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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
SINOPACIFIC OFFSHORE & ENGINEERING CO., LTD.**

Reference is made to the announcements of the Company dated 27 August 2015, 28 August 2015, 17 December 2015, 21 December 2015, 22 February 2016, 1 June 2016 and 3 June 2016 respectively in relation to, among others, the proposed acquisition of, and the provision of financial assistance to, the Target Company, and the subsequent terminations thereof.

The Target Company is now under receivership and the Receiver was appointed by the PRC Court. The Purchaser, an indirect wholly-owned subsidiary of the Company, is qualified as a restructuring investor for the restructuring investment in the Target Company. On 5 July 2017, the Purchaser, the Target Company and the Receiver entered into the Agreement, pursuant to which the Purchaser as the restructuring investor offered to purchase the major assets of the Target Company through acquiring the Sale Shares, representing the entire equity interest in the Target Company for a consideration of RMB799,800,000. This offer and the Restructuring Plan will be subject to the approval of the Target Company's creditors at the creditors' meeting and the PRC Court.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition and the Financial Assistance assessed at fair value are more than 5% but less than 25%, the Acquisition together with the Financial Assistance constitutes a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

I. INTRODUCTION

Reference is made to the announcements of the Company dated 27 August 2015, 28 August 2015, 17 December 2015, 21 December 2015, 22 February 2016, 1 June 2016 and 3 June 2016 respectively in relation to, among others, the proposed acquisition of, and the provision of financial assistance to, the Target Company, and the subsequent terminations thereof.

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II. AGREEMENT

The principal terms of the Agreement are set out below:

Date: 5 July 2017

Parties:

- (1) The Purchaser;
- (2) the Receiver; and
- (3) the Target Company.

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

Assets to be acquired: The major assets of the Target Company through acquiring the Sale Shares, representing the entire equity interest in the Target Company.

Consideration: The total consideration is RMB799,800,000 which will be satisfied in the following manner:

- (a) RMB50,000,000 shall be paid by the Purchaser to the Receiver as security deposit (the “**Security Deposit**”) within 15 days of the Agreement. The Security Deposit and the interest thereon (calculated in accordance with the relevant laws of the PRC) will be automatically applied as part payment of the consideration upon the PRC Court’s approval of the Restructuring Plan.
- (b) The balance of the consideration, being the total consideration after deducting the Security Deposit and the interest thereon, shall be paid by the Purchaser within the repayment deadline stipulated in the Restructuring Plan as approved by the PRC Court.

Following due diligence, if there is decrease in the actual assets of the Target Company, the consideration will be adjusted downward accordingly; if there is increase in the actual assets of the Target Company, such surplus part of the assets will be subject to disposal by the Receiver for distribution among all creditors of the Target Company.

The Target Company will, under the supervision of the Receiver, apply the consideration, its existing funds and funds in the designated bank account of the Receiver to pay for (in the order of payment) the bankruptcy fees, debts of common benefits, distributable debts as confirmed by the PRC Court, and other unreported and legally subsisting distributable debts as reserved by the Receiver in accordance with the Enterprise Bankruptcy Law of the PRC and the Restructuring Plan. Remaining balance of the consideration, if any, will be used as supplemental working capital for the Target Company.

The consideration was determined based on (A) total asset value of the Target Company as at 5 August 2016 stated in the Valuation Report plus (B) the repayment to all ordinary creditors of the Target Company for the portion at or below RMB300,000 of their debts, and after deducting: (i) the change in assets due to continual operation from 5 August 2016 to 30 June 2017, depreciation and taxation for disposal under hypothetical liquidation; and (ii) the exclusion of certain assets of the Target Company as specified in the Agreement, including part of cash in bank, certain long-term equity investment, prepayments, receivables and invalid assets (the “**Excluded Assets**”).

The consideration will be financed by the Group’s internal resources and bank loans.

Security Deposit: The Security Deposit and the interest thereon shall be refunded by the Receiver within 3 days upon occurrence of the following events:

- (1) The qualification of the Purchaser as a restructuring investor is subsequently revoked for reasons unrelated to the Purchaser;
- (2) the Restructuring Plan is not approved by the PRC Court before 31 August 2017;
- (3) the Restructuring Plan approved by the PRC Court is not or cannot be implemented by the Target Company for reasons unrelated to the Purchaser, and the PRC Court orders the termination thereof and the commencement of liquidation procedures; or
- (4) the relevant registration for change in shareholding cannot be completed within 1 month of the PRC Court's approval of the Restructuring Plan for reasons unrelated to the Purchaser.

Termination: The Agreement may be terminated by consent or upon occurrence of any force majeure event in accordance with the terms thereunder.

Restructuring Plan

Pursuant to the Agreement, the Restructuring Plan shall be prepared by the Target Company to the satisfaction of the Purchaser, and is subject to the approval of the Target Company's creditors and the PRC Court. The Restructuring Plan shall include arrangements for discharge of subsisting encumbrances (if any) on the Target Company's assets, and to the extent that it relates to business operation of the Target Company, shall be based on the production and operation plan prepared by the Purchaser. The Target Company will implement the Restructuring Plan approved by the PRC Court under the supervision of the Receiver.

Completion

The Purchaser will become the legal owner of the Sale Shares upon the PRC Court's approval of the Restructuring Plan.

Upon completion of the Acquisition and the Restructuring Plan, the Target Company will become a wholly-owned subsidiary of the Company.

Other key terms

The Receiver has agreed to, among others, (i) coordinate and procure the disposal of the Excluded Assets; and (ii) complete the registration for change in shareholding in relation to the Sale Shares.

