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**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)**

**CONTINUING CONNECTED TRANSACTIONS**  
**(1) MASTER SUPPLY AND PURCHASE AGREEMENT; AND**  
**(2) MASTER VESSELS CHARTERING AND**  
**MANAGEMENT SERVICES AGREEMENT**

**MASTER SUPPLY AND PURCHASE AGREEMENT**

On 18 October 2022 (after trading hours), the Company entered into the Master Supply and Purchase Agreement with CM Industry, pursuant to which the Group will purchase structural parts and other components from, and sell Products to, the CM Industry Group, effective from the Commencement Date to 31 December 2025.

**MASTER VESSELS CHARTERING AND MANAGEMENT SERVICES AGREEMENT**

On 18 October 2022 (after trading hours), the Company entered into the Master Vessels Chartering and Management Services Agreement with CM Industry, pursuant to which the Group will charter vessels from the CM Industry Group and provide Vessels Management Services to the CM Industry Group, effective from the Commencement Date to 31 December 2025.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, as CM Industry is indirectly interested in 1,530,372,000 Shares (representing approximately 47.18% of the issued share capital of the Company) through Prime Force Investment Corporation, it is a controlling shareholder of the Company and also a connected person of the Company. As a result, the Sales and Procurement and Vessels Services constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Products Annual Caps for the Product Sales, the Structural Parts Annual Caps for the Structural Parts Procurement, the Vessels Chartering Annual Caps for the Vessels Chartering and the Vessels Management Annual Caps for the Vessels Management Services exceed 5%, each of the Product Sales, the Structural Parts Procurement, the Vessels Chartering and the Vessels Management Services, constituted a continuing connected transaction for the Company and is subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As Mr. Lou Dongyang, Mr. Huang Jin, Mr. Liu Jiancheng and Mr. Mei Xianzhi hold positions in the CM Industry Group, each of them has abstained from voting on the Board resolutions in relation to the Master Supply and Purchase Agreement, the Master Vessels Chartering and Management Services Agreement and the Sales and Procurement and Vessels Services contemplated thereunder.

## **INDEPENDENT FINANCIAL ADVISER**

The Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on (i) the Master Supply and Purchase Agreement and the Sales and Procurement (including the Products Annual Caps and the Structural Parts Annual Caps) contemplated thereunder; and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Services (including the Vessels Chartering Annual Caps and the Vessels Management Annual Caps) contemplated thereunder.

## **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee has been established to advise the Independent Shareholders on the terms of (i) the Master Supply and Purchase Agreement and the Sales and Procurement (including the Products Annual Caps and the Structural Parts Annual Caps) contemplated thereunder; and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Services (including the Vessels Chartering Annual Caps and the Vessels Management Annual Caps) contemplated thereunder.

## **EGM**

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve (i) the Master Supply and Purchase Agreement and the Product Sales (including the Products Annual Caps) and the Structural Parts Procurement (including the Structural Parts Annual Caps) contemplated thereunder; and (ii) and the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering (including the Vessels Chartering Annual Caps) and the Vessels Management Services (including the Vessels Management Annual Caps) contemplated thereunder.

As at the date of this announcement, as CM Industry is indirectly interested in 1,530,372,000 Shares (representing approximately 47.18% of the issued share capital of the Company) through Prime Force Investment Corporation, Prime Force Investment Corporation is therefore deemed to have material interest in the Sales and Procurement and Vessels Services, and will be required to abstain from voting on the resolutions in relation to the Sales and Procurement and Vessels Services at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Sales and Procurement and Vessels Services and is therefore required to abstain from voting at the EGM on the relevant resolutions.

A circular containing, inter alia, (i) details of the Master Supply and Purchase Agreement and Master Vessels Chartering and Management Services Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the EGM; and (v) other information in relation to the Company as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 28 November 2022, as additional time is needed for the preparation of certain information to be included in the circular.

## **MASTER SUPPLY AND PURCHASE AGREEMENT**

### **Background**

Reference is made to the announcement of the Company dated 6 November 2020 and the circular of the Company dated 14 December 2020 in relation to the 2020 Master Supply and Purchase Agreement entered into between the Company and CM Industry on 5 November 2020 and the continuing connected transactions contemplated thereunder.

As the 2020 Master Supply and Purchase Agreement will be expired on 31 December 2022, on 18 October 2022 (after trading hours), the Company entered into the Master Supply and Purchase Agreement with CM Industry, pursuant to which the Group will purchase structural parts and other components from and sell Products to the CM Industry Group, effective from the Commencement Date to 31 December 2025.

