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MIE HOLDINGS CORPORATION

MI 能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1555)

SETTLEMENT OF TERMINATION FEE BY MEANS OF ISSUE OF SETTLEMENT SHARES UNDER GENERAL MANDATE

SETTLEMENT AGREEMENT

Reference is made to the Company's announcement dated September 16, 2014 in relation to the Termination Agreement (the "**2014 Announcement**"). Unless otherwise stated, capitalized terms used herein shall bear the same meanings as defined in the 2014 Announcement.

As at the date of this announcement, the Outstanding Termination Fee payable by the Company to Acap Limited amounted to approximately US\$6,830,000.

The Board wishes to announce that on December 11, 2015, the Company entered into the Settlement Agreement with Acap Limited, pursuant to which Acap Limited and the Company agreed that the Outstanding Termination Fee will be settled by the allotment and issue of 55,718,000 Settlement Shares to Acap Limited at the Issue Price of HK\$0.95 per Settlement Share (subject to the condition stated below).

Shareholders and potential investors should note that the Settlement Agreement and the allotment and issue of the Settlement Shares are subject to the fulfillment of the condition in the section headed "Condition precedent" below. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the Company's announcement dated September 16, 2014 in relation to the Termination Agreement (the "**2014 Announcement**"). Unless otherwise stated, capitalized terms used herein shall bear the same meanings as defined in the 2014 Announcement.

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SETTLEMENT AGREEMENT

The principal terms of the Settlement Agreement are set out below:

Date

December 11, 2015

Parties

- (1) The Company ; and
- (2) Acap Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Acap Limited and its ultimate beneficial owner are third parties independent of the Company and its Connected Persons (as defined under the Listing Rules).

The Settlement

Settlement Shares

55,718,000 Shares in aggregate.

The Settlement Shares represent (i) approximately 1.93% of the Shares in issue as at the date of this announcement; and (ii) approximately 1.90% of the Shares in issue as enlarged by the allotment and issue of the Settlement Shares.

As at the date of this announcement, Acap Limited and its associates do not own any Shares.

Issue Price

HK\$0.95 per Share, which represents:

- (i) a premium of approximately 7.95% to the closing price of HK\$0.88 per Share as quoted on the Stock Exchange on the date of the Settlement Agreement; and
- (ii) a premium of approximately 5.32% to the average closing price of approximately HK\$0.90 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Settlement Agreement.

The Issue Price was determined after arm's length negotiations between the Company and Acap Limited, with reference to the prevailing market price of the Shares.

Ranking and lock up of the Settlement Shares

Acap Limited has undertaken not to dispose 50% of the Settlement Shares for a period of four months from the Settlement Date (“**Lock Up**”). Save for this restriction on disposal, the Settlement Shares, when issued, will rank pari passu in all respects with the existing Shares then in issue (including the right to receive all dividends and other distributions declared, made or paid after the Settlement Date).

Condition precedent

The allotment and issue of Settlement Shares is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Settlement Shares.

Completion of the Settlement

Completion of the allotment and issue of Settlement Shares will take place on the second Business Day after the date on which the above-mentioned condition has been satisfied, on a date no later than December 31, 2015 or such other date as the Company and Acap Limited may agree in writing.

REASONS FOR AND BENEFITS OF THE SETTLEMENT AGREEMENT AND THE ALLOTMENT AND ISSUE OF THE SETTLEMENT SHARES

After taking account of (i) the amount of Outstanding Termination Fee; (ii) the current low oil price environment; and (iii) the intrinsic value of the share price of the Company, both the Company and Acap Limited have agreed to settle such outstanding amount by way of issue of the Settlement Shares, 50% of which are subject to the abovementioned Lock Up.

The Board is of the view that (i) the Settlement Agreement and the allotment and issue of the Settlement Shares are on normal commercial terms which are fair and reasonable; and (ii) the Settlement is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following fund raising activity has been carried out by the Company in the twelve months immediately prior to the date of this announcement:

Date of announcement	Event	Net proceeds raised (Approximately)	Intended use of proceeds	Actual use of proceeds
October 16, 2015	The Company allotted and issued 276,300,000 Shares at the price of HK\$0.90 per Share.	HK\$245,000,000	Intended to be used as general working capital and/or for potential acquisition(s) for the Group.	Used as intended

Save as disclosed above, the Company has not conducted any fund raising exercise during the past twelve months preceding the date of this announcement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out, for illustrative purposes only, the shareholding structure of the Company (i) as of the date of this announcement; and (ii) immediately after the allotment and issue of the Settlement Shares:

