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If you have sold or transferred all your shares in **Energy International Investments Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale and transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

- (1) MAJOR DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN AND
SHAREHOLDER'S LOAN INCURRED BY SUNLIGHT RISE LIMITED;
(2) MAJOR TRANSACTION ON LEASE AGREEMENT
RELATING TO PORT AND STORAGE FACILITIES;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A notice convening the EGM to be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 7 March 2017 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting (as the case may be) should you so wish.

17 February 2017

* For identification purpose only

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DEFINITIONS

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

“Board”	the board of the Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	Energy International Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 353)
“Compensation Proceeds”	any compensation, whether in cash or in kind, received or receivable by the Disposal Opco (or its nominee) from the PRC government, authorities, organisations, entities and/or individuals in connection with or arising from the close down of the Disposal Power Plant
“Compensation Sharing Adjustment”	the extra monetary sum payable by the Purchaser to the Vendor by way of upward adjustment to the cash portion of the Disposal Consideration, being equivalent to 60% of the value of the Compensation Proceeds received or receivable by the Disposal Opco (or its nominee)
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Disposal Announcements”	the announcements dated 30 December 2015, 29 January 2016, 29 March 2016, 1 September 2016 and 12 October 2016 published by the Company relating to, among other things, the Disposal and the transactions contemplated thereunder
“Disposal Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Disposal Completion Date”	the day on which Disposal Completion takes place, which shall be within three Business Days after all the Disposal Conditions have been fulfilled or, as appropriate, waived

DEFINITIONS

“Disposal Conditions”	the conditions precedent which must be fulfilled or waived before Disposal Completion can take place, as more particularly set out in the paragraph headed “Letter from the Board – The Disposal – Conditions Precedent to the Disposal” of this circular
“Disposal Consideration”	HK\$1,500,000 (subject to the Compensation Sharing Adjustment) being the aggregate consideration payable by the Purchaser to the Vendor for the Sale Shares and the Sale Loan under the Sale and Purchase Agreement
“Disposal Group”	the Disposal Target and its subsidiaries
“Disposal Long Stop Date”	the long stop date on or before which the Disposal Conditions shall be fulfilled or waived, as more particularly set out in the paragraph headed “Letter from the Board – The Disposal – Conditions Precedent to the Disposal” of this circular, which was originally fixed for 31 March 2016 and subsequently extended to 30 September 2016 and 30 June 2017
“Disposal Opco”	Shanxi Zhong Kai Group Lingshi Heat & Power Company Limited [#] (山西中凱集團靈石熱電有限公司), a company established in the PRC with limited liability and an indirect 60%-owned subsidiary of the Disposal Target
“Disposal Power Plant”	the two sets of power generating units (2 x 6MW and 2 x 12MW) operated by the Disposal Opco, essentially constituting all the plants and equipment of the Disposal Opco engaging in the entirety of the operation activities of the Disposal Opco
“Disposal Target”	Sunlight Rise Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor prior to the entering into of the Sale and Purchase Agreement
“Dongying Port”	Port of Dongying, which is situated at Dongying Port Economic Development Zone, Shandong Province, the PRC
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Disposal, the Lease Agreement and the transactions contemplated thereunder
“First Supplemental SP Agreement”	the supplemental sale and purchase agreement dated 29 March 2016 entered into between the Purchaser, the Purchaser Guarantors and the Vendor to extend the Disposal Long Stop Date from 31 March 2016 to 30 September 2016

DEFINITIONS

“Group”	the Company and its subsidiaries
“Haike Group”	Haike group of companies, a conglomerate based in Shandong Province, the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) (including its/their ultimate beneficial owners) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Latest Practicable Date”	13 February 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease”	the proposed lease of the Port and Storage Facilities by Shundong Port to the Lessee under the Lease Agreement
“Lease Agreement”	the lease agreement entered into between Shundong Port and the Lessee on 24 October 2016, pursuant to which Shundong Port agreed to lease the Port and Storage Facilities to the Lessee
“Lease Announcements”	the announcements dated 24 October 2016, 14 November 2016 and 19 December 2016 published by the Company relating to, among other things, the Lease Agreement and the transactions contemplated thereunder
“Lease Conditions”	the conditions precedent which must be satisfied before the Lease may commence, as more particularly set out in the paragraph headed “Letter from the Board – The Lease Agreement – Conditions to the Lease Agreement” of this circular
“Lease Long Stop Date”	the long stop date on or before which the Lease Conditions shall be satisfied, being 1 April 2017
“Lessee”	Dongying Haike Ruilin Chemical Co., Ltd.# (東營市海科瑞林化工有限公司), a limited liability company established in the PRC and the lessee under the Lease Agreement
“Lingshi Government”	the People’s Government of Lingshi County, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Mr. Dai”	Mr. Dai Jiapeng, being one of the Purchaser Guarantors, and the legal and beneficial owner of 50% of total issued share capital of the Purchaser
“Ms. Song”	Ms. Song Liyan, being one of the Purchaser Guarantors, and the legal and beneficial owners of 50% of total issued share capital of the Purchaser
“MW”	megawatts, being a unit of power equivalent to one million watts
“Port and Storage Facilities”	essentially all the chemical terminal, storage and logistics facilities owned by Shundong Port and situate at its site at Dongying Port, principally comprising: (a) a total of six berths for chemical tankers; (b) liquid chemical storage facilities in the capacity of not more than 400,000 cubic meters; and (c) ancillary office premises and staff dormitory
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Colour Sail Limited, a company incorporated in Samoa with limited liability whose issued share capital is owned as to 50% by Mr. Dai and 50% by Ms. Song, and the purchaser under the Sale and Purchase Agreement
“Purchaser Guarantors”	collectively, Mr. Dai and Ms. Song, being the ultimate beneficial owners of the Purchaser and the guarantors of the Purchaser’s obligations under the Sale and Purchase Agreement
“Remaining Group”	the Group other than the Disposal Group
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 December 2015 (as amended and modified by the First Supplemental SP Agreement and the Second Supplemental SP Agreement) and entered into between the Purchaser, the Purchaser Guarantors and the Vendor, in relation to the sale and purchase of the Sale Shares and the Sale Loan

DEFINITIONS

“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Disposal Group to the Remaining Group on or at any time prior to the Disposal Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Disposal Completion which amounted to approximately HK\$81,305,000 as at 31 December 2015 and approximately HK\$81,388,000 as at 31 October 2016
“Sale Shares”	two ordinary shares of US\$1.00 each in the issued share capital of the Disposal Target, representing the entire issued share capital of the Disposal Target
“Second Supplemental SP Agreement”	the supplemental sale and purchase agreement dated 12 October 2016 entered into between the Purchaser, the Purchaser Guarantors and the Vendor to extend the Disposal Long Stop Date from 30 September 2016 to 30 June 2017
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shundong Port”	Shandong Shundong Port Services Company Limited [#] (山東順東港務有限公司), a company established in the PRC with limited liability, an indirect 51%-owned subsidiary of the Company and the lessor under the Lease Agreement
“Shutdown Notice”	the notice headed “《靈石人民政府關於加快山西中凱集團靈石熱電有限公司2 x 6MW和2 x 12MW機組關閉的通知》” issued by the Lingshi Government dated 23 April 2015, regarding the shut down of the operations of the Disposal Power Plant before 30 June 2015 for the purposes of anti-pollution and emission reduction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Precious New Limited, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of the Company and the vendor under the Sale and Purchase Agreement
“%”	per cent.

[#] *The English translation of Chinese names or words in this circular is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*

For the purpose of this circular, unless otherwise stated, the exchange rate used for conversion between HK\$ and RMB is RMB1.00 = HK\$1.1606.

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Wang Meiyang
Mr. Chan Wai Cheung Admiral
Ms. Jin Yuping
Mr. Lan Yongqiang

Independent non-executive Directors:

Mr. Lee Hoi Yan
Mr. Wang Jinghua
Mr. Fung Nam Shan

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit 1508, 15/F
The Center
99 Queen's Road Central
Hong Kong

17 February 2017

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN AND
SHAREHOLDER'S LOAN INCURRED BY SUNLIGHT RISE LIMITED;
(2) MAJOR TRANSACTION ON LEASE AGREEMENT
RELATING TO PORT AND STORAGE FACILITIES;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 30 December 2015, the Board announced that the Purchaser, the Purchaser Guarantors and the Vendor (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement (as subsequently amended and modified by the First Supplemental SP Agreement and the Second Supplemental SP Agreement), pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares and the Sale Loan. Each of the Purchaser Guarantors has jointly and severally agreed to guarantee the due performance by the Purchaser of its obligations under the Sale and Purchase Agreement.

Further, on 24 October 2016, the Board announced that Shundong Port (an indirect 51%-owned subsidiary of the Company) and the Lessee entered into the Lease Agreement, pursuant to which Shundong Port agreed to lease the Port and Storage Facilities to the Lessee.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) information regarding the Disposal and the transactions contemplated thereunder; (ii) information regarding the Lease Agreement and the transactions contemplated thereunder; (iii) financial and general information of the Group; and (iv) a notice of the EGM at which resolutions will be proposed to consider and, if thought fit, approve the Disposal, the Lease Agreement and the transactions contemplated thereunder.