## Principal Terms

Particulars of the Master Supply and Purchase Agreement are set out as follows:

Date	:	18 October 2022
Effective period	:	From the Commencement Date to 31 December 2025 (both days inclusive), terminable by either Party (as defined below) giving to the other not less than two (2) months' prior written notice.
Parties	:	<ol style="list-style-type: none"><li>1. the Company</li><li>2. CM Industry</li></ol> <p>(each a "<b>Party</b>" and collectively, the "<b>Parties</b>")</p>
Condition precedent	:	The Master Supply and Purchase Agreement and the transactions contemplated thereunder are conditional upon the approval by the Independent Shareholders at the EGM in accordance with the Listing Rules.
Nature of transaction	:	Pursuant to the Master Supply and Purchase Agreement, on a non-exclusive basis, (i) CM Industry (on behalf of itself and its subsidiaries) agrees to sell, and the Company (on behalf of itself and its subsidiaries) agrees to purchase, structural parts and other components; and (ii) the Company (on behalf of itself and its subsidiaries) agrees to sell, and CM Industry (on behalf of itself and its subsidiaries) agrees to purchase, the Products.

It is agreed that each agreement for the sale and purchase of Products and/or structural parts and other components will be entered into and be performed separately by the respective subsidiaries of the Company and CM Industry under separate contracts, on terms to be mutually agreed in accordance with the terms and conditions of the Master Supply and Purchase Agreement.

Pricing principles : Pursuant to the terms of the Master Supply and Purchase Agreement, the Sales and Procurement shall be conducted on normal commercial terms, in particular: (i) the Sales and Procurement will be on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties based on its internal control measures; (ii) the Sales and Procurement will be conducted in the ordinary and usual course of business of the Group and after arm's length negotiations; and (iii) the transaction amount under the Sales and Procurement will not exceed the Products Annual Caps and the Structural Parts Annual Caps (as the case may be) for the period from the Commencement Date to 31 December 2025.

**(a) Product Sales**

The prices of the Products to be sold by the Group to the CM Industry Group shall be determined by reference to (and in any event no less favourable to) the prices of relevant comparable products in the trading database of the Group of similar quality, type and quantity adopted by the Group from time to time and generally applicable to all independent third parties on arm's length basis and normal commercial terms.

*(i) When there are transaction records of comparable products in the trading database*

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Product Sales will review and compare the prices of Products offered by the Group to the CM Industry Group with at least two recent transaction records of comparable products offered generally to independent third parties in the trading database of the Group before entering into individual contracts pursuant to the Master Supply and Purchase Agreement.

*(ii) For Products manufactured with specific specifications in respect of which there are no transaction records of comparable products in the trading database*

The prices of such Products will be determined with reference to estimates of the Group's costs of production plus a profit margin, which shall be no less favourable than the profit margin estimated to be enjoyed by other suppliers in the market of comparable products. Such profit margin estimates will be calculated with reference to the quoted selling price of comparable products of other suppliers in the market, under the assumption that the costs of production of other suppliers in the market would not differ materially from those of the Group. The indicative gross profit margins for Products manufactured with specific specifications to be sold by the Group to the CM Industry Group are expected to range from approximately 10% to 20%.

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Product Sales will review and compare the profits margins of the Group in respect of the Products and the profit margin estimates of other suppliers in the market for comparable products before entering into individual contracts pursuant to the Master Supply and Purchase Agreement.

In the event that (1) the prices of Products available to the CM Industry Group from the Group are less favourable to the Group than those offered by the Group to independent third parties for comparable Products of similar quality, type and quantity in the trading database of the Group, or (2) the profit margin enjoyed by the Group for Products in respect of which there are no transaction records of comparable products in the trading database is less favourable than the profit margin estimated to be enjoyed by other suppliers in the market, the Group will not enter into the Product Sales.

The Group will at its best effort further negotiate with the CM Industry Group for more favourable terms in order to comply with the pricing principles of the Company as disclosed above.

**(b) *Structural Parts Procurement***

The prices of the structural parts and other components purchased by the Group from the CM Industry Group shall be no less favourable to the prevailing market prices of comparable structural parts and other components of similar type, quantity and quality. In determining the prevailing market price, the Group will collect relevant market information and/or price quotations offered by independent third parties for comparable structural parts and other components, and review and compare the data with the prices obtained by the Group under the Master Supply and Purchase Agreement.

The following bidding process is to be adopted by the Company to ensure that the prices and terms in relation to structural parts and other components offered by the CM Industry Group are no less favourable to those offered by independent third parties for comparable structural parts and other components:

- The Company will obtain at least two price quotations for structural parts and other components of similar type, quantity and quality from qualified suppliers.
- A supplier is classified as a qualified supplier if it meets the criteria set out in the procurement and payment internal control manual adopted by the Group in 2018, under which, the eligibility of suppliers are assessed with reference to an array of factors, including but not limited to prices, timeliness of delivery, payment terms, quality of products and/or services, capabilities and operational track records. The procurement department of the Group assesses the eligibility of suppliers against these criteria by reviewing the relevant corporate, tax, licensing and credit materials provided by relevant suppliers, with the assistance of other departments such as the production, finance, project management and technology departments.

