

DEFINITIONS

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

“Affiliate”	in relation to any person, any other person directly or indirectly Controlled by, or Controlling of, or under common Control with, that person and, in the case of a trust, any trustee or beneficiary (actual or potential) of that trust. Reach Energy shall be deemed to be an Affiliate of the Purchaser
“Aral Loan”	<p>the following loans provided by Emir-Oil to Aral Petroleum Capital LLP (which being a debtor of the Disposal Group and an Independent Third Party):</p> <ul style="list-style-type: none">(a) the loan dated April 21, 2015 for a principal amount of Kazakhstan Tenge 148,000,000;(b) the loan dated July 22, 2015 for a principal amount of Kazakhstan Tenge 42,000,000;(c) the loan dated July 23, 2015 for a principal amount of Kazakhstan Tenge 14,000,000; and(d) the loan dated August 13, 2015 for a principal amount of Kazakhstan Tenge 37,000,000
“Bank Guarantee”	the on demand bank guarantee to be provided by the Purchaser to the Company by Hong Leong Islamic Bank Berhad, Malaysia in the form agreed by the Company and the Purchaser for the amount of US\$1,500,000
“Board”	the board of Directors
“Break Fee”	a fixed amount of US\$1,500,000 only as liquidated damages being a genuine pre-estimate of the other Party’s expenses and costs arising from or in connection with the Sale and Purchase Agreement or the Transaction payable no later than seven (7) days after the date of the termination notice pursuant to the Sale and Purchase Agreement
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Beijing (the People’s Republic of China), Hong Kong (the People’s Republic of China), Astana (the Republic of Kazakhstan), Kuala Lumpur (Malaysia), Amsterdam (Netherlands) and the Cayman Islands

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“Company”	MIE Holdings Corporation (stock code: 1555), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Competent Body”	the Ministry of Energy of the Republic of Kazakhstan carrying out on behalf of the Republic of Kazakhstan the rights, connected to execution and implementation of the subsoil use contracts in the oil and gas sphere, with the competencies for the oil and gas and petrochemicals industries, and transportation of raw hydrocarbons, or its legal successor
“Competent Person”	Chapman Petroleum Engineering Ltd., being the person who prepared the Competent Person’s Report
“Competent Person’s Report”	the competent person’s report set out in Appendix I to this circular, issued by the Competent Person, in accordance with the requirements of the Listing Rules
“Completion”	completion of the sale and purchase of the Sale Shares and the transfer and assignment of the Relevant Percentage of the Shareholder Loans in accordance with Sale and Purchase Agreement
“Completion Date”	as defined in item 2.6 of the paragraph headed “2. The Sale and Purchase Agreement” of the Letter from the Board of this Circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contracts”	collectively: <ul style="list-style-type: none"> (a) the Hydrocarbon Production Contract for the Aksaz field within blocks XXXV-10-C (partially), XXXV-11-A (partially), D (partially) of the Munailinsky District of the Mangystau Oblast between the Republic of Kazakhstan and Emir-Oil (Registration Number 3737-UVS dated September 9, 2011) (“Aksaz Production Contract”); (b) the Hydrocarbon Production Contract for Dolinnoe field within blocks XXXV-11-A (partially), D (partially) of the Munailinsky District of the Mangystau Oblast between the Republic of Kazakhstan and Emir-Oil (Registration Number 3735-UVS dated September 9, 2011) (“Dolinnoe Production Contract”);

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- (c) the Hydrocarbon Extraction Contract for the Emir Field XXXV-11-A (partially) blocks of Emir Field of Munailinsky District of the Mangystau Oblast between the Republic of Kazakhstan and Emir-Oil (Registration Number 3890-UVS dated March 1, 2013) (“**Emir Production Contract**”);
- (d) the Hydrocarbon Production Contract for Kariman field within blocks XXXV-11-D (partially), E (partially) of the Munailinsky District of the Mangystau Oblast between the Republic of Kazakhstan and Emir-Oil (Registration Number 3736-UVS dated September 9, 2011) (“**Kariman Production Contract**”); and
- (e) the Contract on Exploration for Hydrocarbon Raw Materials on the Site of “Aksaz-Dolinnoe-Emir” located in the Tyubkaragan District of the Mangystau Oblast between the Republic of Kazakhstan and Emir-Oil (Registration Number 482 dated June 9, 2000), and the amendments thereof (“**Aksaz-Dolinnoe-Emir Exploration Contract**”)

