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ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED
能源國際投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

On 27 June 2016, the Project Company and Zhongkai Group (contracting for itself and the Zhongkai Entities) entered into the 2016 Power Supply Agreement to renew the 2012 Power Supply Agreement with a fixed term commencing on 1 January 2016 and expiring on 31 December 2016. The Board proposes that the annual cap of the 2016 Power Supply Agreement for the financial year ending 31 December 2016 will not exceed RMB8,450,000 (HK\$10,000,000).

Zhongkai Group is a substantial shareholder of the Project Company (a non-wholly owned subsidiary of the Company) and a connected person of the Company. Zhongkai Group (the holding company of the Zhongkai Entities) and the Zhongkai Entities are associates of the Project Company. Accordingly, the transactions contemplated under the 2016 Power Supply Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined in the Listing Rules (other than the profit ratios) in respect of the 2016 Annual Cap is less than 25% and the total consideration is less than HK\$10,000,000, the transactions contemplated under the 2016 Power Supply Agreement and the 2016 Annual Cap are subject to the announcement, reporting and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

* For identification purpose only

BACKGROUND

Reference is made to the announcement of the Company dated 5 December 2012 regarding the 2012 Power Supply Agreement entered into between the Project Company and Zhongkai Group to govern the continuing connected transactions arising from the supply of power by the Project Company to Zhongkai Group (contracting for itself and the Zhongkai Entities) for a fixed term commencing on 4 January 2013 and ending on 31 December 2015.

As announced by the Company on 30 April 2015, the Project Company received a shutdown notice issued by the People's Government of Lingshi County in April 2015. Since then, the scale of business of the Project Company (including the supply of power by the Project Company to Zhongkai Group) has decreased significantly and is expected to cease eventually. In addition, as announced by the Company on 30 December 2015, the Group entered into a sale and purchase agreement with the view to disposing of its entire interest in Sunlight Rise Limited (the holding company of the Group's 60% equity interest in the Project Company). The Project Company Disposal was originally scheduled to take place in or before March 2016.

It was the Company's original expectation that the continuing connected transactions arising from the supply of power by the Project Company to Zhongkai Group between 1 January 2016 and the completion date of the Project Company Disposal should be fully exempt under Rule 14A.76(1) of the Listing Rules. However, as a result of the delay in dispatch of the circular and the extension of the long stop date of the Project Company Disposal as announced by the Company on 29 March 2016, the Project Company entered into negotiations with Zhongkai Group and finally entered into a written agreement with it in respect of the supply of power and the annual cap of the transactions for the year ending 31 December 2016.

2016 POWER SUPPLY AGREEMENT

The principal terms of the 2016 Power Supply Agreement are as follows:

Date

27 June 2016

Parties

1. Project Company
2. Zhongkai Group, contracting for itself and the Zhongkai Entities

Zhongkai Group is a company established under the laws of the PRC with limited liability; according to public information, its business scope covers electrical generation, transmission and substation as well as exploration and design services; distribution of carbon products; mechanical design, production, processing as well as installation and maintenance services; sales of steel and mechanical equipment and accessories for metallurgy and mining; property management and housing rental services; combined heat and power; tourism, sales of coal.

The Project Company is owned as to 60% and 40% by the Group and Zhongkai Group, respectively. Zhongkai Group is a substantial shareholder of a non-wholly owned subsidiary of the Company and is a connected person of the Company. Zhongkai Group is the parent company of the Zhongkai Entities, Zhongkai Group and the Zhongkai Entities are associates of the Project Company.

