

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



**CMIC Ocean En-Tech Holding Co., Ltd.**  
**華商國際海洋能源科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 206)**

**(1) PROPOSED SETTLEMENT OF CERTAIN CONTRACTS;  
AND  
(2) PROPOSED ISSUE OF SETTLEMENT SHARES UNDER GENERAL MANDATE**

On 31 August 2020, the Company, AOD, HPWS, Emer and ZZOE entered into the Global Settlement Deed whereby the Parties agreed to settle all rights and obligations under the Contracts and Ancillary Contracts. Pursuant to the Global Settlement Deed, approximately USD15.81 million of Proposed Settlement Sum is payable to HPWS, among which (a) approximately USD6.23 million shall be payable by cash; (b) approximately USD6.23 million shall be payable by allotment of the Settlement Shares; and (c) the remaining approximately USD3.35 million would only be payable if the commissioning of certain Equipment fails to be duly completed and approved by HPWS and the competent authorities without negative remarks and comments by the timeline as prescribed in the Global Settlement Deed.

In connection with the allotment of the Settlement Shares, on 31 August 2020, the Company also entered into the Subscription Agreement with HPWS, pursuant to which HPWS shall subscribe for (or nominate its subsidiary to subscribe for), and the Company shall allot and issue to HPWS (or its nominee), 174,394,797 Settlement Shares at the Issue Price of HKD0.2767 per Settlement Share subject to the fulfilment (or waiver) of the Conditions. The number of 174,394,797 Settlement Shares represents (i) approximately 5.68% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.38% of the issued share capital of the Company as enlarged by the allotment and issuance of the Settlement Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Settlement Shares).

References are made to the announcements of the Company dated 7 May 2013, 23 August 2013, 10 September 2014, 27 August 2015 and 4 February 2016 in relation to, among others, two drilling rigs (the “**Drilling Rigs**”) and related drilling rig equipment and services.

## **PROPOSED SETTLEMENT OF CERTAIN CONTRACTS**

### **Background**

From 2013 to 2019, the relevant member(s) of the Group (namely, AOD, AL, Emer and ZZOE) entered into 11 contracts (“**Contracts**”) with HPWS, pursuant to which HPWS would construct the Drilling Rigs for AOD, and AL, Emer and ZZOE would, among other things, sell the drilling equipment packages, deck cranes, power control package, leg racks and/or leg chords (collectively, “**Equipment**”) in relation to the Drilling Rigs.

In addition, in 2014, Emer also entered into two contracts (“**Ancillary Contracts**”) with two suppliers for the supply of surface blowout preventer stacks and the helicopter refueling systems and related services and items in relation to one of the Drilling Rigs (collectively, “**H6001 OFE**”).

As at the date of this announcement:

- (a) one of the Drilling Rigs has been completed, but neither of the Drilling Rigs have been delivered and a total amount of USD304.2 million is outstanding on the part of the Group under the relevant Contracts;
- (b) some of the Equipment have been completed and delivered while some have not, but approximately USD15.13 million is outstanding on the part of HPWS under the relevant Contracts; and
- (c) in respect of H6001 OFE, the Company, AOD and Emer covenant and confirm that, among other things, Hydril and Wilmax agree to undertake and perform works required by HPWS and AOD and Emer irrevocably agree to transfer to HPWS the full and clean title of H6001 OFE in consideration of approximately USD2.322 million.

## **The Global Settlement Deed**

On 31 August 2020, the Company, AOD, HPWS, Emer and ZZOE entered into the Global Settlement Deed for the settlement of all outstanding rights and obligations under the Contracts and Ancillary Contracts.

The principal terms of the Global Settlement Deed are set out below.

### ***Date***

31 August 2020

### ***Parties***

- (a) the Company;
- (b) AOD;
- (c) HPWS;
- (d) Emer; and
- (e) ZZOE.

### ***Proposed Settlement***

Pursuant to the Global Settlement Deed, the Parties propose to effect, among other things, the following:

- (a) the termination of the Contracts;
- (b) the irrevocable waiver, release and discharge by each Party of any and all disputes, suits, claims, rights and/or demands or otherwise it has or may have against the other Parties arising out of or in connection with any or all of the Contracts;
- (c) the vesting of full title and ownership of the one of the Drilling Rigs, and some of the Equipment, all free of encumbrance, in HPWS;
- (d) the indemnification of HPWS by CMIC, AOD, Emer and ZZOE against any third party claims of whatsoever nature arising out of or in connection with any third party's demand or claim or dispute in respect of the H6001 OFE, and some of the Equipment; and

(e) the payment of the Proposed Settlement Sum (as defined below) to HPWS.