“Control”

the power of a person to secure, directly or indirectly, (whether by the holding of shares, possession of voting rights or by virtue of any other power conferred by the articles of association, constitution, partnership deed or other documents regulating another person or otherwise) that the affairs of such other person are conducted in accordance with his or its wishes and “**Controlled**” and “**Controlling**” shall be construed accordingly

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“Deferred Consideration”	<p>the amount equal to:</p> <ul style="list-style-type: none">(a) 15% of the Adjusted Transaction Consideration; and(b) interest on the amounts set out in paragraph (a) above in accordance with the following interest schedule: (i) if payment is made within twelve (12) months of the Completion Date, no interest is payable; (ii) if payment is made twelve (12) months after the Completion Date but before twenty-four (24) months after the Completion Date, the rate of ten per cent. (10%) per annum from the period of twelve (12) months after the Completion Date until the payment date; and (iii) if payment is made twenty-four (24) months after the Completion Date, the rate of ten per cent. (10%) per annum for the period of twelve (12) months after the Completion Date until twenty-four (24) months after the Completion Date, then the rate of fourteen per cent. (14%) per annum from the period of twenty-four (24) months after the Completion Date until the payment date
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares in the Disposal Company by the Seller to Reach Energy (being the SPV nominated by the Purchaser) and the assignment and transfer of the Shareholder Loan in proportion of the Relevant Percentage by the Company to Reach Energy (being the SPV nominated by the Purchaser) as contemplated under the Sale and Purchase Agreement
“Disposal Company”	Palaeontol B.V., a company incorporated in the Netherlands
“Disposal Group”	Disposal Company and Emir-Oil
“Dissenting Shareholders Payback Amount”	the amount from the Trust Account which will be required to be paid out to holders of voting securities of the Purchaser who vote against the resolution approving the Transaction at the general meeting of the Purchaser and have requested that the Purchaser repurchase their voting securities
“Effective Date”	September 30, 2015

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“EGM”	the extraordinary general meeting of the Company to be held at Room 3, United Conference Centre, 10/F, United Centre, 95 Queen’s Road, Admiralty, Hong Kong on Monday, June 20, 2016 immediately after the conclusion or adjournment of the annual general meeting of the Company for the year 2016 to consider, and if thought fit, approve, among other things, the Disposal, the notice of which is set out on pages EGM-1 to EGM-2 of this circular
“Emir-Oil”	Emir-Oil LLP, a company incorporated in the Republic of Kazakhstan
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	the International Financial Reporting Standards
“Independent Third Party(ies)”	party(ies) who is/are independent and not connected with the Company and its connected persons
“Latest Practicable Date”	May 23, 2016, being the latest practicable date for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	September 5, 2016, being six (6) months from the date of the Sale and Purchase Agreement, or such later date as the Parties to the Sale and Purchase Agreement may agree
“Net Contribution Amount”	<p>the amount equal to the Relevant Percentage of:</p> <p>(a) (positive) the aggregate of all payments made by the Company (or its Affiliates, but excluding the Disposal Group) to the Disposal Group for the purpose of funding the Disposal Group’s capital expenditures and operational expenditures, all payments made by the Company (or its Affiliates, but excluding the Disposal Group) to any third persons on behalf of, or for the benefit of, the Disposal Group within the Disposal Group’s ordinary course of business, and all payments made by the Company (or its Affiliates, but excluding the Disposal Group) to any third persons for the purpose of settling liabilities on behalf of, or for the benefit, of the Disposal Group. This shall exclude the settlement amount to ACAP Limited (which being a creditor of the Disposal Group and an Independent Third Party) (whether in shares of the Company or in cash), plus</p>