THE DISPOSAL

The terms of the Sale and Purchase Agreement are set out below:

The Sale and Purchase Agreement

- Date: 30 December 2015 (as amended and modified by the First Supplemental SP Agreement dated 29 March 2016 and the Second Supplemental SP Agreement dated 12 October 2016)
- Parties: (1) Vendor: Precious New Limited, a wholly-owned subsidiary of the Company
- (2) Purchaser: Colour Sail Limited
- (3) Purchaser Guarantors: Mr. Dai Jiapeng and Ms. Song Liyan

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is owned as to 50% by Mr. Dai and as to 50% by Ms. Song, and each of the Purchaser and its ultimate beneficial owners (i.e. the Purchaser Guarantors) and their respective associates is an Independent Third Party.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell (i) the Sale Shares, representing the entire issued share capital in the Disposal Target; and (ii) the Sale Loan, representing all obligations, liabilities and debts owing by the Disposal Group to the Remaining Group on or at any time prior to the Disposal Completion.

The Disposal Group is in the process of undergoing a debt restructuring (the “**Debt Restructuring**”), pursuant to which the intra-group loans between the Disposal Group and the Remaining Group will be restructured in such manner to the satisfaction of the Vendor, such that no liabilities, obligations and indebtedness will be owed by the Disposal Group to the Remaining Group, or vice versa, save and except only to the extent of the Sale Loan which shall be directly owed by the Disposal Target to the Vendor upon completion of the Debt Restructuring. Details of the Debt Restructuring to be conducted prior to the Disposal Completion are as follows:

- (i) all the inter-company accounts owed by the members of the Remaining Group to the members of the Disposal Group have been assigned and novated, such that they are owed directly by the Vendor to the Disposal Target;

LETTER FROM THE BOARD

- (ii) all the inter-company accounts owed by the members of the Disposal Group to the members of the Remaining Group have been assigned and novated, such that they are owed directly by the Disposal Target to the Vendor;
- (iii) the inter-company accounts so assigned and novated as described in paragraphs (i) and (ii) above shall be netted-off, resulting in a net inter-company account owed by the Disposal Target to the Vendor in the sum of approximately HK\$81,388,000 (i.e. the Sale Loan), based on the relevant figures as at 31 October 2016.

Based on the unaudited consolidated management accounts of the Disposal Group, the Sale Loan owed by the Disposal Group to the Remaining Group amounted to approximately HK\$81,305,000 as at 31 December 2015 and approximately HK\$81,388,000 as at 31 October 2016. The Sale Loan shall be assigned by the Vendor to the Purchaser at the Disposal Completion. Following the Debt Restructuring and upon and after the Disposal Completion, there is no amount due by the members of the Remaining Group to any members of the Disposal Group. It is expected that the Debt Restructuring will be completed on or before the Disposal Completion Date.

Disposal Consideration

The Disposal Consideration for the sale and purchase of the Sale Shares and the Sale Loan shall comprise: (a) HK\$1,500,000, which shall be payable by the Purchaser (or its nominee) to the Vendor in cash or by way of cashier order issued by licensed bank in Hong Kong or such other payment method as may be agreed between the Purchaser and the Vendor on Disposal Completion; and (b) the Compensation Sharing Adjustment, in the manner described below.

Adjustment to the Disposal Consideration

In the event that the PRC government, authorities, organisations, entities and/or individuals pays to the Disposal Opco (or its nominee), any Compensation Proceeds whether in cash or in kind, in connection with or arising from the close down of the Disposal Power Plant:

- (a) on or before the Disposal Completion Date, then the Purchaser (or its nominee) agrees to pay to the Vendor, on Disposal Completion, an extra monetary sum equivalent to 60% of the value of the Compensation Proceeds (i.e. the Compensation Sharing Adjustment); and/or
- (b) after the Disposal Completion Date, then the Purchaser (or its nominee) agrees to pay to the Vendor, within ten Business Days upon receipt of the Compensation Proceeds, an extra monetary sum equivalent to the Compensation Sharing Adjustment,

As at the Latest Practicable Date, no Compensation Proceeds have been received by the Disposal Opco and thus, the Compensation Sharing Adjustment has not been determined.

LETTER FROM THE BOARD

Basis of determining the Disposal Consideration

The Disposal Consideration was determined through arm's length negotiations between the Purchaser and the Vendor and on a commercial basis with reference to (i) the fact that the Disposal Opco will have no operation after the closing down of the Disposal Power Plant upon the formal execution of the Shutdown Notice; (ii) the adjusted unaudited net liabilities of the Disposal Group as at 30 June 2015 of approximately HK\$91,865,000 (having taken into account of the financial impact of the shut down of the Disposal Power Plant) and based on the preliminary valuation of the Disposal Group; and (iii) the possible adjustment mechanism to the Disposal Consideration by way of Compensation Sharing Adjustment, if the Compensation Proceeds is given out by the PRC government authorities, organisations, entities and/or individuals to the Disposal Opco. The preliminary valuation was not a basis considered by the Company when determining the Disposal Consideration but was only a reference for the Company when making adjustments to the unaudited consolidated net liabilities of the Disposal Group.

In view of the above, the Directors consider that the Disposal Consideration is fair and reasonable and the Sale and Purchase Agreement is on normal commercial terms and is fair and reasonable, and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent to the Disposal

Disposal Completion is subject to the following Disposal Conditions having been fulfilled or waived (as the case may be):

- (a) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (c) the passing by the Shareholders at the EGM the necessary resolutions to approve the Disposal and the transactions contemplated thereunder;
- (d) the warranties given by the Vendor in the Sale and Purchase Agreement remaining true and accurate in all material respects; and
- (e) the warranties given by the Purchaser in the Sale and Purchase Agreement remaining true and accurate in all material respects.

Disposal Conditions (a), (b) and (c) are incapable of being waived. The Purchaser may at its absolute discretion at any time waive in writing Disposal Condition (d). The Vendor may at its absolute discretion at any time waive in writing Disposal Condition (e). As at the Latest Practicable Date, each of the Purchaser and the Vendor has no intention to waive any of the Disposal Conditions.

LETTER FROM THE BOARD

If any of the Disposal Conditions has not been satisfied or waived (as the case may be) on or before the Disposal Long Stop Date, the Sale and Purchase Agreement shall cease and determine. In any event, neither party shall have any obligations and liabilities to each other save for any antecedent breaches of the terms in the Sale and Purchase Agreement.

Pursuant to the Sale and Purchase Agreement originally entered into on 30 December 2015, the Disposal Long Stop Date was fixed on 31 March 2016 (or such later date as the Purchaser and the Vendor may agree). Pursuant to the First Supplemental SP Agreement entered into on 29 March 2016, the Disposal Long Stop Date was extended from 31 March 2016 to 30 September 2016. Pursuant to the Second Supplemental SP Agreement entered into on 12 October 2016, the Disposal Long Stop Date was further extended from 30 September 2016 to 30 June 2017.

As at the Latest Practicable Date, save for the approval of the Purchaser's board of directors had been obtained under Disposal Condition (a) above and the approval of the Board had been obtained under Disposal Condition (b) above, none of the other Disposal Conditions had been satisfied.

Disposal Completion

Disposal Completion shall take place on the Disposal Completion Date, which shall be within three Business Days after all the Disposal Conditions have been fulfilled or waived (as the case may be) or such later date as may be agreed between the Purchaser and the Vendor. Upon the Disposal Completion, the Company will cease to have any interest in the Disposal Group, and all the members of the Disposal Group (including the Disposal Target and the Disposal Opco) will cease to be subsidiaries of the Company.

Information about the Disposal Group

The Disposal Target is a company incorporated in the BVI with limited liability, and is principally engaged in investment holding with its only asset being its investment in the entire issued share capital in Pride Treasure Limited ("**Pride Treasure**") and shareholders' loan in Ontop Finance Limited ("**Ontop Finance**"). Prior to the entering into of the Sale and Purchase Agreement, the entire issued share capital of the Disposal Target was owned by the Vendor. Pride Treasure is a company incorporated in Hong Kong with limited liability, and is principally engaged in investment holding with its only asset being its investment in the entire issued share capital in Ontop Finance. Ontop Finance is a company incorporated in Hong Kong with limited liability, and is principally engaged in investment holding with its only asset being its investment in 60% interest in the registered capital and shareholders' loan in the Disposal Opco. The Disposal Opco is a company established in the PRC with limited liability, and was principally engaged in the production of heat and electricity through the operation of the Disposal Power Plant prior to the receipt of the Shutdown Notice.

Pursuant to the Shutdown Notice, the Disposal Opco had ceased heat production. Throughout 2016, the Disposal Opco's electricity production was still in operation but only of a limited scale. The Disposal Opco expects to close down the Disposal Power Plant entirely if and when the Lingshi Government formally executes the Shutdown Notice. As at the Latest Practicable Date, the Lingshi Government has not formally executed the Shutdown Notice.