- The Group generally carries out reviews of qualified suppliers on a yearly basis with reference to the certified quality control manual of the Group so as to ensure that the products/services of the Group would be able to meet international standard and/or industry standard. A majority of qualified suppliers are independent third parties.

Upon obtaining the quotations, the procurement department, technical department and project management department of the Group will jointly assess the quotations based on the factors set out above. On the assumption that the other major terms offered are substantially similar, the quotation having the lowest price will generally be selected by the Group.

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Structural Parts Procurement will review and compare the prices and terms in respect of structural parts and other components offered by the CM Industry Group to the Group with at least two price quotations offered by independent third party suppliers for comparable structural parts and other components of similar quality, type and quantity before entering into individual contracts pursuant to the Master Supply and Purchase Agreement.

In the event that the prices or terms in respect of structural parts and other components available to the Group from the CM Industry Group are less favourable to the Group than the price quotations offered by independent third parties for comparable structural parts and other components of similar quality, type and quantity, the Group will not enter into the Structural Parts Procurement.

The Group will at its best effort further negotiate with the CM Industry Group for more favourable terms in order to comply with the pricing principles of the Company as disclosed above.



## Proposed Annual Caps

The proposed annual caps for the Products Sales and the Structural Parts Procurement under the Master Supply and Purchase Agreement for each of the years ending 31 December 2023, 2024 and 2025 are set out as follows:

	For the year ending 31 December		
	2023 (US\$)	2024 (US\$)	2025 (US\$)
Products Annual Caps	200 million	150 million	150 million
Structural Parts Annual Caps	35 million	30 million	30 million

Shareholders and potential investors of the Company should note that the above proposed annual caps are not intended, and do not purport, to be an indication of the Group's future performance or profitability. Shareholders or potential investors of the Company should not rely on the proposed annual caps in deciding how or whether or not to deal in the Shares.

## Historical Annual Caps

The annual caps for the sale of Products and procurement of structural parts and components under the 2020 Master Supply and Purchase Agreement for each of the years ended 31 December 2020 and 2021 and the year ending 31 December 2022 are set out as follows:

	For the year ended/ending 31 December		
	2020 (US\$)	2021 (US\$)	2022 (US\$)
Historical Products Annual Caps	40 million	100 million	100 million
Historical Structural Parts Annual Caps	5 million	16 million	16 million

## Historical transaction amounts

The historical transaction amounts in respect of the sale of Products and procurement of structural parts and components for each of the years ended 31 December 2020 and 2021 and the period from 1 January 2022 to the date of this announcement are set out as follows:

	<b>For the year ended 31 December 2020 (US\$)</b>	<b>For the year ended 31 December 2021 (US\$)</b>	<b>From 1 January 2022 to the date of this announcement (US\$)</b>
Transaction amounts for sale of			
Products	563,000	1,157,000	6,402,000
Transaction amounts for procurement of			
structural parts and other components	–	–	–

As disclosed in the announcement of the Company dated 6 November 2020 and the circular of the Company dated 14 December 2020, the Historical Products Annual Caps were determined by the Company after taking into account, among other things, the general condition of the offshore wind power market and the estimated demand for the Products by the CM Industry Group; and the Historical Structural Parts Annual Caps were determined by the Company after taking into account, among other things, the estimated demand for structural parts and other components by the Group, which was estimated with reference to the proposed demand for heavy lift cranes of CM Industry Group.

In determining the Historical Products Annual Caps, the Company has mainly taken into account the intended demand of 1, 3 and 3 shipsets of equipment package for wind power installation platform for the years ended/ending 31 December 2020, 2021 and 2022, respectively. Generally, the development of offshore platforms and vessels involve ship-owners and shipyards entering into shipbuilding contracts, and shipyards purchasing raw materials and parts for building vessels from suppliers. In addition, building new platforms usually involve coordination among multiple parties. Due to the delay experienced by various parties involved in the shipbuilding process, there was a corresponding delay in the building schedule of the CM Industry Group's offshore wind power installation platforms and consequently a delay in the demand for the Products from the CM Industry Group. As the delivery period for shipset of jacking system and equipment such as heavy lift cranes generally ranges from 9 to 14 months, the delay in purchase orders from the CM Industry Group for the Products has resulted in a significant delay in the actual recognition of revenue by the Company. As a result, there was a relatively substantial difference between the historical transaction amounts for the sale of Products and the Historical Products Annual Caps.

