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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)**

## **VOLUNTARY ANNOUNCEMENT**

### **ACQUISITION OF 60% EQUITY INTEREST IN LIAONING HASHENLENG GAS LIQUEFACTION PLANT CO., LTD.\***

On 26 March 2015, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase 60% equity interest in the Target Company, being 30%, 18% and 12% equity interest held by Mr. Zhao Dequan, Mr. Fang Gongshen and Ms. Zhao Xiuyan, respectively.

This announcement is made by the Company on a voluntary basis.

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#### **I. AGREEMENT**

The principal terms of the Agreement are summarised below.

**Date:** 26 March 2015

**Parties:** The Purchaser; and  
the Vendors.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendors are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

**Consideration:** The consideration payable by the Purchaser to the Vendors is RMB240,000,000, among which RMB120,000,000 is payable to Mr. Zhao Dequan, RMB72,000,000 is payable to Mr. Fang Gongshen and RMB48,000,000 is payable to Ms. Zhao Xiuyan.

The consideration will be paid in cash to each of the Vendors in above proportion and by instalments as follows:

- (a) first instalment of RMB72,000,000 (being 30% of the total consideration) will be paid within 10 business days upon signing of the Agreement;
- (b) second instalment of RMB144,000,000 (being 60% of the total consideration) will be paid within 30 days from the date of Completion; and
- (c) third instalment of RMB24,000,000 (being 10% of the total consideration) will be paid within 6 months from the date of Completion.

**Conditions precedent:**

- (1) the relevant resolutions of the shareholders of the Target Company approving the Acquisition and declarations of spouses of the Vendors consenting to the Acquisition having been provided by the Vendors respectively;
- (2) the Vendors having confirmed in writing that the transfer of the relevant equity interest in the Target Company is in accordance with the laws and without any restriction;
- (3) the relevant board resolutions of the Purchaser approving the Acquisition having been provided;
- (4) all permissions, approvals, authorisations and/or waiver (if applicable) from the relevant parties, the PRC government and regulatory authorities necessary for the transfer of the relevant equity interest in the Target Company and related matters having been obtained;
- (5) the transactions contemplated under the Agreement being in compliance with the requirements prescribed by relevant regulatory authorities, including the Board approving the Agreement and the transactions contemplated thereunder;
- (6) confidentiality agreements and certain employment agreements signed by and between the Target Company and the key staff of the Target Company having been provided;
- (7) certificate showing the personal tax in respect of the Acquisition having been duly paid;
- (8) there being no actual or potential material adverse change in the Target Company since the date of the Agreement to the date of Completion; and
- (9) the amendments to the articles of association of the Target Company and the shareholders' agreement governing the future operation and management of the Target Company being agreed.

The parties shall use their best endeavour to fulfill the conditions precedent

within 60 business days from the date of the Agreement or any further period as agreed by the Purchaser in writing.

**Completion:** In case the discrepancy between financial statements of the Target Company provided by the Vendors and the audited results conducted by the auditors appointed by the Purchaser exceeds RMB30,000,000, the Purchaser can decide if Completion will be carried out.

**Security:** To ensure the full performance and execution of obligation and responsibility of the Vendors under the Agreement, Mr. Zhao Dequan agrees to pledge his 20% equity interest in the Target Company to the Purchaser.

## II. BASIS OF DETERMINATION OF CONSIDERATION

The consideration has been determined between the Vendors and the Purchaser after arm's length negotiations with reference to various relevant factors, including (i) price-to-book ratios and/or share trading prices of companies listed in the relevant markets which have comparable energy and/or EPC business, (ii) strategies rationale behind the Acquisition, (iii) the net asset value and the latest three-year's financial information of the Target Company, and (iv) future development prospects of the Target Company and the relevant industries including economic trends and market growth potential. The consideration will be mainly funded through the Group's internal resources.