LETTER FROM THE BOARD

Set out below is the financial information of the Disposal Group for the three years ended 31 December 2013, 2014 and 2015 and for the six months ended 30 June 2016, respectively:

	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	For the six months ended 30 June 2016 <i>HK\$'000</i>
Turnover	138,410	125,824	46,805	11,856
Loss before tax	35,719	279,521	103,470	22,932
Loss after tax	42,810	279,521	103,470	22,932

The unaudited consolidated net liabilities of the Disposal Group as at 30 June 2016 was approximately HK\$105,402,000, being calculated from: (1) the entire net liabilities of approximately HK\$126 million of the Disposal Opco; and (2) the net assets of approximately HK\$21 million attributed to the non-PRC wholly-owned subsidiaries of the Disposal Group (including the Disposal Target, Pride Treasure and Ontop Finance). The 40% non-controlling shareholder of the Disposal Opco has shared approximately HK\$29.3 million net liabilities of the Disposal Opco as at 30 June 2016 (the “**Disposal Opco NCI**”), having taken account of the accumulative exchange differences shared by the said Disposal Opco NCI. After deducting the Disposal Opco NCI, as at 30 June 2016, the equity attributable to the owners of the Disposal Target amounted to approximately HK\$76.1 million (in negative).

Upon the formal execution of the Shutdown Notice, the Company expects that the following adjustments shall be made to the unaudited consolidated net liabilities of the Disposal Group: (i) provision for impairment of approximately HK\$6,884,000 on property, plant and equipment of the Disposal Group; (ii) provision for impairment of approximately HK\$2,364,000 on prepaid lease payments regarding the land use right of the property owned by the Disposal Opco as at 30 June 2016, due to the expected close down of the Disposal Power Plant pursuant to the Shutdown Notice; and (iii) RMB45,100,000 (equivalent to HK\$53,669,000 based on an exchange rate of RMB1.00 = HK\$1.19 as at 31 March 2016) being estimated value based on the preliminary valuation of the non-current assets of the Disposal Group as at 31 March 2016.

After taking into account the abovementioned adjustment events, the adjusted unaudited net liabilities of the Disposal Group as at 30 June 2016 was approximately HK\$60,981,000.

Information of the Purchaser and the Purchaser Guarantors

The Purchaser is a company incorporated in Samoa with limited liability and is principally engaged in investment holding. The Purchaser is owned as to 50% by Mr. Dai and as to 50% by Ms. Song. Each of the Purchaser Guarantors (i.e. Mr. Dai and Ms. Song) has jointly and severally agreed to guarantee the due performance by the Purchaser of its obligations under the Sale and Purchase Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners (i.e. the Purchaser Guarantors) and their respective associates is an Independent Third Party.

Intention of the Group following the Disposal

Upon Disposal Completion, the Group intends to continue to focus on its other principal activities, that is, the oil production, and the oil and liquefied chemical terminal which is expected to commence production in second quarter of 2017.

LETTER FROM THE BOARD

Save for the proposed acquisition of certain clean energy projects in the PRC as disclosed in the announcements of the Company dated 17 September 2015, 2 November 2015 and 24 March 2016, the Board is of the view that (i) there is no intention, arrangement, agreement, understanding or negotiation on any disposal/termination/scaling-down of the Remaining Group; (ii) apart from the acquisition of berths in the PRC as disclosed in the announcement of the Company dated 18 December 2015, there is no intention for the injection of any other new business to the Group; and (iii) there is no intention for any substantial change in the Company's shareholding structure.

Financial effect of the Disposal on earnings, assets and liabilities of the Group and intended use of proceeds

Upon the Disposal Completion, the Group will not hold any equity interest in the Disposal Target. The Disposal Target and the Disposal Opco will cease to be subsidiaries of the Company. As such, the results of the Disposal Group will no longer be consolidated into the Group's financial statements.

It is estimated that, upon the Disposal Completion, the Group will record a loss on disposal of approximately HK\$3,797,000. Such estimated loss is calculated based on:

- (a) the immediate cash portion of the Disposal Consideration receivable on the Disposal Completion, i.e. HK\$1,500,000; less
- (b) net asset value to be disposed of in the amount of approximately HK\$5,297,000, being the net amount of:
 - (i) the Sale Loan of approximately HK\$81,372,000 as shown in the unaudited consolidated statement of financial position of the Disposal Group as at 30 June 2016; and
 - (ii) the unaudited equity attributable to the owners of the Disposal Target of approximately HK\$76,075,000 (in negative) as at 30 June 2016.

Following the Disposal Completion, based on the consolidated financial statements of the Group for the year ended 31 December 2015, there is no positive effect on the earnings of the Group but the loss of the Group are expected to decrease, while the total assets and the total liabilities of the Group are also expected to decrease.

The final amount of the actual gain or loss as a result of the Disposal will be determined upon the receipt of the Compensation Proceeds, whether in cash or in kind, from the PRC government, authorities, organisations, entities and/or individuals by the Disposal Opco (or its nominee) and the determination of the Compensation Sharing Adjustment. The Board will update the Shareholders and the public on any material development in this regard by way of announcement if and when appropriate. Following the Disposal Completion, the results, assets and liabilities of the Disposal Group will no longer be consolidated into the Group's financial statements.

The Board intends to apply the net sale proceeds of the cash portion of the Disposal Consideration in the amount of approximately HK\$0.9 million and any amount received, if any, from the Compensation Sharing Adjustment, as general working capital.

LETTER FROM THE BOARD

Reasons for and the benefits of the Disposal

As disclosed in the announcement of the Company dated 30 April 2015, the Lingshi Government issued the Shutdown Notice to the Disposal Opco to order it to close down the Disposal Power Plant, being all the power generating units operated by the Disposal Opco, before 30 June 2015 for the purposes of anti-pollution and emission reduction.

Upon receipt of the Shutdown Notice, the Board had considered improving the machineries in the Disposal Opco for the purpose of anti-pollution and emission reduction in an effort to persuade the Lingshi Government to permit the Disposal Opco to continue to operate the Disposal Power Plant, but the Lingshi Government had not responded to the Board's proposed plan. On the other hand, according to the 2015 Government Progress Report of the Lingshi County, Jinzhong City, Shanxi (山西省晉中市靈石縣2015年政府工作報告) published in October 2015, the Lingshi Government had begun to take measures to promote pollution reduction, including the close down of the operations of the Disposal Opco. Hence, the Company expects that all of the power generating units of the Disposal Opco will have to shut down eventually.

The Board had also considered the possibilities of transforming the business model of the Disposal Opco to the using of clean energy for the production of electricity, including solar energy and wind energy. However, the Board found these alternatives to be infeasible due to the following reasons:

(a) Solar energy

With reference to the report published by the National Renewable Energy Laboratory, the United States in June 2013, on average a solar photovoltaic plant spanning 32 acres (approximately 130,000 square metres) could power 1,000 households. As the land use right owned by the Disposal Opco was an industrial site having a site area of approximately 76,000 square metres, the Board was of the view that the site area was too small for the development of solar energy.

(b) Wind energy

In 2014, the PRC government considered that the development of wind energy was an important tool to reduce pollution, and hence launched a series of regulations and policies to promote its usage. Studies showed that generally for wind turbines to be economically viable, the average wind speed had to be greater than 6 metres per second (approximately 13.5 miles per hour). However, the wind speed at the location of the land use right owned by the Disposal Opco was weak and unstable, and the Board considered that the development of wind energy was economically unviable.

LETTER FROM THE BOARD

In view of the fact that (i) the Disposal Opco has to shut down the operations of the Disposal Power Plant and thereafter, the Disposal Group will have no operation at all; (ii) the industrial nature of the land use right owned the Disposal Opco had minimal commercial value after the closing down of the Disposal Power Plant; and (iii) the unlikelihood of recovering the Sale Loan by the Company from the Disposal Group, the Disposal Group will be of no value and the Company expects to write-off most of the assets in the Disposal Group eventually. The Disposal will allow the Group to realise its investment in the Disposal Group. Further, with the possible adjustment to the Disposal Consideration by way of the Compensation Sharing Adjustment, the Group will be able to share any future Compensation Proceeds given out by the PRC government authorities, organisations, entities and/or individuals to the Disposal Opco (or its nominee). Accordingly, the Board considers that disposal of the Sale Shares and the Sale Loan at the Disposal Consideration (including the cash portion and the Compensation Sharing Adjustment) is fair and reasonable.

In addition, a bank loan in the sum of RMB35,000,000 advanced by a PRC licensed bank to the Disposal Opco expired on 29 December 2015. As at the Latest Practicable Date, the Disposal Opco has not yet renewed the said bank loan. Under the circumstances, the Disposal Opco needs to repay the said bank loan and the shareholders of the Disposal Opco may be requested by the Disposal Opco to inject further capital to support its operation. Through the Disposal, the Company does not need to commit further capital investment to the Disposal Group for its general maintenance and reduce the impact of any future notices that may be issued by the PRC government which may increase the costs of maintaining the Disposal Group. Upon the Disposal Completion, the Group can lower its gearing level and streamline its businesses and focus on the oil production and the newly acquired port investment business, which are expected to generate more stable income to the Group and is of higher growth potential and profitability.