The proposed total settlement sum payable to HPWS (“**Proposed Settlement Sum**”) under the Global Settlement Deed is approximately USD15.81 million, which shall be paid in the following manner:

- (a) approximately USD6.23 million (“**First Settlement Sum**”) shall be paid by way of cash in 36 instalments over a period of approximately 3 years after the execution of the Global Settlement Deed;
- (b) approximately USD6.23 million (“**Second Settlement Sum**”) shall be paid by way of allotment and issuance of Settlement Shares to HPWS or its nominee on or before the Completion Date; and
- (c) only in case that the commissioning of certain Equipment fails to be duly completed and approved by HPWS and the competent authorities without negative remarks and comments on or before the 180th day after HPWS gives written notice to the Company and/or Emer to commence the commissioning, approximately USD3.35 million (“**Third Settlement Sum**”) shall be paid by way of cash within 7 days after the expiry of such 180 days.

To secure the due performance of the obligations in respect of the payment of the Proposed Settlement Sum and the due commissioning of the relevant Equipment, the Company shall also provide HPWS with two performance guarantees and the Company and/or Emer shall procure and provide HPWS with a bank guarantee.

#### **PROPOSED ISSUE OF SETTLEMENT SHARES UNDER GENERAL MANDATE**

Pursuant to the Global Settlement Deed, the Company shall pay the Second Settlement Sum to HPWS by the issuance and allotment by the Company, and subscription by HPWS, of the Settlement Shares. Accordingly, on 31 August 2020, the Company entered into the Subscription Agreement with HPWS, pursuant to which HPWS shall subscribe for (or nominate its subsidiary to subscribe for), and the Company shall allot and issue to HPWS (or its nominee), 174,394,797 Settlement Shares at the Issue Price of HKD0.2767 per Settlement Share subject to the fulfilment (or waiver) of the Conditions. The Settlement Shares are to be issued under the General Mandate.

## **The Subscription Agreement**

The principal terms of the Subscription Agreement are set out below.

### ***Date***

31 August 2020

### ***Parties***

- (a) the Company; and
- (b) HPWS.

### ***Settlement Shares***

Pursuant to the Subscription Agreement, HPWS shall subscribe for (or nominate its subsidiary to subscribe for), and the Company shall allot and issue to HPWS (or its nominee), 174,394,797 Settlement Shares, at the Issue Price of HKD0.2767 per Settlement Share subject to the fulfilment (or waiver) of the Conditions.

The number of 174,394,797 Settlement Shares represents (i) approximately 5.68% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.38% of the issued share capital of the Company as enlarged by the allotment and issuance of the Settlement Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Settlement Shares).

The aggregate nominal value of the 174,394,797 Settlement Shares is HKD17,439,479.7. Based on the issue price of HKD0.2767, the aggregate value of the 174,394,797 Settlement Shares is approximately HKD48,255,040.

### ***Ranking of the Settlement Shares***

The Settlement Shares will rank pari passu in all respects with the Shares then in issue as at the date of the allotment.

## ***Issue Price***

The Issue Price of HKD0.2767 per Settlement Share represents:

- (a) a discount of approximately 1.18% to the closing price of HKD0.28 per Share as quoted on the Stock Exchange on the date of this announcement;
- (b) a discount of approximately 4.91% to the average closing price of approximately HKD0.291 per Share for the last five consecutive trading days immediately prior to the date of this announcement; and
- (c) the average closing price of approximately HKD0.2767 per Share for the last 10 consecutive trading days immediately prior to the date of this announcement.

The Issue Price was determined based on the weighted average closing price of the Shares for the last 10 consecutive trading days immediately prior to the date of the Global Settlement Deed. It was arrived after arm's length negotiations between the Company and HPWS with reference to the trading prices of the Shares and the results and prospects of the Company. The Directors consider that the Issue Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Shareholders as a whole.

## ***Conditions***

Completion of the Subscription under the Subscription Agreement is conditional upon the following Conditions having been satisfied:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Settlement Shares;
- (b) all necessary approvals and/or consents and/or formalities from the board of directors and/or shareholders of the Company and HPWS (or its nominees) and governmental or other competent authorities in accordance with applicable laws having been obtained and/or completed;
- (c) the representations, warranties and undertakings of the Company under the Subscription Agreement being true and accurate in all material respects and not misleading in any material respect as at the date of the Subscription Agreement and the Completion Date as if given on such date; and
- (d) the Company having complied with all of the agreements and undertakings, and satisfied or performed all of the conditions and obligations on its part to be satisfied or performed under the Subscription Agreement in all material respects on or before the Completion Date.