As structural parts and other components are mainly used in the manufacture of heavy lift cranes to meet the orders of the CM Industry Group, in determining the Historical Structural Parts Annual Caps, the Company has taken into account the expected requirements of heavy lift cranes and the structural parts and other components required in the manufacture of each heavy lift crane produced by the Company. In view of the delay in the demand for the Products by the CM Industry Group, it also led to a corresponding delay in the demand for structural parts and other components of the Company. As a result, there was a relatively significant difference between the historical transaction amounts for the procurement of structural parts and other components and the Historical Structural Parts Annual Caps.

### **Basis of the Proposed Annual Caps**

The Products Annual Caps were determined by the Company after taking into account of (i) the general condition of the offshore wind power market; (ii) the estimated demand for the Products by the CM Industry Group from the Commencement Date to 31 December 2025; (iii) the expected selling prices of the Products from the Commencement Date to 31 December 2025; and (iv) the transaction amounts in respect of the Product Sales under the 2020 Master Supply and Purchase Agreement to be recognized in the accounts of the Company from the Commencement Date to 31 December 2025.

The Structural Parts Annual Caps were determined by the Company after taking into account of (i) the estimated demand for structural parts and other components by the Group from the Commencement Date to 31 December 2025; (ii) the expected purchase price of structural parts and other components based on estimations with reference to the market prices; (iii) the estimated buffer of 10% for fluctuation of market prices and change in specification to provide flexibility to the Group; and (iv) the transaction amounts in respect of the Structural Parts Procurement under the 2020 Master Supply and Purchase Agreement to be recognized in the accounts of the Company from the Commencement Date to 31 December 2025.

## MASTER VESSELS CHARTERING AND MANAGEMENT SERVICES AGREEMENT

On 18 October 2022 (after trading hours), the Company entered into the Master Vessels Chartering and Management Services Agreement with CM Industry, pursuant to which the Group will charter vessels from the CM Industry Group and provide Vessels Management Services to the CM Industry Group, effective from the Commencement Date to 31 December 2025.

### Principal Terms

Particulars of the Master Vessels Chartering and Management Services Agreement are set out as follows:

Date	:	18 October 2022
Effective period	:	From the Commencement Date to 31 December 2025 (both days inclusive), terminable by either Party (as defined below) giving to the other not less than two (2) months' prior written notice.
Parties	:	1. the Company 2. CM Industry
Condition precedent	:	The Master Vessels Chartering and Management Services Agreement and the transactions contemplated thereunder are conditional upon the approval by the Independent Shareholders at the EGM in accordance with the Listing Rules.
Nature of transaction	:	Pursuant to the Master Vessels Chartering and Management Services Agreement, the Group agrees to (i) charter vessels from the CM Industry Group and (ii) provide Vessels Management Services to the CM Industry Group, on a non-exclusive basis.

It is agreed that each agreement for the Vessels Chartering and/or Vessels Management Services will be entered into and be performed separately by the respective subsidiaries of the Company and CM Industry under separate contracts, on terms to be mutually agreed in accordance with the terms and conditions of the Master Vessels Chartering and Management Services Agreement.

Pricing principles : Pursuant to the terms of the Master Vessels Chartering and Management Services Agreement, the Vessels Chartering and Vessels Management Services shall be conducted on normal commercial terms, in particular: (i) the Vessels Chartering and Vessels Management Services will be conducted on terms no less favourable to the Group than prevailing market terms available to or from (as appropriate) independent third parties based on its internal control measures; (ii) the Vessels Chartering and Vessels Management Services will be conducted in the ordinary and usual course of business of the Group and after arm's length negotiations; and (iii) the transaction amount in respect of the Vessels Chartering and Vessels Management Services will not exceed the Vessels Chartering Annual Caps and the Vessels Management Annual Caps (as the case may be) for the period from the Commencement Date to 31 December 2025.

**(a) *Vessels Chartering***

The rates for the Vessels Chartering to be obtained by the Group from the CM Industry Group shall be determined by reference to (and in any event no less favourable to) the relevant comparable prevailing market rates for vessels charter of comparable quality and type and on arm's length basis and normal commercial terms.

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Vessels Chartering will review and compare the rates for Vessels Chartering offered by the CM Industry Group to the Group with at least two transaction records of comparable vessels chartering offered by the Group to independent third parties in the trading database of the Group before entering into individual implementation agreement in respect of the Vessels Chartering pursuant to the Master Vessels Chartering and Management Services Agreement.

In the event that the rates in respect of the Vessels Chartering provided by the CM Industry Group to the Group are less favourable to the Group than those offered by the Group to independent third parties for comparable vessels chartering of similar quality and type in the trading database of the Group, the Group will not enter into the Vessels Chartering.

The Group will at its best effort further negotiate with the CM Industry Group for more favourable terms in order to comply with the pricing principles of the Company as disclosed above.