As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

THE LEASE AGREEMENT

Date

24 October 2016 (after trading hours)

Parties

- (1) Shundong Port (as the lessor); and
- (2) The Lessee.

Port and Storage Facilities to be Leased

Under the terms of the Lease Agreement, Shundong Port agreed to lease to the Lessee the Port and Storage Facilities owned by Shundong Port with a site area of approximately 27 hectare situate at Dongying Port. The Port and Storage Facilities to be leased to the Lessee principally comprise: (a) a total of six berths for chemical tankers, comprising four 10,000-tonnage berths and two 5,000-tonnage berths; (b) liquid chemical storage facilities in the capacity of not more than 400,000 cubic meters; and (c) ancillary office premises and staff dormitory. Part of the Port and Storage Facilities are still under construction and certain requisite licenses and permits have yet to be granted. In addition, Shundong Port is in the process of applying for the approval to upgrade two 10,000-tonnage berths to 20,000-tonnage and 30,000-tonnage, respectively.

LETTER FROM THE BOARD

Under the terms of the Lease Agreement, the Lessee has the right to sub-lease the Port and Storage Facilities to other entities within the Haike Group of which the Lessee forms part.

Term of Lease

The initial term of the Lease is for five years running from 1 April 2017 to 31 March 2022 (subject to further renewals by mutual consent with prioritised consideration being given to the Lessee). If there is any delay in the delivery of possession of the Port and Storage Facilities to the Lessee as a result of delay in the putting into commercial operation of two berths for oil tankers simultaneously (the “**Delivery Condition**”) on or before the Lease Long Stop Date (i.e. 1 April 2017), the commencement and termination dates of the Lease shall be postponed accordingly.

Conditions to the Lease Agreement

Under the terms of the Lease Agreement, the commencement of the Lease is subject to the passing of the ordinary resolution by Shareholders at the EGM approving the Lease Agreement and the transactions contemplated thereunder (the “**Lease Condition**”). If the Lease Condition is not satisfied, the Lease Agreement shall thereupon lapse and become null and void.

The Rent

The rent payable by the Lessee to Shundong Port for the Port and Storage Facilities under the Lease Agreement is RMB125,000,000 (HK\$145,075,000) per annum, which shall be payable in twelve equal instalments on monthly basis in advance. In addition, the Lessee shall pay a rental deposit of RMB10,000,000 (HK\$11,606,000) to Shundong Port before 1 April 2018 to guarantee the Lessee’s performance of the Lease Agreement. The rent is determined after arms-length negotiations between Shundong Port and the Lessee with reference to, inter alia, (a) the investments spent in the construction of the Port and Storage Facilities so far; (b) the further capital expenditure expected to be required before putting the facilities into commercial operation; (c) the income stream expected to be derived from the Lease Agreement; and (d) the expected throughput capacity at the initial stage of completion of the facilities.

In determining the rental rate during the arm’s length negotiation with the Lessee on the terms of the Lease Agreement, the Company has obtained and compared price quotations from three port service providers of similar services as the Group in nearby areas to assist in determining the market rates of the Group’s own facilities, the throughput and storage capacities and assumed occupancy rates of facilities during the initial stage of commercial operation, the overheads, maintenance and capital expenditure budgeting, and the projected interest expenses associated with the investment costs. The Company’s management has made comparison on the financial modeling on EBITDA between self-operation of the facilities and the rental income under the Lease, and is satisfied that the rental rate under the Lease is fair and reasonable and on normal commercial terms. In addition, given the cash inflow expected to be derived from the rental income which can immediately start to offset the interest expenses on investment, the short lease period in comparison to the entire useful life of 50 years of the Sea Use Rights and synergies expected to be derived from the cooperation with the Lessee (or Haike Group) in terms of expertise, know-how and business connections, the Company considers that the entering into of the Lease with the Lessee is preferable to self-operation, and the entering into of the Lease is in the best interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Lessee's Responsibilities

Under the terms of the Lease Agreement, the Lessee shall be responsible for (a) all operating expenses, including staff and utilities; (b) general repair and maintenance of the facilities, save for any damages resulted from normal wear and tear; and (c) risks and liabilities (including property damages and personal injuries) arising from its own operation of the facilities (except incidents arising as a result of Shundong Port's default and any inherent defects or quality issues of the facilities and personal injuries of staff of Shundong Port, the liabilities and insurance coverage of which shall be borne by Shundong Port). The Lessee undertakes to Shundong Port that it will maintain insurance policies with sufficient coverage to cover its liabilities.

Under the terms of the Lease Agreement, the Lessee shall be responsible for: (a) possessing the necessary business license and the scope of business for the conducting of businesses of operation of terminal and storage and a valid Port Operations License before Shundong Port delivers possession of the Port and Storage Facilities to the Lessee; and (b) ensuring safe, healthy, environmental-friendly and non-hazardous production environment at the facilities and taking all safety precautions and emergency rescue measures.

Shundong Port's Responsibilities

Under the terms of the Lease Agreement, Shundong Port shall be responsible for, amongst other things: (a) maintaining the right of use of sea area relating to the six berths; (b) ensuring compliance of all laws and regulations relating to the Port and Storage Facilities; (c) rendering assistance to the Lessee in relation to renewal of licenses and permits; (d) satisfying the requisite regulatory qualification and clearance for chemical storage of 80,000 cubic meters on or before 1 January 2018 (the "**Relevant Regulatory Requirement**"); (e) putting into commercial operation of two berths for oil tankers simultaneously on or before 1 April 2017; (f) upgrading two 10,000-tonnage berths to 20,000-tonnage and 30,000-tonnage, respectively, by January 2018; (g) expanding or reconstructing facilities as may be proposed by the Lessee in accordance with the needs of the Lessee's usage and as approved by Shundong Port; and (h) at the Lessee's request, re-directing the Lessee's pipelines (which are currently connected to Shandong Po Kong Liquid Chemical Terminal which is approximately 20 kilometers away from the Port and Storage Facilities) to connect with the Port and Storage Facilities.

Under the terms of the Lease Agreement, if Shundong Port cannot satisfy the Relevant Regulatory Requirement by 1 January 2018, the Lessee should be entitled to early terminate the Lease Agreement without compensation to Shundong Port. Based on the working timetable, it is the mutual understanding of both parties that the regulatory clearance and qualification process for the chemical storage facilities will commence only after the commercial operation of the berths commences in April 2017.

Other Provisions

The Lease Agreement contains customary force majeure clause catering for events outside the control of both parties, termination clause for either party to terminate in the event of occurrence of certain serious circumstances or by mutual consent, and liquidated damages in the event of breach of contract. The Lease Agreement also contains a right of first refusal clause whereby the Lessee is given a right of first refusal if Shundong Ports wants to dispose of the Port and Storage Facilities during the term of the Lease Agreement. If the Lessee does not exercise its right of first refusal, Shundong Port may dispose of the Port and Storage Facilities to the intended purchaser, provided that the pre-existing right of the Lessee under the Lease Agreement shall not be thereby affected.

LETTER FROM THE BOARD

Financial Information of Shundong Port

Based on the financial statements of Shundong Port, which were prepared in accordance with generally accepted accounting principles in the PRC, (a) its unaudited total and net assets as at 30 June 2016 were approximately RMB545.2 million (HK\$632.4 million, based on an exchange rate of RMB1.00 = HK\$1.16 as at 30 June 2016) and RMB197.0 million (HK\$228.5 million, based on an exchange rate of RMB1.00 = HK\$1.16 as at 30 June 2016), respectively; (b) its audited total and net assets as at 31 December 2015 were approximately RMB372.2 million (HK\$439.2 million, based on an exchange rate of RMB1.00 = HK\$1.18 as at 31 December 2015) and RMB170.2 million (HK\$200.8 million, based on an exchange rate of RMB1.00 = HK\$1.18 as at 31 December 2015), respectively; (c) its unaudited net loss before and after tax for the six months ended 30 June 2016 was approximately RMB4.3 million (HK\$5.1 million, based on an average exchange rate of RMB1.00 = HK\$1.18 for the six months ended 30 June 2016); and (d) its audited net loss before and after tax for the year ended 31 December 2015 was approximately RMB12.4 million (HK\$15.1 million, based on an average exchange rate of RMB1.00 = HK\$1.22 for the year ended 31 December 2015).

