MIE HOLDINGS CORPORATION
MI 能 源 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1555)

DISCLOSEABLE TRANSACTION ACQUISITION OF FOREIGN PARTICIPATING INTERESTS IN PRODUCTION SHARING CONTRACTS FROM GLOBAL OIL CORPORATION

THE ACQUISITION

The Board is pleased to announce that on 21 December 2017 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Foreign Participating Interests (subject to the provisions of the PSCs) at the Consideration of US$55.0 million (equivalent to approximately HK$429.0 million), which shall be satisfied in cash by the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement.

As at the date of this announcement, the Group owns 90% participating interest in the foreign contractors' entitlement and obligations under the PSC for the Daan oilfield. Upon Completion, the Group shall own, among others, 100% participating interest in the foreign contractor's entitlement and obligations under the PSC for the Daan oilfield. The Daan oilfield is situated in Jilin Province and is the Group's most productive oilfield in the PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to the fulfilment (or, as the case may be, waiver) of the conditions precedent under the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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THE SALE AND PURCHASE AGREEMENT

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

Date: 21 December 2017 (after trading hours)

Parties:

(1) Global Oil Corporation, as vendor; and

(2) MIE International Resources Limited, a wholly-owned subsidiary of the Company, as the purchaser

The Vendor is a company incorporated in Bahamas s with limited liability. The Vendor is principally engaged in the business of oil and gas exploration and production. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell, and the Company conditionally agreed to acquire the 10% participating interest in the foreign contractors entitlement under the PSCs for each of the Daan and Moliqing oilfields, being the Foreign Participating Interests.

As at the date of this announcement, the Group owns 90% participating interest in the foreign contractors' entitlement and obligations under the PSC for the Daan oilfield. Upon Completion, the Group shall own, among others, 100% participating interest in the foreign contractor's entitlement and obligations under the PSC for the Daan oilfield. The Daan oilfield is situated in Jilin Province and is the Group's most productive oil field in the PRC.

Consideration

The Consideration is US$55.0 million (equivalent to approximately HK$429.0 million), which shall be paid by the Purchaser to the Vendor in cash on the Completion Date.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to various factors including, without limitation, the current production rate of the Daan and Moliqing oilfields, the potential revenue expected to be generated from the Foreign Participating Interests, available independent reserve reports, the book value of interests in non-current assets belonging to the Vendor in the amount of approximately RMB252.5 million (equivalent to approximately HK$298.8 million). The Consideration will be funded by the Group's debt financing and/or internal resources.

The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is conditional upon the following Conditions being satisfied or waived (whether in full or in part, and with or without conditions) by the Purchase on or before the Long Stop Date:

(a) the Purchaser being satisfied that the necessary CNPC's approval in respect of the transactions contemplated under the Sale and Purchase Agreement, which shall be procured by the Vendor, having been obtained and not having been withdrawn;

(b) the Purchaser being satisfied that the Stock Exchange's approval (where necessary) in respect of the transactions contemplated under the Sale and Purchase Agreement, which shall be procured by the Purchaser, having been obtained and not having been withdrawn;

(c) the Purchaser being satisfied that all other necessary approvals in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained and not having been withdrawn;

(d) the due execution of the Completion Documents by the parties thereto, other than the Vendor and the Purchaser;

(e) the Sale and Purchase Agreement and the transactions contemplated thereunder having been approved by the respective board of directors of the Vendor and the Purchaser;

(f) the operating agreement having been terminated;

(g) the Purchaser, being satisfied that there being no event, matter, fact and circumstances which would result in a breach of the Warranties by the Vendor or any of the Warranties being untrue, inaccurate, incomplete or misleading; and

(h) there has been no Material Adverse Change in relation to the Foreign Participating Interests and the PSCs since the date of the Sale and Purchase Agreement and immediately prior to Completion.

The Purchaser may, by written notice to the Vendor, waive or modify compliance with any Condition (except the Conditions (a), (b) and (c) set out above) in whole or in part at any time on or before the Long Stop Date.

If one or more of the Conditions:

(a) remains unsatisfied by 5:00 p.m. on the Long Stop Date and, if it is a Condition which can be waived by the Purchaser, has not been waived on or before that date; or

(b) becomes impossible to satisfy on or before 5:00 p.m. on the Long Stop Date and, if it is a Condition which can be waived by the Purchaser, has not been waived within five (5) Business Days of such Condition becoming impossible to satisfy,

the Sale and Purchase Agreement shall automatically be terminated with immediate effect and each Party's rights and obligations (other than certain provisions specified in the Sale and Purchase Agreement) shall cease immediately on termination, subject to the Parties doing all things necessary or desirable to restore the status quo ante between them (which, for the avoidance of doubt, shall include the re-transfer of the Foreign Participating Interests by the Purchaser to the Vendor in the event that any transfer to the Purchaser has been effected by Assignment Deed and/or Modification Agreement(s)) as soon as reasonably practicable and the Vendor refunding to the Purchaser the full amount of all monies paid by the Purchaser to the Vendor under the Sale and Purchase Agreement as soon as reasonably practicable and in any event no later than 10 Business Days after the Sale and Purchase Agreement is terminated. Such termination shall not affect the rights and obligations of the Vendor or the Purchaser existing before termination.

Completion

Completion shall take place at or before 3:00 p.m. on the Completion Date.