None of the Conditions (a) and (b) are capable of being waived.

If, for whatever reason, any of the conditions under the Subscription Agreement is not fulfilled (or waived, if waivable) on or before the Long Stop Date or the Settlement Shares are not successfully allotted and issued to HPWS (or its nominee) on or before the Completion Date, then upon at least 10 days' prior written notice served by HPWS on the Company, the Second Settlement Sum shall be paid by cash and in 36 instalments by the Company to HPWS in accordance with the payment schedule as set out in the Settlement Deed and in such event the Subscription Agreement shall immediately be terminated.

### ***Completion***

Subject to the fulfilment (or waiver, if waivable) of the Conditions on or before the Long Stop Date, completion of the Subscription Agreement shall take place on the fifth business day after satisfaction of all Conditions which shall, or the avoidance of doubt, be no later than 30 November 2020 (or such other later date as mutually agreed by the Company and HPWS).

### ***Lock-up undertaking***

HPWS undertakes that for the period of 12 months commencing from the date of issuance of the Settlement Shares ("**Lock-up Period**"), it will not and procure its nominee not to, directly or indirectly, transfer or dispose of any of the Settlement Shares. The restrictions in the foregoing sentence shall not apply to any transfer of the Settlement Shares or any part thereof from HPWS (or its nominee, as the case may be) to any subsidiary of HPWS during the Lock-up Period.

### ***Restrictions on issue of further securities by the Company***

Between the date of the execution of the Subscription Agreement and a period of 60 days after the Completion Date (both dates inclusive), unless with the prior written consent from HPWS, the Company will not issue, offer or sell, pledge or otherwise dispose of or otherwise transfer or create any encumbrances on any of the Shares.

### **General Mandate**

The Settlement Shares will be allotted and issued by the Company pursuant to the General Mandate granted by the Shareholders to the Directors at the AGM. The General Mandate entitles the Directors to allot, issue, and otherwise deal with additional Shares not exceeding 20% of the total issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 613,807,823 new Shares. As at the date of the announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the issue of the Settlement Shares and therefore the issue of the Settlement Shares is not subject to the approval of the Shareholders.

## Effect on shareholding structure of the Company

The table below sets out a summary of the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after Completion (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Settlement Shares):

	As at the date of this announcement		Immediate following the Completion and the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Shareholders</b>				
Prime Force Investment Corporation	1,530,372,000	49.86	1,530,372,000	47.18
<b>Directors</b>				
Mr. Zhang Menggui, Morgan	64,679,100	2.11	64,679,100	1.99
Mr. Jiang Bing Hua	25,665,240	0.84	25,665,240	0.79
Mr. Chan Ngai Sang, Kenny	500,000	0.02	500,000	0.02
<b>Public Shareholders</b>				
Wah Shun <sup>Note</sup>	–	–	174,394,797	5.38
Minyun Limited	284,751,000	9.28	284,751,000	8.78
China International Marine Containers (Hong Kong) Ltd.	185,600,000	6.05	185,600,000	5.72
Other public Shareholders	<u>977,471,777</u>	<u>31.84</u>	<u>977,471,777</u>	<u>30.14</u>
Sub-total	<u>1,447,822,777</u>	<u>47.17</u>	<u>1,622,217,574</u>	<u>50.02</u>
<b>Total issued Shares</b>	<u><u>3,069,039,117</u></u>	<u><u>100</u></u>	<u><u>3,243,433,914</u></u>	<u><u>100</u></u>

Note: Wah Shun is the nominee named by HPWS to subscribe for the Settlement Shares.



## **Fund-raising Activities of the Company in the Twelve Months Immediately Preceding the date of this Announcement**

The Company has not raised any funds by issuing equity securities during the 12 months immediately before the date of this announcement.

## **Application for Listing**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Settlement Shares on the Stock Exchange.

## **Information on the Group**

The Company was incorporated in the Cayman Islands with limited liabilities. The Group is principally engaged in the business of designing and manufacturing of rig equipment, manufacture and trading of oilfield expendables and offshore rig construction and services.

## **Information on Wah Shun and HPWS**

Wah Shun is the nominee named by HPWS to subscribe for the Settlement Shares. It is a company incorporated in Hong Kong with limited liability and is owned by HPWS as to 99%.