Information Relating to the Lessee

Based on the information obtained by the Company from public-domain information, namely, the National Enterprise Credit Information Publicity System, and after reasonable enquires being made, (a) the Lessee is a limited liability company established in the PRC whose principal business activities include the processing and distribution of chemicals; (b) the registered and paid up capital of the Lessee is RMB400 million (HK\$464.2 million); (c) the ultimate equity holders of the Lessee are 44 PRC residents, with the largest shareholders being Yang Xiaohong (12.19%) and Zhang Zaizhong (5.82%) and none of the remaining shareholders individually holding more than 5% of the equity interest of the Lessee on a look-through basis; and (d) the Lessee is part of a conglomerate based in Shandong Province, the PRC, known as the Haike Group, which engages in petrochemical, new materials, pharmaceuticals, logistics, financial investments and international trade, and having total assets of over RMB11 billion and yearly revenue achieving RMB48 billion.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Lessee and its ultimate beneficial owners is an Independent Third Party.

Information Relating to Shundong Port

Shundong Port is a limited liability company established in the PRC and is the flagship of the Group's businesses of liquid chemical terminal, storage and logistics. Its equity interest is owned as to 51% by Mid-Ocean Hong Kong Investment Limited ("**Mid-Ocean**", an indirect wholly-owned subsidiary of the Company) and as to 49% by Mr. Zhang Baoping beneficially (as to 24.5% directly registered in his name and as to 9.8% and 14.7% respectively registered in the names of Dongying Donglin Construction and Engineering Company Limited[#] (東營東林建設工程有限公司) and Mr. Yang Yongbing to hold on trust for him).

LETTER FROM THE BOARD

Shundong Port owns two rights of use of sea areas (the “**Sea Use Rights**”) covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-years’ period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066 respectively. As at the Latest Practicable Date, Shundong Port has substantially completed the land-forming and reclamation construction of 27.71 hectares of land in Dongying Port.

Since the completion of the acquisition of 51% effective interest in Shundong Port by the Group in December 2015 (the “**Port Acquisition**”), the Group had been proactively promoting the continual construction of the Port and Storage Facilities. As disclosed in the Company’s announcement dated 18 December 2015 in relation to the Port Acquisition, the original design of the Port and Storage Facilities anticipated four berths for chemical tankers of 10,000 tonnage and two berths for chemical tankers of 5,000 tonnage. With the effort, contribution and investment of the Group following the Port Acquisition, the Group is now working towards the objective of upgrading two 10,000-tonnage berths to 20,000-tonnage and 30,000-tonnage, respectively. Based on the current progress and timetable, the first phase of construction of the Port and Storage Facilities is expected to substantially complete and be ready for commercial operation by or around 31 March 2017.

Reasons for the Lease Agreement

The Board considers that the Lease Agreement provides an opportunity for the Company to generate a stable rental income from the Port and Storage Facilities, which is expected to expedite the Group’s recovery of investment costs and to deliver reasonable return on capital to the Group on this project. In addition, the Lease Agreement is expected to improve the Group’s asset and liabilities position in the long run, and to enhance the fund-raising capabilities of Shundong Port in the short run. It is currently expected that any cash derived from the rental income of the Lease Agreement will be retained by Shundong Port for its settlement of indebtedness, ongoing expansion and development plans.

Prior to the entering into the Lease Agreement, the Board has considered the market rates of using port and liquid chemical storage facilities and demand and supply studies. Based on the feasibility reports prepared by industry experts in design academy recognized in project approval procedures of relevant PRC government authorities, the market demand of port and storage facilities usage is stable in the locality of Dongying Port, given the geographical proximity of the Port and Storage Facilities with Shengli Oilfield, the second largest oilfield in the PRC. In addition, the current supply of port and storage facilities in the locality is insufficient. The Company is reasonably comfortable that with the appropriate management, staff team, know-how, expertise, control system, clientele and ongoing expansion capital, Shundong Port should be able to generate stable income stream even if it operates the Port and Storage Facilities on its own rather than leasing it to the Lessee. However, the income and expenses is expected to see a time mismatch during the initial stage of commercial operation, when the usage occupancy is expected to be low while the capital expenditure is expected to be high. In addition, assuming the facilities are self-operated, it is expected that a longer growth period is needed to pick up in the training of staff and management, development of systems and marketing endeavours. In comparison, Haike Group is a sizeable conglomerate in Shandong Province, the PRC having established business network and expertise in the chemical industry. Taking into account the commitments of Haike Group in terms of human resources, know-how transfer and training and marketing efforts under the Lease Agreement, the Company considers that the entering into of the Lease Agreement at the initial stage is preferable to the self-operation of the Port and Storage Facilities. In addition, the lease period of five years under the Lease Agreement only represents a small portion of the entire useful life of operation of the Port and Storage Facilities with the Sea Use Rights of 50 years expiring only in 2064 and 2066 respectively.

LETTER FROM THE BOARD

Under the working timetable agreed by Shundong Port and the Lessee, it is expected that two berths for oil tankers will be put into commercial operation by 1 April 2017 and the Relevant Regulatory Requirement for the safety qualification for chemical storage of 80,000 cubic meters will be satisfied by 1 January 2018. This implementation timetable was based on the assumption of staff training and safety measures under joint efforts of Haike Group, which has experience and expertise on chemical storage, and Shundong Port. If the Lease Agreement does not proceed to delivery for whatever reason (including as a result of the voting down of the relevant resolution by Shareholders at the EGM), the satisfaction of the Relevant Regulatory Requirement might be delayed for six to eight months as a result of the withdrawal of support by Haike Group as regards safety training.

To finance the ongoing construction of the Port and Storage Facilities, Shundong Port has drawn down (a) an RMB30 million back to back loan facility provided by a licensed bank in the PRC which is repayable by November 2017; and (b) an RMB150 million loan facility provided by a finance lease company which is repayable by installments within the next 3 years (collectively, the “**Loans**”). If the Lease Agreement does not proceed to delivery for whatever reason (including as a result of the voting down of the relevant resolution by Shareholders at the EGM), Shundong Port will not be able to apply the rental income to repay the Loans. In that case, Shundong Port will negotiate with the existing lenders with the view to extending or renewing the Loans, and/or with other potential lenders with the view to re-financing the existing Loans, and the Group’s cash flow sufficiency may rely on the outcome of the successful extension, renewal or re-financing of the Loans. If the Lease Agreement does not proceed to delivery, Shundong Port may self-operate the Port and Storage Facilities and/or negotiate with other potential lessee(s) to lease all or part of the facilities to strengthen its short-term cash flow position.

Taking into account of the above factors, the Directors (including the independent non-executive Directors) consider that the terms of the Lease Agreement (including the annual rent) are on normal commercial terms and are fair and reasonable, and the entering into of the Lease Agreement is concluded in the ordinary and usual course of business of the Group and is in the best interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY AND THE GROUP

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

LISTING RULES IMPLICATIONS

As the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders at the EGM.

As the Lease Agreement has significant impact on the operations of the Group, the entering into of the Lease Agreement is classified as a “transaction” for the Company under Chapter 14 of the Listing Rules. As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the annual rent of the Lease Agreement are more than 25% and the transaction is neither an acquisition nor a disposal, the Lease Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders at the EGM.

LETTER FROM THE BOARD

EGM

The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular, at which resolutions will be proposed to approve the Disposal and the Lease Agreement.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has a material interest in the Disposal or the Lease Agreement and the transactions contemplated thereunder. Accordingly, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM in relation to the Disposal and the Lease Agreement.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are advised to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of the shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the EGM will demand a poll for the resolutions put forward at the EGM in respect of the Disposal and the Lease Agreement. An announcement will be made by the Company on the voting results after the EGM.

RECOMMENDATION

The Directors consider that the Disposal and the Lease Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions in relation to the Disposal and the Lease Agreement to be proposed at the EGM.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

Shareholders and potential investors should be aware that completion of the Sale and Purchase Agreement and the Lease Agreement are subject to certain conditions being satisfied, including without limitation the passing of the relevant resolutions by Shareholders at the EGM, and consequently the Disposal and the Lease may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION

Financial information of the Group for the three years ended 31 December 2013, 2014 and 2015, and the six months ended 30 June 2016 are disclosed on pages 42-152 of the 2013 annual report published on 29 April 2014, pages 44-152 of the 2014 annual report published on 29 April 2015, pages 48-172 of the 2015 annual report published on 29 April 2016, and pages 4-33 of the 2016 interim report published on 8 September 2016, respectively, which are published on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://energyintl.todayir.com>). Please refer to the hyperlinks as stated below:

2013 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0429/LTN20140429492.pdf>

2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0429/LTN20150429566.pdf>

2015 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0429/LTN20160429555.pdf>

2016 interim report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0908/LTN20160908379.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 25 December 2016, being the latest practicable date for ascertaining information regarding this indebtedness statement, the Group had borrowings amounting to approximately HK\$662 million, details of which are as follows:

	<i>HK\$'000</i>
Amounts due to non-controlling shareholders (<i>note a</i>)	99,147
Bank borrowings (<i>note b</i>)	95,200
Other borrowings (<i>note c</i>)	143,472
Finance lease liabilities (<i>note d</i>)	134,400
Convertible bonds (<i>note e</i>)	190,000
	<u>662,219</u>

Notes:

- (a) The amounts due to non-controlling shareholders are unsecured. The amount of approximately HK\$77 million bears interest of 5% per annum and is repayable on 31 March 2018. The remaining balance of approximately HK\$16 million and 6 million are interest-free and repayable on demand and on 29 December 2017 respectively.
- (b) Bank borrowings include (i) a bank loan of approximately HK\$39 million, which is charged at a fixed interest rate of 12.35% per annum, guaranteed by an independent third party and was due for repayment on 29 December 2015; (ii) unsecured and interest-free bills payables of approximately HK\$12 million, of which approximately HK\$5 million and HK\$7 million are repayable on 18 May 2017 and 29 May 2017, respectively; and (iii) interest-free bills payables of approximately HK\$44 million, which are secured by deposits of approximately HK\$44 million, of which approximately HK\$16 million and HK\$3 million were repaid on 8 January 2017 and 22 January 2017, respectively; and approximately HK\$6 million, HK\$16 million and HK\$3 million are repayable on 10 May 2017, 29 May 2017 and 19 June 2017, respectively.