The Zhongkai Entities are:

- (a) 山西中凱集團靈石物業管理有限公司 (Shanxi Zhong Kai Group Lingshi Properties Management Limited*), a 80%-owned subsidiary of Zhongkai Group and a company established under the laws of the PRC with limited liability; according to public information, its business scope covers property management, housing rental services, pipes, housing, maintenance of home appliances, landscaping and domestic services;
- (b) 山西中凱集團靈石巨源石墨化有限公司 (Shanxi Zhong Kai Lingshi Juyuan Shimohua Limited*), a 53%-owned subsidiary of Zhongkai Group and a company established under the laws of the PRC with limited liability; according to public information, its business scope covers the production and sales of graphite products; and
- (c) 山西中凱集團靈石能源開發有限公司 (Shanxi Zhong Kai Group Lingshi Power Company Limited*), a wholly-owned subsidiary of Zhongkai Group and a company established under the laws of the PRC with limited liability; according to public information, its business scope covers the development of electric energy, heat energy and energy resources that match the national industry policy; the production and construction of graphite electrode and relevant services (production and operation services are prohibited); distribution; graphite products.

Each of the Zhongkai Entities is either a connected person or an associate of connected person of the Company.

Duration

The 2016 Power Supply Agreement has a fixed term commencing on 1 January 2016 and expiring on 31 December 2016.

Nature of the 2016 Power Supply Agreement

Pursuant to the 2016 Power Supply Agreement, the Project Company will supply, and Zhongkai Group and the Zhongkai Entities will purchase, such amount of electricity generated by the Project Company which Zhongkai Group or any of the Zhongkai Entities may require from time to time, subject to the terms of the 2016 Power Supply Agreement and the 2016 Annual Cap and at a price which will be determined on an arm's length basis with reference to the prevailing market price and the tariffs set by the price control bureau of Shanxi Province, the PRC. Pursuant to the 2016 Power Supply Agreement, Zhongkai Group will (and will procure the Zhongkai Entities to) fully settle the invoiced sum within 7 days after receiving the electricity bills issued by the Project Company. Electricity bills are normally issued at 6 months' intervals.

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2016 ANNUAL CAP

The Board proposes that the annual cap of the 2016 Power Supply Agreement for the financial year ending 31 December 2016 will not exceed RMB8,450,000 (HK\$10,000,000).

The limitation imposed by the 2016 Annual Cap will cease to apply when Zhongkai Group and the Zhongkai Entities cease to be connected persons of the Company upon completion of the Project Company Disposal, which is currently expected to take place in or around September 2016.

In determining the 2016 Annual Cap of the continuing connected transactions contemplated under the 2016 Power Supply Agreement, the Board has taken into account the following principal factors: (i) the historical figures of the annual transaction value under the 2012 Power Supply Agreement; (ii) the historical figure of the transaction value for the three months ended 31 March 2016, being RMB2,979,000 (HK\$3,545,000); (iii) the severe downturn of the scale of business of the Project Company since the issue of the shutdown notice by the People's Government of Lingshi County to the Project Company in April 2015; (iv) the planned disposal of the Group's 60% equity interest in the Project Company as announced by the Company on 30 December 2015, which is currently expected to complete in or around September 2016; and (v) the tariffs set by the price control bureau of Shanxi Province, the PRC, which is currently RMB5.323 per kilowatt-hour.

Set out below are the annual caps for the transactions contemplated under the 2012 Power Supply Agreement as approved by independent shareholders at the Company's extraordinary general meeting dated 4 January 2013, and the actual historical figures for the 2012 Power Supply Agreement for the three financial years ended 31 December 2013, 2014 and 2015:

For the year ended 31 December	Approved annual caps (HK\$)	Actual historical figures (HK\$)
2013	33,750,000	17,517,000
2014	41,250,000	16,470,000
2015	48,750,000	14,514,000

REASONS FOR AND BENEFIT OF THE TRANSACTIONS

The principal activity of the Company is investment holding. Its principal subsidiaries are engaged in the supply of heat and electricity, oil production and operation of liquid chemical terminal, storage and logistics facilities.