**(b) *Vessels Management Services***

The fees to be charged by the Group for the Vessels Management Services will be determined with reference to the Group's costs of provision of such services plus a earnings before interest and tax ("**EBIT**") margin of no less than 5%. The Company has engaged an independent professional valuer who is of the view that the minimum EBIT margin is fair and reasonable, and is comparable with the market rate for vessel management services of comparable type and quality. The minimum EBIT margin is therefore no less favourable than the minimum margin enjoyed by other service providers in the market for comparable services.

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Vessels Management Services will review the fees for the Vessels Management Services provided by the Group to the CM Industry Group before entering into individual contracts in respect of the Vessels Management Services pursuant to the Master Vessels Chartering and Management Services Agreement to ensure that such fees will be charged on the basis of a margin no less than the minimum EBIT margin as disclosed above.

In the event that the fees in respect of the Vessels Management Services available to the CM Industry Group from the Group are less favourable to the Group than the fees chargeable on the basis of the above-mentioned minimum EBIT margin, the Group will not enter into the Vessels Management Services.

The Group will at its best effort further negotiate with the CM Industry Group for more favourable terms in order to comply with the pricing principles of the Company as disclosed above.

## Proposed Annual Caps

The proposed annual caps for the Vessels Chartering and the Vessels Management Services under the Master Vessels Chartering and Management Services Agreement for each of the years ending 31 December 2023, 2024 and 2025 are set out as follows:

	For the year ending 31 December		
	2023 (US\$)	2024 (US\$)	2025 (US\$)
Vessels Chartering Annual Caps	19 million	26 million	30 million
Vessels Management Annual Caps	40 million	23 million	21 million

Shareholders and potential investors of the Company should note that the above proposed annual caps are not intended, and do not purport, to be an indication of the Group's future performance or profitability. Shareholders or potential investors of the Company should not rely on the proposed annual caps in deciding how or whether or not to deal in the Shares.

## Basis of the Proposed Annual Caps

There was no historical transaction amount for the Vessels Services between the Group and the CM Industry Group.

The Vessels Chartering Annual Caps were determined by the Company after taking into account of (i) the estimated demand for Vessels Chartering (including the number and specifications of vessels estimated to be chartered and chartering arrangement (e.g. bareboat charter)) by the Group from the Commencement Date to 31 December 2025 and the period for which the vessels are expected to be chartered; and (ii) the estimated chartering rates for vessels from the Commencement Date to 31 December 2025.

The Vessels Management Annual Caps were determined by the Company after taking into account of (i) the estimated demand for Vessels Management Services by CM Industry Group from the Commencement Date to 31 December 2025 (including the number of vessels estimated to be under management and the package of Vessels Management Services required); and (ii) the estimated rates for the Vessels Management Services from the Commencement Date to 31 December 2025.

## INTERNAL CONTROL MEASURES

In order to safeguard the interests of the Company and the Shareholders as a whole, the Group has adopted the following guidelines and principles for monitoring the transactions between the Group and the CM Industry Group.



Under such internal control measures, the Group maintains a trading database containing selling prices of its Products, rates for the Vessels Chartering and relevant terms and conditions of such transactions. The information in the trading database is obtained in the course of the Group's operations and from the Group's internal sources (including information in respect of transactions entered into by different divisions/departments of the Group). The Company will continue to develop and maintain the trading database so as to include pricing information in relation to Products sold by and Vessels Chartering provided by the Group in the future. Designated personnel of the sales department of the Group are responsible for the maintenance of the trading database, and the trading database is generally updated on an instantaneous (or as soon as practicable) basis after the materialisation or consummation of a sales or service transaction. A supervising vice president of the Group is designated to monitor and supervise the maintenance of the trading database to ensure that up-to-date records of the selling terms, prices/rates and transaction records for products sold and services provided by the Group are properly kept. The Company will also conduct random checks on the trading database so as to ensure that an effective and sound internal control measures are in place so that the Product Sales and Vessels Chartering are conducted on a fair and reasonable basis.

The relevant business units and departments of the Group will monitor and review the prices/rates and terms in respect of the Sales and Procurement and Vessels Services regularly in order to ensure that the Sales and Procurement and Vessels Services are conducted on normal commercial terms, in accordance with the annual caps set by the Company and the terms are no less favourable to the Group than those available to independent third parties. The Company will designate specific personnel from the internal control department to monitor the Sales and Procurement and Vessels Services and any irregularities in respect of the Sales and Procurement and Vessels Services will be reported to the senior management of the Group in a timely manner.

The Group will also conduct sample internal checks on a quarterly basis to ensure that the internal control measures in respect of the Sales and Procurement and Vessels Services remain intact and effective.

The Company will report the Sales and Procurement and Vessels Services to the independent non-executive Directors during each of the audit committee meetings (if necessary) according to the audit committee meeting agenda.