- (c) Other borrowings represent principal amounts due to certain suppliers of the Group of approximately HK\$13 million and loans from independent third parties of approximately HK\$131 million. The amounts due to suppliers are unsecured, interest-free and repayable on 31 July 2017. The loans from independent third parties are unsecured, of which (i) HK\$30 million bears interest of 5% per annum and is repayable on 31 March 2018; (ii) approximately HK\$34 million bears interest of 15% per annum and is repayable on 17 November 2017; (iii) HK\$26 million bears interest of 3% per annum and was repaid on 22 January 2017; and (iv) approximately HK\$41 million bears floating rate of 10% increment over the benchmark lending rate of the People's Bank of China and is repayable on 31 October 2017.
- (d) Loan facility of RMB150 million (equivalent to approximately HK\$168 million) has been granted by a finance lease company in the PRC. As at 25 December 2016, approximately HK\$134 million has been drawn down. Finance lease liabilities are secured by certain construction in progress, the entire right of use of sea area and equity interests of Shundong Port, and are repayable in 3-year time by 11 instalments with total repayment amount of RMB178.5 million (equivalent to approximately HK\$200 million).
- (e) The amount represents outstanding principal amount of convertible bonds which were issued on 16 September 2015 and are due on maturity on 17 September 2018. The convertible bonds bear interest of 5% per annum.

Save as disclosed above and apart from the intra-group liabilities and normal trade and other payables as at 25 December 2016, to the best knowledge of the Directors, the Group did not have any other outstanding indebtedness, loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

For the purpose of the indebtedness statement, foreign currency amounts have been converted into HK\$ at the exchange rate of RMB1.00 = HK\$1.12 as at 25 December 2016.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that taking into account of the financial resources available to the Group, including internal resources, cash flows from operations and the effect of the Disposal and the Lease Agreement, the Group will have sufficient working capital for at least twelve months from the date of this circular.

Assuming that the Shareholders' approval regarding the Lease Agreement is not obtained, the Directors, after due and careful consideration, are of the opinion that taking into account of the financial resources available to the Group, including internal resources, cash flows from operations and the effect of the Disposal only, the Group will not have sufficient working capital for at least twelve months from the date of this circular.

If the Lease Agreement does not proceed to delivery for whatever reason (including as a result of the voting down of the relevant resolution by Shareholders at the EGM), Shundong Port will not be able to apply the rental income to repay the Loans. In that case, Shundong Port will negotiate with the existing lenders with the view to extending or renewing the Loans, and/or with other potential lenders with the view to re-financing the existing Loans, and the Group's cash flow sufficiency may rely on the outcome of the successful extension, renewal or re-financing of the Loans. If the Lease Agreement does not proceed to delivery, Shundong Port may self-operate the Port and Storage Facilities and/or negotiate with other potential lessee(s) to lease all or part of the facilities to strengthen its short-term cash flow position.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2015 being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECTS**Oil business**

As disclosed in the Company's announcement dated 4 July 2015 in relation to the legal proceedings brought by, inter alia, the Company against, inter alia, the vendors of and other parties relating to the acquisition of our oil production business (the "**Liangjing Project**"). Since such litigation is only in a preliminary stage, based on the prevailing situation, the oil production business of the Liangjing Project of the Group is still in normal operation and production and the Group is inclined to continue the ongoing construction work and the related further investment in the Liangjing Project. The Board will closely monitor the operations and performance of the Group's oil production business under the Liangjing Project.

Terminal, storage and logistics business

By end of December 2015, the Group made capital contribution of RMB115 million (equivalent to approximately HK\$136 million based on an exchange rate of RMB1.00 = HK\$1.18) to Shundong Port in cash and Shandong Shundong becomes a 51% subsidiary of the Group.

Shandong Shundong is designed to provide a comprehensive range of terminal, storage and logistics services for liquid chemical products in Dongying Port, which is an important regional port in Shandong Province, the PRC and is located on the coastline of Bohai Bay and the banks of the Yellow River Delta of Shandong Province. Dongying City is also the home city of China University of Petroleum (East China) and Shengli Oilfield, the second largest oilfield in the PRC. With the overall planning and development of Dongying Port steadily realised, its other infrastructural facilities will further be improved. Dongying Port is expected to be developed into an integrated container shipping port, with core focus on refined oil, liquid chemical products and bulk cargo transportation. Upon completion of the abovementioned capital contribution, the Company proactively promotes the construction of the Shandong Shundong's terminal and storage facilities, with a view to commencing the operation at the earliest opportunity, so as to meet the demand for comprehensive terminal, storage and logistic services from petroleum and petrochemical industries within the locality of Shengli Oilfield and surrounding Yellow River Delta. In the long run, this project is expected to benefit from the rapid growth of Dongying Port.

As at 31 December 2015, Shandong Shundong has substantially completed the land forming and reclamation construction of land in Dongying Port, and is in the process of (i) constructing the chemical tankers with total designed annual throughput capacity of not less than 3.6 million metric tonnes; and (ii) applying for permits and licenses in respect of the construction of vertical liquid storage tanks and liquid storage speres with total storage capacity of 348,000 cubic metres of liquid chemicals. Based on the current progress and timetable, the construction of the facilities and application of related permits and licenses are expected to be completed by or around 31 March 2017.

Electricity and heat business

Regarding the Shutdown Notice received in April 2015, the Company is inclined to obey the shutdown order from the Lingshi Government, but is concerned as to, amongst other things, the employment of the workforce in the Disposal Opco and the economic damages suffered by the Group as a result of the shutdown. The Company currently expects that, if the power plant operated by the Disposal Opco is shut down permanently and no remedial plan is available to us, the Group will not only suffer significant loss but will also be forced to terminate the operations of its supply of heat and electricity segment entirely.

Exploration and mining business

As disclosed in the Company's 2015 annual report, the Board found out that in 2010, the exploration licence held by Qinghai Forest Source Mining Industry Developing Company Limited ("**QHFSMI**"), an indirect wholly-owned subsidiary of the Company established in the PRC over which, as the Directors consider it, the Group had lost control with effect from 1 January 2010, had been transferred to a company known as 內蒙古小紅山源森礦業有限公司 (Inner Mongolia Xiao Hong Shan Yuen Xian Mining Industry Company Limited[#]) ("**Yuen Xian Company**") without the Company's knowledge, consent or approval.

Since then, the Group had commenced legal proceedings (the "**Mining Litigations**") against Yuen Xian Company with the view to invalidating the Change of Exploration Right Agreement dated 11 November 2009 (which caused the loss of the exploration license by QHFSMI) and seeking to regain the control of QHFSMI and the exploration license. In the past few years, the Group suspended its exploration and mining business pending the outcome of the Mining Litigations.

As announced by the Company on 11 June 2015, 12 June 2015 and 9 March 2016, the Higher People's Court of Qinghai Province (the "**Qinghai Higher Court**") had made a final judgment that the change of exploration right agreement was between QHFSMI and Yuen Xian Company was invalid and the Qinghai Province People's Procuratorate had expressed its "no-support" as to the review of the abovementioned final judgement, respectively. Following the conclusion of the Mining Litigations, the Company has appointed the legal advisers in the PRC to enforce the judgement to uphold the Group's right. In the event that the Group could regain the control of QHFSMI, the Group will be in the position to have access to the relevant exploration and mining license and thereafter the Group will perform due diligence review on the mining site. The Group is conducting regular re-assessment on the progress made by its legal advisers and the prospect of the Group's mining segment from time to time.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company and their associates had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as any Directors are aware based on the disclosure of interest notices filings revealed by the Company from public records, persons (other than the Directors or chief executives of the Company) who have interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long position in the Shares

Name	Capacity/ Nature of interest	Number of Shares and underlying Shares	Approximate percentage of the total issued share capital of the Company
Giant Crystal Limited ("Giant Crystal") (Note 1)	Beneficial owner	1,370,000,000 (Note 3)	44.92%
Mr. Liu Ran ("Mr. Liu") (Note 1)	Founder of discretionary trust	1,370,000,000	44.92%