HPWS is a company incorporated in the PRC with limited liability and is a principal subsidiary of CSSC Offshore & Marine Engineering (Group) Company Limited, whose domestic shares are listed on the Shanghai Stock Exchange and overseas-listed foreign shares are listed on the Main Board of the Stock Exchange. HPWS is principally engaged in construction of military ships, special engineering ships and marine engineering in South China. It is also the production base for dredging engineering ship and feeder container ship in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, HPWS and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF THE PROPOSED SETTLEMENT AND THE SUBSCRIPTION**

The Group is principally engaged in the business of designing and manufacturing of rig equipment, manufacture and trading of oilfield expendables and offshore rig construction and services.

As at the date of this announcement, the net outstanding amount payable by the Group under the Contracts (being the outstanding amount payable by the Group after offsetting the outstanding amount payable by HPWS under the Contracts) is approximately USD12.46 million. The Company has been negotiating with HPWS for a settlement proposal in respect of the performance of the Contracts. The Board considers that (i) the allotment and issue of the Settlement Shares is a suitable means of settlement since it reduces the pressure on the Company's cash flow and could effectively avoid further and additional obligations from or liabilities incurred under the Contracts and Ancillary Contracts; (ii) the allotment and issue of the Settlement Shares will enlarge the capital base of the Company; (iii) the existing liabilities of the Group will be reduced without affecting the working capital of the Group; and (iv) the Group could retain more internal resources for daily working capital and for future investment (if any). Therefore, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Global Settlement Deed, Subscription Agreement and the transactions contemplated thereunder, which are determined after arm's length negotiations among the Parties, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Shareholders and potential investors should be aware that the Subscription Agreement and the transactions contemplated thereunder are subject to the fulfilment of certain conditions, and therefore may or may not proceed. Shareholders and potential investors shall exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“AGM”	the annual general meeting of the Company held on 22 May 2020
“AOD”	Alliance Offshore Drilling Pte. Ltd., an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors

“Company”	CMIC Ocean En-Tech Holding Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 206)
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the fifth business day after satisfaction (or waiver, if waivable) of all Conditions which shall for the avoidance of doubt be no later than 30 November 2020 (or such other later date as mutually agreed by the Company and HPWS)
“Condition(s)”	the conditions precedent to Completion under the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Emer”	Emer International Limited (埃謨國際有限公司), an indirect wholly-owned subsidiary of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the AGM to allot, issue and deal with additional Shares not exceeding 20% of the total issued share capital of the Company on the date thereof, namely, up to a maximum of 613,807,823 Shares
“Global Settlement Deed”	the global settlement deed dated 31 August 2020 entered into among the Company, AOD, Emer, ZZOE and HPWS setting out the understanding among the Parties in relation to the Proposed Settlement
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“HPWS”	CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文冲船舶有限公司), a party independent of the Company and its connected persons
“Issue Price”	the issue price of HKD0.2767 per Settlement Share
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	23 November 2020 (or such other date which the Company and HPWS may mutually agree)
“Party(ies)”	the Company, AOD, Emer, ZZOE and HPWS
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Settlement”	the proposed settlement of the rights and obligations under the Contracts and Ancillary Contracts pursuant to the Global Settlement Deed
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Shares”	the 174,394,797 new Shares to be issued by the Company to HPWS (or its nominee) pursuant to the Subscription Agreement, and each a “Settlement Share”
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by HPWS (or its nominee) of the Settlement Shares to be allotted and issued by the Company at the Issue Price pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated 31 August 2020 entered into between the Company and HPWS in relation to the Subscription
“USD”	the United States dollars, the lawful currency of the United States of America
“Wah Shun”	Wah Shun International Marine Limited (華順國際船舶有限公司), a subsidiary of HPWS nominated to subscribe for the Settlement Shares pursuant to the Subscription Agreement
“ZZOE”	Zhengzhou TSC Offshore Equipment Co., Ltd. (鄭州天時海洋石油裝備有限公司), an indirect wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board  
**CMIC Ocean En-Tech Holding Co., Ltd.**  
**Lou Dongyang**  
*Chairman*

Hong Kong, 31 August 2020

*As at the date of this announcement, the Board comprises 3 executive Directors, namely Mr. Cong Yongjian, Mr. Jiang Bing Hua and Mr. Zhang Menggui, Morgan; 4 non-executive Directors, namely Mr. Lou Dongyang, Mr. Wang Jianzhong, Ms. Fu Rui and Mr. Qian Zewei; and 4 independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny, Mr. Zou Zhendong, Mr. Chen Weidong and Mr. Sun Dongchang.*

*For the purpose of this announcement, the exchange rate of USD1.00 = RMB6.86 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.*