The Sales and Procurement and Vessels Services will be reviewed by the independent non-executive Directors every year and reported in the annual reports of the Company, which provides a check and balance to ensure that the Sales and Procurement and Vessels Services were conducted in accordance with the terms of the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement, on normal commercial terms (or terms no less favourable than terms available to the Group from independent third parties), and in accordance with the pricing principles of the Company and the annual caps pursuant to the Listing Rules.

The Company's independent auditor will be engaged to report on the continuing connected transactions under the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement, which would, for the purpose of Rule 14A.56 of the Listing Rules, assist the Board in ensuring that the Sales and Procurement and Vessels Services: (i) have proper Board approval; (ii) have in all material respects been conducted in accordance with the pricing policies of the Group; (iii) were entered into, in all material respects, in accordance with the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement; and (iv) have not exceeded the annual caps set by the Company.

## **INFORMATION ON THE PRODUCTS**

Pursuant to separate agreements to be entered into between members of the Group and members of the CM Industry Group under the Master Supply and Purchase Agreement, a wide range of Products, including equipment used on various offshore platforms and vessels including power control package, jacking system, deck crane, BOP handling and transport system, burner boom, mechanical handling system, CTU, cantilever and drillfloor equipment, gangway and other related individual equipment and systems; rack/chord material cutting projects; other material processing projects; new energy equipments; technical services and design, engineering and other related consulting services etc., will be sold on a non-exclusive basis. The proceeds from the Product Sales will constitute operating revenue of the Group.

## **INFORMATION ON STRUCTURAL PARTS AND OTHER COMPONENTS**

Structural parts and other components will be used in the manufacturing process of heavy lift cranes. The Company expects that the structural parts and other components to be procured from CM Industry by the Group generally represent steel structural parts, other components and other related marine products.

## **INFORMATION ON VESSELS CHARTERING**

Vessels Chartering mainly include obtaining the right to use offshore engineering or relevant vessels from the CM Industry Group in the form of bareboat chartering etc..

## **INFORMATION ON THE VESSELS MANAGEMENT SERVICES**

Vessels Management Services mainly include ship management services, vessel technical services, material procurement services (such as arranging and supervising dry dockings, repairs, refurbishments, alterations and maintenance work including but not limited to painting, marine fuel, lubricants, stores, spare parts and steel), appointing surveyors, technical consultants and crew supply, vessels repair and maintenance services, vessels agency services, delivery services and other ancillary services for offshore engineering or relevant vessels.

## **INFORMATION ON THE PARTIES**

The Company was incorporated in the Cayman Islands with limited liabilities. The Group is principally engaged in the assets investment and operation management of offshore engineering platform, onshore and offshore oil and gas exploration and development, offshore wind power installation and other related equipment and equipment package design, manufacturing and services, new energy industry business and other clean energy and technology investment businesses.

CM Industry is a limited liability company incorporated in Hong Kong. The CM Industry Group is principally engaged in five aspects of business including repairs & conversion, marine & offshore equipment newbuilding, specialized shipbuilding, cruise shipbuilding, new materials and special equipment. CM Industry is an indirect wholly-owned subsidiary of CM Group, which in turn is regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

## **REASONS FOR AND BENEFITS OF THE SALES AND PROCUREMENT AND VESSELS SERVICES**

The Sales and Procurement and Vessels Services will be conducted in the ordinary and usual course of business of the Group and each transaction under the Master Supply and Purchase Agreement and Master Vessels Chartering and Management Services Agreement will be negotiated on an arm's length basis and be conducted on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

As the 2020 Master Supply and Purchase Agreement will expire on 31 December 2022, in order to continue the cooperation between the Parties, the cooperation between the Group and CM Industry will create synergies for the Parties, the Directors considered that the signing of the Master Supply and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

The business of the CM Industry Group is mainly in the field of marine equipment maintenance and installation, offshore engineering equipment manufacturing, special shipbuilding and cruise shipbuilding. The Group has years of experience and insight in the field of offshore engineering and high-end equipment for offshore wind power installation platform. Therefore, the Company believes that the principal business of both CM Industry Group and the Group are highly synergistic.

The Directors expect that, in respect of the Sales and Procurement, on one hand, the high-end offshore engineering equipment manufactured by the Company has the proprietary intellectual property rights in the PRC, and it can continue to cooperate with CM Industry to break through in the procurement of key materials by reducing the reliance on imported equipment, targeting the development of product markets in China that face technological bottlenecks. On the other hand, by cooperating with CM Industry, the Group will be able to deeply embed its products into the products of the CM Industry Group, so as to apply on more fields, continue to enhance its market share and influence and strengthen cooperation between enterprises, achieving a win-win situation for both parties. At the same time, supply and purchase will expand the operational revenue, increase liquidity, reduce transaction costs effectively and increase net profit of the Group, thereby improving the performance of the Company, which is in line with the Company's long-term strategy to become a cost-competitive provider of integrated solutions for the traditional oil and gas drilling industry and the offshore wind power green energy sector.