Name	Capacity/ Nature of interest	Number of Shares and underlying Shares	Approximate percentage of the total issued share capital of the Company
Extra Gain Development Limited (“ Extra Gain ”) (Note 1)	Interest in controlled corporation	1,370,000,000	44.92%
Grace Kind Holdings Limited (“ Grace Kind ”) (Note 1)	Trustee	1,370,000,000	44.92%
Xindu Group Co., Ltd [#] (鑫都集團有限公司) (“ Xindu ”) (Note 1)	Interest in controlled corporation	1,370,000,000 (Note 3)	44.92%
Media Forecast Limited (Note 2)	Beneficial owner	253,164,557	8.30%
Qin Zhiwen (Note 2)	Interest in controlled corporation	253,164,557	8.30%
Deng Zemin	Beneficial owner	240,506,329	7.89%
Wang Jianxin	Beneficial owner	202,531,646	6.64%
Wang Dongqian	Beneficial owner	153,924,051	5.05%

Notes:

- Based on the filings under Disclosure of Interest (“**DI**”) under Part XV of the SFO retrieved by the Company from public records, (a) Giant Crystal regarded itself to be interested in 584.8 million Shares (the “**Restrained Shares**”) and Convertible Bonds in the principal amount of HK\$628.16 million (the “**Restrained Bonds**”) with right to convert the Convertible Bonds into a maximum of 785.2 million Shares at a conversion price of HK\$0.80 (as adjusted for the Share Consolidation) per Share; (b) Giant Crystal regarded itself to be 62.43% owned by Extra Gain and 37.57% owned by Xindu; and (c) Extra Gain was reportedly wholly owned by Grace Kind, which in turn was reportedly the trustee for Liu’s Trust, a discretionary trust for which Mr. Liu was reported as the founder.

The Restrained Bonds were issued by the Company to Giant Crystal upon completion of the Group’s acquisition (“**China Era Transaction**”) of the entire equity interest in China International Energy Investments (Hong Kong) Limited (the “**Target Company**”) (which in turn holds the entire issued share capital of China Era Energy Power Investment Limited) pursuant to the acquisition agreement (the “**China Era Agreement**”) between, inter alia, the Company’s wholly-owned subsidiary, Cheerful Dragon Limited (“**CDL**”, as purchaser) and Greater Finance Limited (“**Greater Finance**”, as Vendor) dated 25 September 2009. As a result of the China Era Transaction, the Company has paid an aggregate consideration of HK\$1,500 million (the “**Acquisition Consideration**”) comprising, amongst other things, HK\$150 million in cash, Shares in the value of HK\$246.24 million (the “**Consideration Shares**”), promissory notes in the principal amount of HK\$50 million (the “**Promissory Notes**”) and convertible bonds in principal amount of HK\$1,053.76 million (the “**Convertible Bonds**”) carrying conversion right to convert to Shares, to Giant Crystal (which was nominated by Greater Finance to be the allottee of the Promissory Notes, the Consideration Shares and the Convertible Bonds).

On 2 July 2015 (Cayman Islands time), the Company and CDL commenced legal proceedings (the “**Cayman Litigation**”) in the Grand Court of the Cayman Islands (the “**Cayman Court**”) against various parties including Greater Finance, Mr. Li Weijun (Greater Finance’s guarantor under the China Era Agreement) and Giant Crystal (the allottee of the Promissory Notes, the Consideration Shares and the Convertible Bonds as nominated by Greater Finance), whereby the Company sought, inter alia, to rescind the China Era Agreement, to declare the Promissory Notes and the Convertible Bonds are at all times null and void and of no legal effect, to declare the Consideration Shares and any other Shares issued upon exercise of the Convertible Bonds be held on trust for the Company and to reward other remedies including damages, on the basis that, inter alia, Greater Finance’s warranties and/or representations given in the China Era Transaction were false and misleading and the defendants of the Cayman Litigation wrongly conspired and combined together to defraud the Company and CDL to pay the consideration under the China Era Transaction. On 13 August 2015, the Cayman Court granted an injunction order to restrain the defendants from the conversion of the Restrained Bonds and the disposal and exercise of rights and powers of the Restrained Shares, which was subsequently extended on 7 September 2015.

Up to Latest Practicable Date, the Company has not received any DI filings from any of the related parties to reflect any changes of their deemed interest in the relevant Shares and underlying Shares in the light of the above developments.

2. The entire issued share capital of Media Forecast Limited is wholly-owned by Mr. Qin Zhiwen. Mr. Qin Zhiwen is deemed to be interested in the Shares held by Media Forecast Limited.
3. On 8 October 2014, the Company underwent a share consolidation (the “**Share Consolidation**”) from ten shares of HK\$0.01 each into one consolidated share of HK\$0.10 each. The number of shares as recorded in the DI filings which were filed before the effective date of Share Consolidation were adjusted by virtue of the Share Consolidation.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any persons (other than the Directors or chief executives of the Company) who have interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

4. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS’ INTEREST IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2015 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

Legal proceedings in the PRC

i) Transfer of exploration licence without the Company's knowledge, consent or approval

In April 2015, the Qinghai Higher Court handed down the second-instance and final judgment for the Mining Litigations against Yuen Xian Company commenced by the Group, with the view to invalidating the change of exploration right agreement dated 11 November 2009 entered into between QHFSMI and Yuen Xian Company (which caused the loss of the exploration license by QHFSMI), and seeking to regain the control of QHFSMI and the exploration license, whereby the Group eventually won the Mining Litigations and the change of exploration right agreement was eventually affirmed by the Qinghai Higher Court to be invalid. For further details, please refer to the announcements of the Company dated 26 August 2010, 10 January 2013, 22 November 2013, 11 June 2015, 12 June 2015 and 17 July 2015, respectively.

In early December 2015, the Company received documents from Qinghai Province People's Procuratorate (青海省人民檢察院) relating to the filing of review application by QHFSMI and Yuen Xian Company (defendants of the Mining Litigations) (the "Review"), whereby the defendants is now seeking to apply for a reversal of the outcome of the Final Judgment on grounds of (*inter alia*) jurisdiction and applicable laws.

In early March 2016, the Company received the final decision letter (不支持監督申請決定書) from Qinghai Procuratorate expressing its "no-support" as to the Review. According to the decision letter (*inter alia*), (a) the grounds raised by the defendants in the Review cannot be established; (b) the defendants' argument of inapplicability of PRC law was rejected; (c) it was correctly decided that the change of exploration right agreement was in breach of the legal right of the plaintiff, i.e. Hong Kong Forest Source Mining Industry Holding Company Limited, a wholly-owned subsidiary of the Company; and (d) it was reiterated that the legal right of the Group's investment in the PRC should be protected under the PRC law.

As advised by the Company's legal advisers as to Chinese law, the final judgment made by Qinghai Higher Court in favour of the Group in April 2015 was final and binding judgment against the defendants.

ii) Frozen bank accounts of Disposal Opco

In November 2015, two individuals filed the civil writs to the People's Court of Taiyuan City Xiaodian District (太原市小店區人民法院) (the "**Taiyuan Court**") separately that as the non-controlling shareholder of the Disposal Opco failed to repay for the loans of RMB4.5 million lent by these individuals to the non-controlling shareholder of the Disposal Opco. It was stated in the writs that these individuals considered the Disposal Opco is one of the three companies controlled by the non-controlling shareholder (i.e. borrower) and thus the Disposal Opco is identified as one of the defendants by these individuals.

In December 2015, the Taiyuan Court judged that the bank accounts of all defendants in these writs and certain properties of other defendants to be frozen during the legal proceedings including certain bank accounts of the Disposal Opco. The frozen bank balance was approximately RMB500,000 (equivalent to approximately HK\$590,000 based on an exchange rate of RMB1.00 = HK\$1.18 as at 31 December 2015).

According to certain civil judgements issued by the Taiyuan Court, the Disposal Opco is not related to the civil writs and the frozen bank accounts of the Disposal Opco have been released by end of July 2016.

Injunction in Cayman Islands

On 2 July 2015 (Cayman Islands time), the Company and CDL (together with the Company, the "**Cayman Plaintiffs**") commenced the Cayman Litigation against various parties including Greater Finance, Mr. Li Weijun and Giant Crystal on the basis (*inter alia*) that (a) Greater Finance's warranties and/or representations given in the China Era Transaction were false and misleading and knowing that the Company and CDL entered into the China Era Agreement in reliance thereon; and (b) the defendants of the Cayman Litigation (the "**Cayman Defendants**") wrongly conspired and combined together to defraud the Company and CDL to pay an aggregate Acquisition Consideration of HK\$1,500 million. In the Cayman Litigation, the Company and CDL seek (*inter alia*):

- (1) a declaration that they are entitled to validly rescind the China Era Agreement;
- (2) an order that the Acquisition Consideration be repaid, a declaration that the Promissory Notes in the principal amount of HK\$50 million, and the Convertible Bonds in the principal amount of HK\$1,053.76 million are at all material times null and void and of no legal effect;
- (3) a declaration that Giant Crystal held and continue to hold the Consideration Shares in the value of HK\$246.24 million and any shares issued upon exercise of the Convertible Bonds (the "**Converted Shares**") on trust for the Company;

- (4) an injunction against all the Cayman Defendants that they be restrained from disposing of, encumbering or otherwise dealing with or diminishing the value of, and/or exercising any rights or powers (including but not limited to voting rights in general and/or extraordinary meeting(s) in respect of, and/or entering into any agreement to effect any transaction in relation to, the Consideration Shares and the Converted Shares;
- (5) an injunction against all Cayman Defendants from completing and/or procuring the conversion and/or transferring of the Convertible Bonds;
- (6) damages for fraud and/or deceit; and
- (7) an order that the Cayman Defendants compensate the Company and CDL in equity.