## III. INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC on 26 January 2010 with limited liability. The registered capital of the Target Company is RMB50 million. It is principally engaged in the design, development, production and sale of equipment used in cryogenic liquefaction, separation and processing for gas to its customers, and related construction and turnkey packages for natural gas.

The Target Company holds (1) 100% equity interest in 四川哈深冷天然氣工程有限公司 (Sichuan Hashenleng Natural Gas Engineering Co., Ltd.\*) which possesses a Class B qualification in EPC projects for oil and gas industries granted by the government of Sichuan province; and is principally engaged in the construction and turnkey project business and project management for chemical, oil and gas industries; and (2) 20% equity interest in 山東金魯班潔能有限公司 (Shandong Jinluban Gas Co., Ltd.\*) which is principally engaged in the construction and Build-Operate-Transfer (BOT) of LNG liquefaction plants and LNG/compressed natural gas refueling stations.

Based on the audited accounts of the Target Company, which were prepared in accordance with the generally accepted accounting principles in the PRC, the net asset value of the Target Company as at 31 December 2014 was approximately RMB165,593,000.

Set out below is the audited financial information of the Target Company for each of the two years ended 31 December 2013 and 31 December 2014:

	<i>For the year ended 31 December 2014</i>	<i>For the year ended 31 December 2013</i>
	<i>RMB</i>	<i>RMB</i>
Net profit before tax	53,378,000	34,326,000
Net profit after tax	47,758,000	28,538,000

#### **IV. REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Target Company mainly operates in the design, development, production, consultation, installation and commissioning services of natural gas (including pipeline gas, coalbed methane, coke oven gas, etc) liquefaction plants, design of technology packages and production of key equipment, and it can engage in the related construction and technology packages for natural gas and project management business. The Target Company is one of the pioneers in the research of technology and equipment for natural gas liquefaction. It possesses various advanced technologies for natural gas liquefaction and is one of the leading providers of technology packages and equipment for natural gas liquefaction in the PRC.

The Acquisition provides an opportunity for the Group to expand its business development in the above area and enhances the Group's capabilities in terms of technology for natural gas liquefaction and gas processing. The Group will also benefit from the talents and the production capacity of key equipment of the Target Company. The Group expects that the Acquisition will enable the Group to increase its market share and strengthen its capabilities in natural gas liquefaction plants and related equipment and services in the PRC market, in particular, the Group's capabilities in the upstream LNG chain (liquefaction and purification), and will realise the Group's strategic goal to engage in the upstream, midstream and downstream businesses along the LNG chain.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

The Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules or a connected transaction of the Company under Chapter 14A of the Listing Rules.

#### **V. DEFINITIONS**

In this announcement, the following expressions shall have the respective meanings ascribed adjacently below, unless the context requires otherwise:-

“Acquisition”	the acquisition of 60% equity interest in the Target Company by the Purchaser from the Vendors pursuant to the terms and conditions of the Agreement
“Agreement”	the equity transfer agreement dated 26 March 2015 and entered into among the Vendors and the Purchaser for the sale and purchase of 60% equity interest in the Target Company
“Board”	the board of Directors
“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 of Hong Kong Limited
“Completion”	completion of (i) the transfer of the Target Company's assets, information, management etc and (ii) the registration procedures in respect of transfer of the relevant equity interest in the Target Company pursuant to the Agreement
“Director(s)”	the director(s) of the Company

“EPC”	engineering, procurement and construction
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LNG”	liquefied natural gas
“PRC”	the People’s Republic of China and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	中集安瑞科投資控股（深圳）有限公司 (CIMC Enric Investment Holdings (Shenzhen) Limited*), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Target Company”	遼寧哈深冷氣體液化設備有限公司 (Liaoning Hashenleng Gas Liquefaction Plant Co., Ltd.*), a company incorporated in the PRC with limited liability
“Vendors”	Mr. Zhao Dequan (趙德泉), Mr. Fang Gongshen (房公勝) and Ms. Zhao Xiuyan (趙秀豔)
“%”	per cent

\* For identification purpose only

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

Hong Kong, 26 March 2015

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