The Group is committed to the transformation of offshore renewable energy and green energy technology. Under the Vessels Chartering, the Group will charter offshore engineering and other related vessels from the CM Industry Group to further develop the Company's business and to strengthen the two-wheel drive strategy of the Group's oil and gas energy business and new energy business, in which, possible business models include the Company charters offshore engineering related or relevant vessels to third parties. It is expected that the Vessels Chartering can strengthen its asset management capabilities and enable the Group to expand its international asset management business opportunities, as well as utilizing the Group's extensive experience, in-depth understanding and insights in the offshore engineering platform asset industry to further optimized the Group's business. Vessels Management Services will provide the Company with stable income, and in combination with Vessels Management Services, will provide certainty and stability for the asset management business of the Group.

In view of the above, the Directors (excluding the independent non-executive Directors who reserved their views pending the advice from the Independent Financial Adviser) consider that the terms of the Master Supply and Purchase Agreement and Master Vessels Chartering and Management Services Agreement (including the annual caps) are fair and reasonable, and the Sales and Procurement and Vessels Services are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, as CM Industry is indirectly interested in 1,530,372,000 Shares (representing approximately 47.18% of the issued share capital of the Company) through Prime Force Investment Corporation, it is a controlling shareholder of the Company and also a connected person of the Company. As a result, the Sales and Procurement and Vessels Services constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Products Annual Caps for the Product Sales, the Structural Parts Annual Caps for the Structural Parts Procurement, the Vessels Chartering Annual Caps for the Vessels Chartering and the Vessels Management Annual Caps for the Vessels Management Services exceed 5%, each of the Product Sales, the Structural Parts Procurement, the Vessels Chartering and the Vessels Management Services, constituted a continuing connected transaction for the Company and is subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As Mr. Lou Dongyang, Mr. Huang Jin, Mr. Liu Jiancheng and Mr. Mei Xianzhi hold positions in the CM Industry Group, each of them has abstained from voting on the Board resolutions in relation to the Master Supply and Purchase Agreement, the Master Vessels Chartering and Management Services Agreement and the Sales and Procurement and Vessels Services contemplated thereunder.

### **INDEPENDENT FINANCIAL ADVISER**

The Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on (i) the Master Supply and Purchase Agreement and the Sales and Procurement (including the Products Annual Caps and the Structural Parts Annual Caps) contemplated thereunder; and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Services (including the Vessels Chartering Annual Caps and the Vessels Management Annual Caps) contemplated thereunder.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee has been established to advise the Independent Shareholders on the terms of (i) the Master Supply and Purchase Agreement and the Sales and Procurement (including the Products Annual Caps and the Structural Parts Annual Caps) contemplated thereunder; and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Services (including the Vessels Chartering Annual Caps and the Vessels Management Annual Caps) contemplated thereunder.

### **EGM**

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve (i) the Master Supply and Purchase Agreement and the Product Sales (including the Products Annual Caps) and the Structural Parts Procurement (including the Structural Parts Annual Caps) contemplated thereunder; and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering (including the Vessels Chartering Annual Caps) and the Vessels Management Services (including the Vessels Management Annual Caps) contemplated thereunder.

As at the date of this announcement, as CM Industry is indirectly interested in 1,530,372,000 Shares (representing approximately 47.18% of the issued share capital of the Company) through Prime Force Investment Corporation, Prime Force Investment Corporation is therefore deemed to have material interest in the Sales and Procurement and Vessels Services, and will be required to abstain from voting on the resolutions in relation to the Sales and Procurement and Vessels Services at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Sales and Procurement and Vessels Services and is therefore required to abstain from voting at the EGM on the relevant resolutions.

A circular containing, inter alia, (i) details of the Master Supply and Purchase Agreement and Master Vessels Chartering and Management Services Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the EGM; and (v) other information in relation to the Company as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 28 November 2022, as additional time is needed for the preparation of certain information to be included in the circular.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CM Group”	China Merchants Group Limited* (招商局集團有限公司), a company incorporated in the PRC with limited liability. It is regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“CM Industry”	China Merchants Industry Holdings Co., Ltd., a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CM Group
“CM Industry Group”	CM Industry and its subsidiaries, other than the Group