Further to a court hearing in the Cayman Court on 12 August 2015 (Cayman Islands time) and upon the Company's undertaking (inter alia) not to issue any shares other than in accordance with the CB Placing Agreement (as defined below) without leave of the Cayman Court or until determination of the Cayman Plaintiffs' writ of summons in relation to the Cayman Litigation (the "**Writ of Summons**"), the Cayman Court granted an injunction order dated 13 August 2015 (Cayman Islands time) (the "**Injunction Order**") ordering that (*inter alia*):

- (1) Until the return date on 7 September 2015 (the "**Return Date**") or further order of the Cayman Court, the Cayman Defendants (including Giant Crystal) must not dispose of, transfer, deal in or diminish the value of, exercise any rights or powers (for the avoidance of doubt, Giant Crystal shall be entitled to receive notice of and to attend any general meetings but shall not be entitled to exercise voting rights) in respect of 584,800,000 issued shares of the Company (or such shares as Giant Crystal may be entitled to convert under the Convertible Bonds, being part of the consideration for the China Era Transaction of entire issued share capital in the Target Company pursuant to the China Era Agreement).
- (2) Until the completion of the CB Placing (as defined below) or determination of the Writ of Summons or further order of the Cayman Court, the Cayman Defendants (including Giant Crystal) must not convert the Convertible Bonds representing 263,600,000 and 521,600,000 underlying shares in the Company (being part of the consideration for the China Era Transaction).
- (3) That the extraordinary general meeting (the "**Purported EGM**") of the Company purportedly requisitioned by Giant Crystal and scheduled for 10:00 a.m. on 17 August 2015 be adjourned until the determination of the Writ of Summons or further order.
- (4) That the Injunction Order will remain in force up to and including the Return Date unless before then it is varied or discharged by a further order of the Cayman Court.

On the Return Date, upon the application of the Cayman Plaintiffs (including the Company), the restrictions imposed on (a) the conversion of the Restrained Bonds; and (b) the disposal and the exercise of rights and powers of the Restrained Shares by the Injunction Order was extended until the determination of the Writ of Summons in relation to the Cayman Litigation or further order of the Cayman Court (the “**Extended Injunction Order**”). The Cayman Court also ordered that the Purported EGM purportedly requisitioned by Giant Crystal and scheduled for 10:00 am on 17 August 2015 shall be adjourned until the determination of the Writ of Summons or further order.

Under the terms and conditions of the Restrained Bonds, the Convertible Bonds are originally due to mature on 31 December 2015, whereupon any outstanding Restrained Bonds shall be automatically converted into shares in the Company. As Giant Crystal is now restrained from converting the Restrained Bonds until the determination of the Writ of Summons in relation to the Cayman Litigation or further order of the Cayman Court, at the Cayman Court hearing on 7 September 2015, the Company and Giant Crystal agreed to enter into a deed of forbearance and undertakings (the “**Deed**”) to provide, inter alia, for the extension of the date of automatic conversion of the Restrained Bonds until the date that is three months from the date at which the restrictions imposed on the Restrained Shares and the Restrained Bonds by the Extended Injunction Order are lifted by the Cayman Court.

On 20 November 2015, the Company obtained a sealed copy of the Extended Injunction Order. On 23 November 2015, the Company executed the Deed. As required by the Extended Injunction Order, the Company has arranged for a duly executed counterpart of the Deed to be delivered to Giant Crystal. The Cayman Plaintiffs also obtained leave from the Cayman Court to serve the sealed copies of the Extended Injunction Order out of the jurisdiction of the Cayman Islands on all the Cayman Defendants. For further details, please refer to the announcements of the Company dated 4 July 2015, 14 August 2015 and 24 November 2015, respectively.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

- (1) the placing agreement dated 15 May 2015 and entered into between the Company, and China Everbright Securities (HK) Limited and Pacific Foundation Securities Limited (the “**Placing Agents**”), in relation to the placing of a maximum of 369,417,012 new Shares to the places at the placing price of HK\$0.145 per placing Share;
- (2) the placing agreement (the “**CB Placing Agreement**”) dated 15 May 2015 and entered into between the Company and the Placing Agents, in relation to the placing of the 5% coupon convertible bonds proposed to be issued by the Company in the aggregate principal amount of up to HK\$300,000,000 due in 2018 at the initial conversion price of HK\$0.158 per Share;
- (3) the supplemental agreement dated 23 July 2015 and entered into between the Company and the Placing Agents, in relation to the amendment and modification to certain terms and conditions of the CB Placing Agreement;

- (4) the sale and purchase agreement dated 18 December 2015 and entered into among the Company (as purchaser), Multi Treasure Limited (as vendor) and Mr. Yau Yu Hoi (as guarantor) in relation to the sale and purchase of the entire issued share capital and shareholders' loans (if any) of Mission Achiever Limited;
- (5) the Sale and Purchase Agreement; and
- (6) the Lease Agreement.

9. CORPORATE INFORMATION OF THE GROUP

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Unit 1508, 15/F The Center 99 Queen's Road Central Hong Kong
Principal share registrar and transfer agent	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Company secretary	Mr. Chan Wai Cheung Admiral, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Unit 1508, 15/F, The Center, 99 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum of association and the articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2013, 2014 and 2015;
- (c) the interim report of the Company for the six months ended 30 June 2016;
- (d) the material contracts referred to in the paragraph headed "Material contracts" of this appendix; and
- (e) this circular.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of Energy International Investments Holding Limited (the “**Company**”) will be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 7 March 2017 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** the sale and purchase agreement dated 30 December 2015 (a copy of which being produced to the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification), as amended and modified by the first supplemental sale and purchase agreement dated 29 March 2016 (a copy of which being produced to the meeting marked “B” and initialed by the chairman of the meeting for the purpose of identification) and the second supplemental sale and purchase agreement dated 12 October 2016 (a copy of which being produced to the meeting marked “C” and initialed by the chairman of the meeting for the purpose of identification), in each case entered into between Colour Sail Limited (the “**Purchaser**”), Mr. Dai Jiapeng and Ms. Song Liyan (as the Purchaser’s guarantors) and Precious New Limited (the “**Vendor**”, a wholly-owned subsidiary of the Company) in relation to the disposal by the Vendor to the Purchaser of the entire issued share capital of Sunlight Rise Limited together with the Sale Loan (as defined in the Company’s circular dated 17 February 2017) on and subject to the terms and conditions thereof, and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified, and that the directors of the Company (the “**Directors**”) be and are hereby authorised to take all actions, sign all documents (including under seal, if necessary) and agree to and make such variations, amendments or waivers of any matters in relation thereto, as the Directors may consider necessary, desirable or expedient.”

NOTICE OF EGM

2. “**THAT** the lease agreement dated 24 October 2016 (a copy of which being produced to the meeting marked “D” and initialed by the chairman of the meeting for the purpose of identification) entered into between Shandong Shundong Port Services Company Limited* (山東順東港務有限公司) (“**Shundong Port**”, an indirect 51%-owned subsidiary of the Company) (as lessor) and Dongying Haike Ruilin Chemical Co., Ltd.* (東營市海科瑞林化工有限公司) (the “**Lessee**”) in relation to the grant of lease by Shundong Port to the Lessee in respect of the Port and Storage Facilities (as defined in the Company’s circular dated 17 February 2017) on and subject to the terms and conditions thereof, and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified, and that the Directors be and are hereby authorised to take all actions, sign all documents (including under seal, if necessary) and agree to and make such variations, amendments or waivers of any matters in relation thereto, as the Directors may consider necessary, desirable or expedient.”

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

Hong Kong, 17 February 2017

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit 1508, 15/F
The Center
99 Queen’s Road Central
Hong Kong

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or more than one proxy to attend and to vote in his stead in accordance with the memorandum and articles of association of the Company. A proxy need not to be a member of the Company.
2. Whether there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, then one of the said holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time for holding the above meeting or any adjournment thereof.
4. Delivery of a form of proxy shall not preclude a member from attending and voting in person at the above meeting and in such event, the form of proxy shall be deemed to be revoked.
5. The voting on the resolution to be conducted at the above meeting shall be taken by way of poll.

As at the date of this notice, the executive Directors are Ms. Wang Meiyuan, Mr. Chan Wai Cheung Admiral, 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.

* For identification purpose only