the Dedicated Funds will be RMB350,000,000 (inclusive of management fee). EIHL as limited partner of the Dedicated Funds will contribute RMB80,000,000 in aggregate (inclusive of management fee, and representing approximately 22.86% of the total capital contributions) to the Dedicated Funds, and the remaining capital contributions shall be payable by the funds to be raised from the market mainly by ZJU Joint Innovation. Pursuant to the terms of the Agreement, EIHL as limited partner of the Dedicated Funds will have no further obligation to provide any further capital contributions to any of the Dedicated Funds above RMB80,000,000 (inclusive of management fee), or provide any guarantee or undertake any risks in any form.

Such contributions are payable pursuant to calls, which may be made from time to time by way of written capital contribution notice after an investment project is approved by the investment decision committee for the establishment of Dedicated Funds in relation to each investment project. The Dedicated Fund Partners will pay their respective contribution in accordance with the terms of the written capital contribution notice (which will in general stipulate that the relevant contribution is to be made within 7 business days of the date of issue of the notice). The contributions will be paid in proportion to each Dedicated Fund Partner's respective capital commitment to the Dedicated Fund and the total capital requirements of the relevant Dedicated Fund.

The amounts were determined after arm's length negotiation among the Parties on normal commercial terms with reference to the possible capital requirements of the Dedicated Funds and the management fee. The Group intends to fund its share of capital contributions from its internal resources.

Management fee : Upon the establishment of a Dedicated Fund, the limited partners of each Dedicated Fund shall pay a one-time payment of three years' management fee of 2% per annum on its agreed capital contribution to the Dedicated Fund.

The management fee was determined after arm's length negotiation between the Parties with reference to the usual practice of the fund industry in the PRC.

Term of the contemplated investment under the Agreement : The term of the investment contemplated under the Agreement will be 7 years commencing from the date of establishment of the first Dedicated Fund (which may be extended if agreed by the investment decision committee with reference to the development of the relevant projects invested in by each Dedicated Fund).

- Investment decision committee** : An investment decision committee will be established, which shall be responsible for the making of final investment decisions to invest in investment projects through the establishment of Dedicated Funds and other investment decisions. The investment decision committee will consist of five committee members. Each of Sky Capital and ZJU Joint Innovation will be entitled to appoint two committee members, the remaining committee member will be appointed by EIHL. Any investment decision will be made only after obtaining the unanimous consent of all committee members of the investment decision committee.
- Investment return** : If IRR of a Dedicated Fund is below 8%, all of its investment return will be allocated to its limited partners.
- If the IRR of a Dedicated Fund is 8% or above, 80% of the investment return of the Dedicated Fund will be allocated to its limited partners and the remaining 20% will be allocated to the general partners.
- Withdrawal from projects** : It is expected that the Dedicated Fund Partners will withdraw from the projects they have invested in and realise investment value from the projects through means including initial public offering, assets reorganisation and merger and acquisition, etc.
- Further agreements** : The Dedicated Fund Partners will enter into Dedicated Fund Limited Partnership Agreement in relation to each Dedicated Fund which shall provide for the rights and obligations of the Dedicated Fund Partners, which terms shall be consistent with those stipulated in the Agreement.
- Non-exclusive** : Nothing in the Agreement shall exclude the Parties from establishing other relevant funds on its own or in cooperation with other entities.

II. REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS

The Group has a strong supply-chain and rich resources in the fields of energy and environmental protection. Sky Capital, on the other hand, has experience and professional analytical skills in investing in the energy and environmental protection segments and in the establishment of investment funds. These, together with the extensive technical supports ZJU Joint Innovation has in the areas of novel technology and materials, are the strengths of each Party which may be utilised to promote the success of the investments.

The investment in the Dedicated Funds would not only widen the Group's income base, but is also expected to be advantageous in expediting the development of the Group's principal businesses. The Dedicated Funds will invest in energy and environmental protection projects, which may in turn engage the Group in the provision of energy equipment, EPC (Engineering, Procurement and Construction) or management services. Investment in the Dedicated Funds may thereby create synergies with the Group's existing principal businesses. It is also expected that the Group may venture into new industries through investing in the Dedicated Funds, which may also help promote the Group's sales in the emerging environmental protection industry and enhance the value of the Company and its shares in the long run.