“Commencement Date”	1 January 2023, subject to the fulfillment of the conditions precedent under the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement (as the case may be)
“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)
“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
“EGM”	the extraordinary general meeting of the Company to be held for the Independent Shareholders to consider, and if thought fit, approve (i) the Master Supply and Purchase Agreement and the Product Sales (including the Products Annual Caps) and the Structural Parts Procurement (including the Structural Parts Annual Caps) contemplated thereunder; and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering (including the Vessels Chartering Annual Caps) and the Vessels Management Services (including the Vessels Management Annual Caps) contemplated thereunder
“Group”	the Company and its subsidiaries
“Historical Products Annual Caps”	the maximum amount payable by CM Industry to the Company for the sales of the Products for each of the years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022 under the 2020 Master Supply and Purchase Agreement
“Historical Structural Parts Annual Caps”	the maximum amount payable by the Company to CM Industry for the purchase of the structural parts and other components for each of the years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022 under the 2020 Master Supply and Purchase Agreement

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company formed to consider the terms of (i) the Master Supply and Purchase Agreement and the Sales and Procurement contemplated thereunder; and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Services contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the Master Supply and Purchase Agreement and the Sales and Procurement contemplated thereunder; and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Services contemplated thereunder
“Independent Shareholders”	Shareholders other than CM Industry and its associates
“independent third party(ies)”	a person(s) or entity(ies) who/which is(are) not a connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Supply and Purchase Agreement”	the master supply and purchase agreement entered into between the Company and CM Industry on 18 October 2022 in relation to the Product Sales and the Structural Parts Procurement
“2020 Master Supply and Purchase Agreement”	the master supply and purchase agreement entered into between the Company and CM Industry on 5 November 2020, details of which are set out in the Company’s announcement dated 6 November 2020 and circular dated 14 December 2020
“Master Vessels Chartering and Management Services Agreement”	the master vessels chartering and management services agreement entered into between the Company and CM Industry on 18 October 2022 in relation to the Vessels Chartering and Vessels Management Services



“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Products”	equipment used on various offshore platforms and vessels including power control package, jacking system, deck crane, BOP handling and transport system, burner boom, mechanical handling system, CTU, cantilever and drillfloor equipment, gangway and other related individual equipment and systems; rack and chord cutting projects; other material processing projects; new energy equipments; technical services; and design, engineering and other related consulting services etc.
“Products Annual Caps”	the maximum amount payable by CM Industry to the Company for the sales of the Products for the each of the years ending 31 December 2023, 31 December 2024 and 31 December 2025 under the Master Supply and Purchase Agreement
“Product Sales”	the sale of the Products by the Group to the CM Industry Group as contemplated under the Master Supply and Purchase Agreement
“Sales and Procurement”	the Product Sales and the Structural Parts Procurement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structural Parts Annual Caps”	the maximum amount payable by the Company to CM Industry for the purchase of the structural parts and other components for each of the years ending 31 December 2023, 31 December 2024 and 31 December 2025 under the Master Supply and Purchase Agreement

“Structural Parts Procurement”	the purchase of structural parts and other components by the Group from the CM Industry Group as contemplated under the Master Supply and Purchase Agreement
“US\$”	US dollars, the lawful currency of the United States of America
“Vessels Chartering Annual Caps”	the maximum transaction amount for Vessels Chartering for each of the years ending 31 December 2023, 31 December 2024 and 31 December 2025 under the Master Vessels Chartering and Management Services Agreement
“Vessels Chartering”	the chartering of offshore engineering and other related vessels in the form of bareboat chartering etc. from the CM Industry Group by the Group under the Master Vessels Chartering and Management Services Agreement
“Vessels Management Annual Caps”	the maximum transaction amount for Vessels Management Services for each of the years ending 31 December 2023, 31 December 2024 and 31 December 2025 under the Master Vessels Chartering and Management Services Agreement
“Vessels Management Services”	the vessels management services to be provided by the Group to the CM Industry Group under the Master Vessels Chartering and Management Services Agreement, including vessel management services, vessel technical services, material procurement services (such as arranging and supervising dry dockings, repairs, refurbishments, alterations and maintenance work including but not limited to painting, marine fuel, stores, lubricants, spare parts and steel), appointing surveyors, technical consultants and crew supply, vessels repair and maintenance services, ship agency service, delivery service, and other ancillary services for offshore engineering or relevant vessels

“Vessels Services” the Vessels Chartering and the Vessels Management Services  
“%” percent.

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

Hong Kong, 18 October 2022

*As of the date of this announcement, the Board comprises 2 executive Directors, namely Mr. Jiang Bing Hua and Mr. Zhang Menggui, Morgan; 6 non-executive Directors, namely Mr. Lou Dongyang, Mr. Wang Jianzhong, Ms. Fu Rui, Mr. Huang Jin, Mr. Liu Jiancheng and Mr. Mei Xianzhi; and 4 independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny, Mr. Zou Zhendong, Mr. Chen Weidong and Mr. Sun Dongchang.*