The Project Company has been supplying and selling electricity to the Zhongkai Entities since as early as August 2010. These transactions with the Zhongkai Entities have occurred on a regular and continuing basis in the ordinary and usual course of business of the Project Company, on normal commercial terms or better from the Project Company's perspective, on terms that are fair and reasonable as far as the Shareholders as a whole are concerned, and in any event no more favourable to Zhongkai Group and the Zhongkai Entities than terms available to independent third party customers of the Project Company. The Directors believe that it is in the interests of the Company and the Shareholders as a whole to carry on the transactions with the Zhongkai Entities as a part of the operation of the Group's business. The Directors consider that the entering into of the 2016 Power Supply Agreement will allow the Group to continue to receive revenue from its electricity business until completion of the Project Company Disposal.

The Directors (including the independent non-executive Directors) consider that the 2016 Power Supply Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Group, have been negotiated on an arm's length basis between the parties and on normal commercial terms or better from the Project Company's perspective. The Directors are of the view that the terms of the 2016 Power Supply Agreement and the 2016 Annual Cap are fair and reasonable and are in the interest of the Company and the Shareholders as a whole, and in any event no more favourable to Zhongkai Group and the Zhongkai Entities than terms available to independent third party customers of the Project Company.

None of the Directors has a material interest in the transactions contemplated under the 2016 Power Supply Agreement.

LISTING RULES IMPLICATIONS

Zhongkai Group is a substantial shareholder of the Project Company (a non-wholly owned subsidiary of the Company) and a connected person of the Company. Zhongkai Group (the holding company of the Zhongkai Entities) and the Zhongkai Entities are associates of the Project Company. Accordingly, the transactions contemplated under the 2016 Power Supply Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined in the Listing Rules (other than the profit ratios) in respect of the 2016 Annual Cap is less than 25% and the total consideration is less than HK\$10,000,000, the transactions contemplated under the 2016 Power Supply Agreement and the 2016 Annual Cap are subject to the announcement, reporting and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the continuing connected transactions under the 2016 Power Supply Agreement will be disclosed in the Company's next published annual report in compliance with the Listing Rules.

DEFINITIONS

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

“2012 Power Supply Agreement”	the power supply agreement dated 5 December 2012 between the Project Company and Zhongkai Group (contracting for itself and the Zhongkai Entities)
“2016 Annual Cap”	the annual cap for the 2016 Power Supply Agreement
“2016 Power Supply Agreement”	the power supply agreement dated 27 June 2016 between the Project Company and Zhongkai Group (contracting for itself and the Zhongkai Entities)
“associate(s)”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Energy International Investments Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange with stock code 353
“connected person(s)”	having the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Project Company”	山西中凱集團靈石熱電有限公司 (Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited), a sino-foreign equity joint venture established under the laws of the PRC which is 60% and 40% owned by the Group and Zhongkai Group, respectively
“Project Company Disposal”	the planned disposal by the Group of its entire interest in Sunlight Rise Limited (the holding company of the Group’s 60% equity interest in the Project Company) as announced by the Company on 30 December 2015
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	having the meaning ascribed thereto in the Listing Rules
“Zhongkai Entities”	collectively (in English, for identification purpose only), Shanxi Zhong Kai Group Lingshi Properties Management Limited, Shanxi Zhong Kai Lingshi Juyuan Shimohua Limited and Shanxi Zhongkai Group Lingshi Power Company Limited
“Zhongkai Group”	山西中凱實業集團有限公司 (Shanxi Zhong Kai Group Limited*), a company established under the laws of the PRC with limited liability and the parent company of the Zhongkai Entities

By order of the Board
Energy International Investments Holdings Limited
Chan Wai Cheung Admiral
Executive Director

Hong Kong, 27 June 2016

As at the date of this announcement, the executive Directors are Mr. Chan Wai Cheung Admiral, Ms. Wang Meiyan, Ms. Jin Yuping and Mr. Lan Yongqiang; and the independent non-executive Directors are Mr. Lee Hoi Yan, Mr. Wang Jinghua and Mr. Fung Nam Shan.

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