III. FINANCIAL ASSISTANCE

Pursuant to the Financial Assistance Framework Agreement, the Group has provided Financial Assistance to the Target Company and the outstanding amount as at the date hereof is RMB1,480,351,000. As disclosed in the announcements of the Company dated 14 July 2016 and 7 March 2017 respectively, the Company made a provision for impairment of RMB1,184,281,000 in respect of the termination of the Financial Assistance during 2016. A certain portion of the outstanding amount of the Financial Assistance will be written off upon the approval and implementation of the Restructuring Plan. To the Company's best knowledge based on the Repayment Capability Analysis provided by the Receiver, the fair value of the Financial Assistance as at 30 June 2017 is estimated to be approximately RMB191 million.

IV. INFORMATION OF THE TARGET COMPANY

The Target Company was established in the PRC in 2006 with limited liability. It is principally engaged in the design and manufacturing of IMO Type C Tank; production, design, manufacturing and delivery of liquid cargo handling system for small and mid-size liquefied ethylene gas (LEG)/liquefied petroleum gas (LPG)/liquefied natural gas (LNG) carriers, and complete vessel construction; and production, design and manufacturing of marine oil and gas module.

The Target Company currently has limited business operation and is basically fulfilling its obligations under the existing unfinished contracts. The Target Company's operation is supervised by the Receiver which was appointed by the PRC Court.

Based on the audited consolidated financial information of the Target Company, the net liability value as at 31 December 2016, and the net losses for the two financial years ended 31 December 2015 and 2016 (including those attributable to the Excluded Assets) were approximately RMB3,150,894,000, RMB273,097,000 and RMB3,176,306,000 respectively. The audited consolidated total asset value of the Target Company as at 31 December 2016 was approximately RMB1,697,688,000.

Based on the Valuation Report, the total asset value of the Target Company as of 5 August 2016 was approximately RMB1,333,478,000.

V. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board believes that LNG marine storage and transport industry and marine oil and gas module industry will remain bullish in the long-term. The Target Company is a leading enterprise in the PRC, and has track record, in design and manufacturing for IMO Type C Tank; production, design, manufacturing and delivering of liquid cargo handling system for small and mid-size liquefied ethylene gas (LEG)/liquefied petroleum gas (LPG)/liquefied natural gas (LNG) carriers; and production, design and manufacturing capability for marine oil and gas module. The Board believes that LEG/LPG/LNG carrier business operated by the Target Company has a good prospect, and the assets of the Target Company are complementary and synergistic to the Company's existing business. In line with the Company's development strategy to expand in the value chain for natural gas equipment and services from onshore to offshore and from downstream to upstream, the Acquisition will facilitate the Company in building its integrated capabilities for purification, liquefaction, storage and transportation of natural gas both onshore and offshore. As there are limited numbers of companies in the PRC operating similar business with the assets as the Target Company, the Acquisition provides a good opportunity to the Company.

The Board considers that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

VI. INFORMATION OF THE GROUP

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.

VII. LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition and the Financial Assistance assessed at fair value are more than 5% but less than 25%, the Acquisition together with the Financial Assistance constitutes a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

VIII. DEFINITIONS

“Acquisition”	the purchase of major assets of the Target Company through the acquisition of the Sale Shares by the Purchaser pursuant to the terms and conditions of the Agreement
“Agreement”	the restructuring investment agreement entered into among the Purchaser, Target Company and the Receiver dated 5 July 2017, pursuant to which the Purchaser as the restructuring investor agreed to acquire the Sale Shares
“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
“Director(s)”	the director(s) of the Company
“Excluded Assets”	has the meaning ascribed to it in the section headed “II. AGREEMENT — Consideration” in this announcement
“Financial Assistance”	the outstanding financial assistance amounting to RMB1,480,351,000 provided by the Group to the Target Company pursuant to the terms and conditions of the Financial Assistance Framework Agreement, the fair value of which is estimated to be approximately RMB191 million as at 30 June 2017
“Financial Assistance Framework Agreement”	the financial assistance framework agreement dated 21 December 2015 and entered into among the Company, the Target Company and 春和集團有限公司 (Evergreen Group Co., Ltd.) (for details please refer to announcements of the Company dated 21 December 2015, and 1 and 3 June 2016 respectively)
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“PRC Court”	啟東市人民法院 (Qidong City People’s Court of the PRC)
“Purchaser”	中集安瑞科投資控股（深圳）有限公司 (CIMC Enric Investment Holdings (Shenzhen) Limited), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Receiver”	南通太平洋海洋工程有限公司破產清算組 (SinoPacific Offshore & Engineering Co., Ltd. Bankruptcy and Liquidation Team), being a group of individuals, the receiver of the Target Company as appointed by the PRC Court on 5 August 2016 pursuant to the Provisions of the Supreme People’s Court on Designating the Administrator during the Trial of Enterprise Bankruptcy Cases
“Restructuring Plan”	the plan for the restructuring of the Target Company, subject to the approval of the creditors of the Target Company and the PRC Court
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire issued share capital of the Target Company
“Security Deposit”	has the meaning ascribed to it in the section headed “II. AGREEMENT — Consideration” in this announcement
“Shareholder(s)”	the holder(s) of the shares of the Company
“Target Company”	南通太平洋海洋工程有限公司 (SinoPacific Offshore & Engineering Co., Ltd.), a company established in the PRC with limited liability

“Valuation Report”

the report on the valuation of the Target Company as of 5 August 2016 as prepared by the asset valuer appointed by the PRC Court

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

Hong Kong, 5 July 2017

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