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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 FINANCIAL SERVICES FRAMEWORK AGREEMENT (2017)

Reference is made to (1) the announcements of the Company dated 27 October 2014 and 17 December 2015 in relation to the Original Financial Services Framework Agreement, and (2) the announcements of the Company dated 23 December 2016 and 14 February 2017 and the circular of the Company dated 26 January 2017 in relation to, among other things, the Financial Services Framework Agreement (2016). As (1) the Original Financial Services Framework Agreement has expired on 31 December 2016, and (2) the Financial Services Framework Agreement (2016) has not become unconditional and effective, the Company, CIMC Finance and CIMC have entered into the Financial Services Framework Agreement (2017) on 24 April 2017.

As at the date of this announcement, CIMC is a controlling shareholder of the Company indirectly holding approximately 70.75% of the Shares and is therefore a connected person of the Company. As CIMC Finance is wholly-owned by CIMC and therefore is an associate of CIMC, CIMC Finance is also a connected person of the Company. The continuing connected transactions contemplated under the Financial Services Framework Agreement (2017) therefore constituted 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 (2017) 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 (2017) (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 (2017) (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 Independence 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 the applicable percentage ratios in respect of the Proposed Deposit Annual Caps for the Deposit Services contemplated under the Financial Services Framework Agreement (2017), on an annual basis, are more than 0.1% but less than 5%, the Deposit Services contemplated under the Financial Services Framework Agreement (2017) 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 (1) the announcements of the Company dated 27 October 2014 and 17 December 2015 in relation to the Original Financial Services Framework Agreement, and (2) the announcements of the Company dated 23 December 2016 and 14 February 2017 and the circular of the Company dated 26 January 2017 in relation to, among other things, the Financial Services Framework Agreement (2016). As (1) the Original Financial Services Framework Agreement has expired on 31 December 2016, and (2) the Financial Services Framework Agreement (2016) has not become unconditional and effective, the Company, CIMC Finance and CIMC have entered into the Financial Services Framework Agreement (2017) on 24 April 2017.

II. THE FINANCIAL SERVICES FRAMEWORK AGREEMENT (2017)

A. Principal terms

Date : 24 April 2017

Parties : 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 24 April 2017 and expiring on 31 December 2019:

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 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 from 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 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 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, guarantees services and other financial services, the fees chargeable by CIMC Finance for these services 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 transaction contemplated under the Financial Services Framework Agreement (2017) 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 undertakes and warrants to the Company under the Financial Services Framework Agreement (2017) that if CIMC Finance encounters or expects to encounter payment difficulties, CIMC will inject capital to CIMC Finance based on the amount needed for resolving the latter's payment difficulties with a view to ensure the normal operation of CIMC Finance.
2. CIMC undertakes joint liability of damages payable by CIMC Finance to the Group for material risks or losses suffered by the Group (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 (2017) 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 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 (2017), 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 (2017), 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 (2017) 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 (2017) by CIMC Finance; or
2. the performance of the Financial Services Framework Agreement (2017) by the Company may result in breach or potential breach of laws or regulations (including applicable Listing Rules) effective after the date of the Financial Services Framework Agreement (2017).

B. Historical figures:

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

	Annual caps (in RMB) <i>(Note)</i>			Actual amount (in RMB)		
	For the year ended 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016	For the period from 27 October 2014 to 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016
Maximum daily outstanding balance of deposits	150,000,000	360,000,000	360,000,000	141,749,000	359,499,000	358,180,000

Note: Annual caps figures in the table above are derived from the announcements of the Company dated 27 October 2014 and 17 December 2015.

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

The proposed annual caps of the Deposit Services for the period commencing from 24 April 2017 and ending 31 December 2017, and for the years ending 31 December 2018 and 2019 under the Financial Services Framework Agreement (2017) are set out below:

	Annual caps (in RMB)		
	For the period commencing from 24 April 2017 and ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
Maximum daily outstanding balance of deposits	360,000,000	360,000,000	360,000,000

The proposed annual caps for the maximum daily outstanding balance of deposits have been determined with reference to the Group's historical maximum daily outstanding balance of deposits placed with CIMC Finance, the estimated business growth 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 (2017):

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 (2017) 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 (2017) 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 minimised by the guarantees provided by CIMC as set out in the section headed "*II. The Financial Services Framework Agreement (2017) – 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 (2017) 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 Financial Services Framework Agreement (2017), the continuing connected transactions contemplated under the Financial Services Framework Agreement (2017) 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 (2017) 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 (2017) and to ensure that the transaction are conducted in accordance with the terms thereof:

The Group has an independent finance department with a team of independent professional finance staff, and 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 our 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. 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 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.

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

IV. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CIMC is a controlling shareholder of the Company indirectly holding approximately 70.75% of the Shares and is therefore a connected person of the Company. As CIMC Finance is wholly-owned by CIMC and therefore is an associate of CIMC, CIMC Finance is also a connected person of the Company. The continuing connected transactions contemplated under the Financial Services Framework Agreement (2017) therefore constituted 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 (2017) 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 (2017) (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 (2017) (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 Independence 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 the applicable percentage ratios in respect of the Proposed Deposit Annual Caps for the Deposit Services contemplated under the Financial Services Framework Agreement (2017), on an annual basis, are more than 0.1% but less than 5%, the Deposit Services contemplated under the Financial Services Framework Agreement (2017) 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 directorship(s) and/or senior management position(s) held by Mr. Gao Xiang, Mr. Liu Chunfeng, Mr. Jin Jianlong, Mr. Yu Yuqun, and Mr. Wang Yu, 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 abovementioned agreements 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 continuing connected transactions contemplated under the abovementioned agreements.

V. DEFINITIONS

In this announcement, the following expressions have the following meanings 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 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
“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, a wholly-owned subsidiary of CIMC
“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
“Deposit Services”	the deposit services to be provided by CIMC Finance to the Group contemplated under the Financial Services Framework Agreement (2017)
“Director(s)”	the director(s) of the Company

“Original Financial Services Framework Agreement”	the framework agreement dated 27 October 2014 entered into among the Company, CIMC Finance and CIMC in relation to the provision of financial services by CIMC Finance to the Group for a period commenced on 27 October 2014 and expired on 31 December 2016, particulars of which are set out in the announcements of the Company dated 27 October 2014 and 17 December 2015
“Financial Services Framework Agreement (2016)”	the framework agreement dated 23 December 2016 entered into among the Company, CIMC Finance and CIMC in relation to the provision of financial services by CIMC Finance to the Group for a period of three years commencing on 1 January 2017 and expiring on 31 December 2019, which has not become unconditional and effective
“Financial Services Framework Agreement (2017)”	the framework agreement dated 24 April 2017 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 24 April 2017 and expiring on 31 December 2019
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Loan Services”	the loan services to be provided by CIMC Finance to the Group contemplated under the Financial Services Framework Agreement (2017)
“PBOC”	the People’s Bank of China

“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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 period from 24 April 2017 to 31 December 2019
“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
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Hong Kong, 24 April 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.

* *For identification purposes only*