Shareholder	As of the date of this announcement		Immediately after completion of the Settlement	
	<i>Number of Shares</i>	<i>Approximate % of total Shares in issue</i>	<i>Number of Shares</i>	<i>Approximate % of total Shares in issue</i>
Celestial Energy Limited ¹	211,855,234	7.35%	211,855,234	7.21%
Champion International Energy Limited ²	399,070,000	13.84%	399,070,000	13.58%
Orient International Energy Limited ²	399,070,000	13.84%	399,070,000	13.58%
Power International Energy Limited ²	141,460,000	4.91%	141,460,000	4.81%
New Sun International Energy Limited ²	475,000,000	16.48%	475,000,000	16.16%
Acap Limited	—	—	55,718,000	1.90%
Mr. Zhang Ruilin ³	100,000	0.003%	100,000	0.003%
Public Shareholders	<u>1,256,323,559</u>	<u>43.58%</u>	<u>1,256,423,559</u>	<u>42.75%</u>
Total	<u><u>2,882,878,793</u></u>	<u><u>100.00%</u></u>	<u><u>2,938,596,793</u></u>	<u><u>100.00%</u></u>

Notes:

- (1) Celestial Energy Limited is beneficially interested in 211,855,234 Shares. Mr. Ho Chi Sing is the sole shareholder of Celestial Energy Limited. Pursuant to the put and call option agreement dated 8 November 2014 and entered into among Far East Energy Limited, Mr. Zhang Ruilin, Mr. Zhao Jiangwei, Ms. Zhang Jiangbo and Celestial Energy Limited, (i) a put option was granted by Far East Energy Limited to Celestial Energy Limited to sell up to 211,855,234 Shares; and (ii) a call option was granted by Celestial Energy Limited to Far East Energy Limited to purchase up to 84,742,094 Shares, on and subject to the terms and conditions therein.
- (2) Each of Champion International Energy Limited, Orient International Energy Limited, Power International Energy Limited and New Sun International Energy Limited is a wholly-owned subsidiary of Sunrise Glory Holdings Limited, which is in turn wholly-owned by Far East Energy Limited, the ultimate holding company of the Company. Far East Energy Limited is held as to 80%, 9.99% and 10% by Ms. Zhao Jiangbo, Mr. Zhang Ruilin and Mr. Zhao Jiangwei, respectively. On May 24, 2013, Ms. Zhao Jiangbo, Mr. Zhang Ruilin and Mr. Zhao Jiangwei have entered into an agreement pursuant to which each of them has agreed to act in concert in relation to all matters that require the decisions of the shareholders of Far East Energy Limited.
- (3) Mr. Zhang Ruilin is an executive Director and is beneficially interested in 100,000 Shares.

GENERAL MANDATE

The Settlement Shares will be allotted and issued under the General Mandate. As at the date of this announcement, 276,300,000 Shares have been allotted and issued by the Company under the General Mandate. Accordingly, the Settlement Shares to be allotted and issued share represent approximately 22.74% of the Shares that remain issuable under the General Mandate as at the date of this announcement. Therefore, the issue of Settlement shares is not subject to approval of the Shareholders.

GENERAL

The Group is an independent oil and gas group engaged in the exploration and production of oil and gas in China, Kazakhstan and USA.

The principal activity of Acap Limited is investment holding.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Settlement Shares on the Stock Exchange.

Shareholders and potential investors should note that the Settlement Agreement and the allotment and issue of the Settlement Shares are subject to the fulfillment of the condition in the section headed “Condition precedent” above. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on May 22, 2015 to allot, issue and otherwise deal with up to 521,315,758 Shares
“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 People’s Republic of China
“Issue Price”	HK\$0.95 per Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Termination Fee”	the outstanding amount of Termination Fee payable by the Company to Acap Limited pursuant to the Termination Agreement
“Settlement”	the settlement between the Company and Acap Limited on the terms of the Settlement Agreement
“Settlement Agreement”	the settlement agreement dated December 11, 2015 and entered into between the Company and Acap Limited in relation to the Settlement
“Settlement Date”	the date on which the Settlement Shares are allotted and issued by the Company to Acap Limited
“Settlement Shares”	an aggregate of 55,718,000 Shares of the Company to be issued to Acap Limited pursuant to the Settlement

“Share(s)”	ordinary share(s) of US\$0.001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement dated September 16, 2014 and entered into between the Company and Acap Limited to terminate the Co-invest Right in respect of Emir-Oil LLP
“US\$”	United State dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, December 11, 2015

As at the date of this announcement, the Board comprises (1) the executive Directors namely Mr. Zhang Ruilin, Mr. Zhao Jiangwei, Mr. Andrew Sherwood Harper, Mr. Tao Tak Yin Dexter and Mr. Tian Hongtao; (2) the non-executive Director namely Ms. Xie Na; and (3) the independent non-executive Directors namely Mr. Mei Jianping, Mr. Jeffrey W. Miller and Mr. Guo Yanjun.

Unless the context requires otherwise, amounts denominated in HK\$ have been converted into US\$ at an exchange rate of US\$1: HK\$7.75, for the purpose of illustration only. No representation is made that any amount in HK\$ or US\$ could have been or could be converted at the relevant dates at the above rate or at any other rates at all.