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- (b) (positive) interest on the amounts in paragraph (a) above from the date of payment until the Completion Date at the interest rate set out in the Shareholder Loan agreements, less
- (c) (negative) the aggregate of all payments outside the ordinary course of business made by the Disposal Group to the Company (or its Affiliates, but excluding the Disposal Group), including any and all distributions, dividends, repayment of shareholder loans or other payments declared, made or paid in respect of any of the issued shares of the Company and for the avoidance of doubt, payments made by the Disposal Group related to the settlement of the payables to ACAP Limited are deemed outside the ordinary course of business;

in each case, after the Effective Date and on or prior to the Completion Date

“Net Working Capital”

the amount equal to the Relevant Percentage of the sum of the following items as on the Effective Date:

- (a) Inventories (+)
- (b) Trade receivables (+)
- (c) Current portion of prepayment and other receivables (+)
- (d) Trade payables (-)
- (e) Current portion of accruals and other payables (-)
- (f) Cash and cash equivalents (+)

Receivables related to the Aral Loan and payables to ACAP Limited are excluded from the Net Working Capital

“Party” or “Parties”

a party or the parties to the Sale and Purchase Agreement

“Purchaser”

Reach Energy Berhad, a company organised and existing under the laws of Malaysia

“Purchaser Cash Position”

the cash and cash equivalent in the accounts of the Purchaser as set out in the then most recent quarterly balance sheet as announced by the Purchaser

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“Reach Energy”	Reach Energy Ventures Sdn. Bhd., a company incorporated in Malaysia with limited liability
“Relevant Percentage”	sixty per cent (60%)
“Relevant Ratios”	the five ratios set out in Rule 14.07 of the Listing Rules (where applicable)
“Remaining Completion Amount”	<p>(a) an amount equal to (i) 85% of the Adjusted Transaction Consideration; less (ii) the Completion Payment; and</p> <p>(b) interest on the amount set out in paragraph (a) above in accordance with the following interest schedule: (i) if payment is made within six (6) months of the Completion Date, no interest is payable; (ii) if payment is made six (6) months after the Completion Date but before eighteen (18) months after the Completion Date, the rate of ten per cent. (10%) per annum from the period of six (6) months after the Completion Date until the payment date; and (iii) if payment is made eighteen (18) months after the Completion Date, the rate of ten per cent. (10%) per annum for the period of six (6) months after the Completion Date until eighteen (18) months after the Completion Date, then the rate of fourteen per cent. (14%) per annum from the period of eighteen (18) months after the Completion Date until the payment date</p>
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated March 5, 2016 entered into between the Parties in relation to the Disposal
“Sale Shares”	10,800 ordinary shares constituting sixty per cent (60%) of the equity interest in the issued and paid-up capital in the Disposal Company
“Seller”	Palaeontol Cooperatief U.A., a company organised and existing under the laws of the Netherlands
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.001 each in the capital of the Company

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“Shareholder(s)”	holder(s) of the Shares
“Shareholder Loans”	outstanding loans from the Company as lender to the Disposal Company as borrower comprising of principal loan amounts and accrued interest as at the Completion Date
“Shareholders’ Agreement”	the shareholders’ agreement, in agreed terms, signed between the Parties, Reach Energy and the Disposal Company
“SPV”	the special purpose vehicle incorporated by the Purchaser to receive the transfer of the Sale Shares and Relevant Percentage of the Shareholder Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated by the Sale and Purchase Agreement and any matters arising out thereof
“Trust Account”	the trust account maintained by the custodian, Amanah Raya Trustees Berhad to hold and deal with part of the trust proceeds raised from the initial public offering of the Purchaser (being 94.75% of the gross proceeds raised by the Purchaser pursuant to its initial public offering, including and accrued interest to date) on behalf of the Company
“US\$”	United State dollars, the lawful currency of the United States of America
“%”	per cent.