INFORMATION ON THE GROUP

The Group is principally engaged in the exploration, development, production and sale of oil, gas and other petroleum products. The Group is currently entitled to 90% participating interest in the foreign contractors' entitlement and obligations under the PSCs for the Daan oilfield. The Daan oilfield is situated in Jilin Province and is the Group's most productive oil field in the PRC. As at the date of this announcement, the Group has disposed of the entire issued share capital of Riyadh Energy Limited, which holds 90% of the participating interest in the foreign contractor's entitlement and obligations covering the Moliqing oilfield within the Jilin oilfield. Please refer to the announcement of the Company dated 4 December 2017 for details of, among others, the agreement in respect of the disposal.

In addition, the Group has a diverse producing, resource and infrastructure oil and gas asset throughout Western Canada and a working interest in the Niobrara shale oil and gas assets in the USA. The Group also participates as associates in the exploration, development and production of petroleum assets located in the Republic of Kazakhstan, Canada and the northern part of the South China in the PRC.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Currently, the Group is principally engaged the exploration and production of oil and gas in China, Kazakhstan and North America. With the ultimate goal of enhancing Shareholder value, the Group has been consistently seeking business opportunities to enhance its revenue streams and strengthen its financial position.

Daan oilfield situated in Jinlin Province is the Group's most productive oil field in China, contributing approximately 56.1% of the Group's total crude oil production in 2016. The Group currently possesses 90% participating interest in the foreign contractors' entitlement and obligations under the PSC for the Daan oilfield. As energy consumption in the PRC continues to increase and petroleum demand in the PRC remains strong and steady, the Group recognises the potential growth in revenue arising from consolidating the participating interest in the foreign contractors' entitlement under the PSC for the Daan oilfield. Upon Completion, the Group will become fully entitled to, among others, 100% participating interest in the foreign contractors' entitlement and obligations under the PSC for the Daan oilfield, which is expected to generate additional revenue to the Group from oil production.

Accordingly, the Directors consider that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to the fulfilment (or, as the case may be, waiver) of the conditions precedent under the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

"Acquisition"	the proposed acquisition of the Foreign Participating Interests by the Purchaser pursuant to the Sale and Purchase Agreement
"Assignment Deed(s)"	the deed(s) of assignment and assumption to be entered into between the Vendor and the Purchaser pursuant to which the Vendor shall assign the Foreign Participating Interests in relation to each of the PSCs to the Purchaser

"Board"	the board of Directors of the Company
"Business Day"	means a day (excluding Saturdays, Sunday or public holiday and any day on which a tropical cyclone warning signal no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "Black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. to 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"CNPC"	China National Petroleum Corporation, a company established in Beijing, the PRC
"Company"	MIE Holdings Corporation (stock code: 1555), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the sale and purchase of the Foreign Participating Interests in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the date on which Completion takes place which date shall be mutually agreed between the Parties and which shall fall within thirty Business Days after the date on which all the Conditions have been fulfilled or waived by the Purchaser (or on such other date as the Parties may agree in writing)
"Completion Documents"	the Assignment Deed(s), the Modification Agreement(s) and such other documentation which is necessary and has been agreed between the Vendor and the Purchaser as being required to give effect to the terms of the Sale and Purchase Agreement
"Condition(s)"	the conditions precedent to Completion as set out in the section headed "Conditions Precedent" of this announcement
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration of US$55.0 million payable by the Purchaser to the Vendor in relation to the Acquisition, subject to the terms and conditions of the Sale and Purchase Agreement
"Director(s)"	the director(s) of the Company

"Foreign Participating Interests"	the 10% participating interest in the foreign contractors' entitlement and obligations under the PSCs for each of the Daan oilfield and the Moliqing oilfield
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 March 2018 (or such later date as may be agreed in writing by the Vendor and the Purchaser)
"Material Adverse Change (or Effect)"	any change (or effect), the consequence of which has or had or is likely to have the effect of a diminution of at least US$100,000
"Modification Agreement(s)"	the modification agreement to the PSCs to be entered into between, amongst others, the Vendor, the Purchaser and CPNC pursuant to which the Vendor shall assign the Foreign Participating Interests in relation to each of the PSCs to the Purchaser
"Party(ies)"	the Vendor and the Purchaser are collectively the "Parties" and each a "Party"
"PRC"	the People's Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"PSCs"	the production sharing contracts entered into by, among others, the Vendor and CNPC, which govern production sharing of petroleum at the Daan oilfield and the Moliqing oilfield in Jinlin Province, the PRC, respectively, and the amendments thereto
"Purchaser"	MIE International Resources Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) of US$0.001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"USA" or "US"	the United States of America
"US$"	US dollars, the lawful currency of USA
"Vendor"	Global Oil Corporation, a company incorporated in Bahamas with limited liability
"Warranties"	means the representations, warranties and undertakings given by the Vendor contained in the Sale and Purchase Agreement
"%"	per cent

For the purpose of this announcement and for illustrative purpose only, US$ and RMB are converted into HK$ at the rate of HK$7.80 to US$1.00 and HK$1.1834 to RMB1.00. No representation is made that any amounts in US$ has been or could be converted at the above rates or at any other rates.

By Order of the Board of
MIE Holdings Corporation
Mr. Zhang Ruilin
Chairman

Hong Kong, 22 December 2017

As at the date of this announcement, the Board comprises (1) the executive Directors namely Mr. Zhang Ruilin and Mr. Zhao Jiangwei; (2) the non-executive Director namely Ms. Xie Na; and (3) the independent non-executive Directors namely Mr. Mei Jianping, Mr. Jeffrey Willard Miller and Mr. Guo Yanjun.