The Directors (including the Independent Non-executive Directors) consider that the connected transactions contemplated under the Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms or better, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

III. IMPLICATIONS UNDER THE LISTING RULES

Sky Capital is a wholly-owned subsidiary of CIMC, which is the controlling shareholder of the Company, and therefore Sky Capital, being an associate of CIMC, is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Agreement constitute connected transactions of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, ZJU Joint Innovation and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

As one or more of the applicable percentage ratios of the capital contributions of EIHL under the Agreement is higher than 0.1% but less than 5%, the connected transactions contemplated under the Agreement will be subject to the reporting and announcement requirements but will be exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the directorship(s) and/or senior management position(s) in CIMC and/or certain subsidiaries of CIMC held by Mr. Gao Xiang, Mr. Liu Chunfeng, Mr. Jin Jianlong, Mr. Yu Yuqun and Mr. Wang Yu, all of whom are Directors, they are deemed to be materially interested in the connected transactions contemplated under the Agreement and have abstained from voting on the relevant Board resolutions.

IV. INFORMATION ON THE PARTIES

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 in the energy, chemical and liquid food industries. EIHL is the major entity within the Group that is principally engaged in managing investment in and operation of the energy equipment segment.

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. Sky Capital mainly operates as the CIMC group's investment and management platform of sector-focused funds, focusing on investing in projects with development potential that complement CIMC's supply-chain.

ZJU Joint Innovation is an investment institution jointly established by Ningbo Meishan Bonded Port Area Sheng Shi Investment Management Partnership (L.P.) * (寧波梅山保稅港區晟視投資管理合夥企業(有限合夥)), Zhejiang Crystal-Optech Co., Ltd. * (浙江水晶光電科技股份有限公司) (shares of which are listed on Shenzhen Stock Exchange), Zhejiang Shuanghuan Driveline Co.,Ltd* (浙江雙環傳動機械股份有限公司) (shares of which are listed on the Shenzhen Stock Exchange) and Hangzhou Yilu Investment Management Partnership (L.P.)* (杭州一爐投資管理合夥企業(有限合夥)). ZJU Joint Innovation is principally engaged in investment in innovative technologies and consumer services that improve people's quality of life.

V. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Agreement”	the Energy and Environmental Protection Funds Cooperation Framework Agreement entered into among EIHL, Sky Capital and ZJU Joint Innovation dated 18 October 2017 in relation to the establishment of the Dedicated Funds
“Board”	the board of Directors

“CIMC”	China International Marine Containers (Group) Co., Ltd.* (中國國際海運集裝箱（集團）股份有限公司), a 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, and the controlling shareholder of the Company
“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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Dedicated Fund(s)”	the limited partnership enterprise(s) to be established in the PRC pursuant to the terms of the Agreement and the relevant Dedicated Fund Limited Partnership Agreement
“Dedicated Fund Limited Partnership Agreement”	the partnership agreement in relation to each Dedicated Fund, to be entered into amongst the relevant Dedicated Fund Partners pursuant to the terms of the Agreement
“Dedicated Fund Partner(s)”	the partners of any of the Dedicated Funds, including EIHL, Sky Capital, ZJU Joint Innovation and any additional limited partners who may invest in any of the Dedicated Funds as limited partners, pursuant to the terms of the Agreement and the relevant Dedicated Fund Limited Partnership Agreement
“Director(s)”	the director(s) of the Company
“EIHL”	CIMC Enric Investment Holdings (Shenzhen) Ltd.* (中集安瑞科投資控股（深圳）有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IRR”	the internal rate of return on the aggregate amount of capital contributions paid by the Dedicated Fund Partners
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Agreement, including EIHL, Sky Capital and ZJU Joint Innovation
“PRC”	the People’s Republic of China, and for the purposes of this announcement only, 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sky Capital”	Shenzhen Sky Capital Ltd. (深圳天億投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of CIMC
“ZJU Joint Innovation”	ZJU Joint Innovation Investment (浙江浙大聯合創新投資管理合夥企業(有限合夥)), a limited partnership enterprise established in the PRC
“%”	per cent.

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

Hong Kong, 18 October 2017

As at the date of this announcement, the Board consists of Mr. Gao Xiang (Chairman) and Mr. Liu Chunfeng (General Manager) as executive Directors; Mr. Jin Jianlong, Mr. Yu Yuqun, Mr. Wang Yu and Mr. Jin Yongsheng as non-executive Directors; and Mr. Wong Chun Ho, Mr. Tsui Kei Pang and Mr. Zhang Xueqian as independent non-executive Directors.

* *The English translation is for identification purposes only.*