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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated December 31, 2012 (the “**Announcement**”), whereby, *inter alia*, Jilin Guotai, Guotai Technology and the Company entered into the Oilfield Services Agreement for a term of three years ending December 31, 2015, which constituted continuing connected transactions of the Company under the Listing Rules. As the Group will continue such transactions following the expiry of the current term ending December 31, 2015, the Company has entered into the Renewed Oilfield Services Agreement, details of which are described below.

On December 31, 2015, Jilin Guotai, Guotai Technology and the Company entered into the Renewed Oilfield Services Agreement for a term of three years ending December 31, 2018, pursuant to which Jilin Guotai and Guotai Technology agreed to provide, and procure that their respective subsidiaries provide, to the Group from time to time various oilfield services including well maintenance services, well logging services, fracturing services, oil tanker transportation services, oilfield construction related works and other oil operations related services, subject to the entering into of individual contracts as agreed between members of Jilin Guotai Group and members of the Group from time to time, pursuant to the Renewed Oilfield Services Agreement.

Jilin Guotai is owned as to 70% by Mrs. Zhang, the spouse of Mr. Zhang Ruilin, an executive Director, chairman and chief executive officer (“**Mr. Zhang**”) and as to 30% by Mr. Zhao Jiangwei, an executive Director and senior vice president of the Company (“**Mr. Zhao**”). Guotai Technology is a wholly-owned subsidiary of Jilin Guotai as at the date of this announcement. As such, Jilin Guotai, Guotai Technology and their respective subsidiaries are connected persons of the Company under the Listing Rules, by virtue of each being an associate of Mr. Zhang and Mr. Zhao.

Accordingly, the continuing transactions between the Group and Jilin Guotai, Guotai Technology and their respective subsidiaries constitute continuing connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the continuing connected transactions under the Renewed Oilfield Services Agreement are, on an annual basis, more than 0.1% but less than 5%, the Renewed Oilfield Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated December 31, 2012 (the “**Announcement**”), whereby, *inter alia*, Jilin Guotai, Guotai Technology and the Company entered into the Oilfield Services Agreement, for a term of three years ending December 31, 2015, which constituted continuing connected transactions of the Company under the Listing Rules. As the Group will continue such transactions following the expiry of the current term ending December 31, 2015, the Company has entered into the Renewed Oilfield Services Agreement, details of which are described below.

The Renewed Oilfield Services Agreement

Date: December 31, 2015

Parties: Jilin Guotai (on behalf of itself and its subsidiaries);
Guotai Technology (on behalf of itself and its subsidiaries); and
the Company (on behalf of itself and its subsidiaries).

Nature of transaction

Under the Renewed Oilfield Services Agreement, Jilin Guotai and Guotai Technology agreed to provide, and procure that their respective subsidiaries provide, and the Group agreed to utilize, from time to time various oilfield services including well maintenance services, well logging services, fracturing services, oil tanker transportation services, oilfield construction related works and other oil operations related services (the “**Oilfield Services**”), subject to the entering into of individual contracts as agreed between members of Jilin Guotai Group and members of the Group from time to time. In addition, the terms of the individual contracts between members of the Group and the members of Jilin Guotai Group are subject to review and approval of the joint management committee formed for the purpose of supervising the Group's petroleum operations and chaired by a chief representative designated by CNPC pursuant to each production sharing contract.

Effective period

The term of the Renewed Oilfield Services Agreement shall be from January 1, 2016 through December 31, 2018.

Pricing and payment

The service fees for the provision of the Oilfield Services will be based on normal commercial terms and negotiated on arm's length basis between the parties with reference to prevailing market rates, and shall be no less favourable than those offered by independent third parties to the Group.

Prior to entering into any service contract with Jilin Guotai Group, the relevant member of the Group will obtain prevailing market price in the open market and subsequently shortlist at least two suppliers via a tender process or other process (including requesting for fee quotations). It will then conduct an evaluation, taking into account the prevailing market price for the provision of the Oilfield Services and the relevant costs. In general, the relevant member of the Group will first consider the supplier with the lowest costs but will also take into consideration other non-cost factors, such as the demand and supply of Oilfield Services, as appropriate. If the demand exceeds supply, the delivery capability of the supplier will be the priority consideration, however if the supply exceeds demand, the costs will be the factor having priority consideration. After considering the above mentioned factors, the management of the relevant member of the Group will then decide on whether to enter into a purchase contract with Jilin Guotai Group.

Proposed Annual Caps

As disclosed in the Announcement, the proposed annual caps for the transactions under the Oilfield Services Agreement for the three years ending December 31, 2015 are RMB250.0 million, RMB280.0 million and RMB330.0 million, respectively. The aggregate service fees paid by the Group to Jilin Guotai, Guotai Technology and their respective subsidiaries for the two years ended December 31, 2014 and the six months ended 30 June 2015 were approximately RMB206.6 million, RMB243.3 million and RMB34.0 million, respectively.

The proposed annual caps for the transactions under the Renewed Oilfield Services Agreement are RMB99 million, RMB96 million and RMB82 million for the three years ending December 31, 2018, respectively. Such annual caps are determined by reference to the historical values of the transactions between the Group and members of Jilin Guotai Group for Daan and Moliqing production sharing contracts and the anticipated demand for such services by the Group taking into account the requirements of Daan and Moliqing production sharing contracts, which are primarily involved in oil and gas development and production in the PRC, respectively, and the business growth prospects of the Group.

REASONS FOR THE TRANSACTIONS

The Group is principally engaged in oil and gas exploration, development and production, and the Oilfield Services currently provided and to be provided under the Renewed Oilfield Services Agreement are therefore necessary and conducive to the operations of the Group. Jilin Guotai Group is one of the largest non-state owned oilfield service companies providing the oilfield services in Jilin Province. The Company believes that the rates offered by state-owned oilfield service companies in general are more expensive, and during peak periods, state-owned oilfield service companies normally give priority to state-owned oil companies. In the past, members of the Group had experienced difficulties in getting state-owned oilfield service companies to provide oilfield services during winter months, and sometimes even had to pay a premium to get these state-owned oilfield service companies to

provide the necessary service. On the other hand, Jilin Guotai Group has been reliable, providing high quality service to the Group in a timely manner upon the Group's request, even during peak periods, and at rates lower than those offered by state-owned oilfield service companies. The Directors, including the independent non-executive Directors, therefore are of the view that it is beneficial for the Group to continue cooperating with Jilin Guotai Group by securing its provision of the Oilfield Services via entering into the Renewed Oilfield Services Agreement. The Directors, including the independent non-executive Directors, consider that the transactions between Jilin Guotai and their subsidiaries and the Group were entered into after arm's length negotiations and are on normal commercial terms and that the terms of such transactions and the proposed annual caps described above are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

As both of Mr. Zhang and Mr. Zhao were considered as having a material interest in the Renewed Oilfield Services Agreement and the transactions contemplated thereunder, they have abstained from voting at the relevant board meeting in respect of the resolutions to approve the transactions.

IMPLICATIONS UNDER THE LISTING RULES

Mrs. Zhang is the spouse of Mr. Zhang, an executive Director, chairman and chief executive officer of the Company. Jilin Guotai is owned as to 70% by Mrs. Zhang and as to 30% by Mr. Zhao, an executive Director and senior vice president of the Company. Guotai Technology is a wholly-owned subsidiary of Jilin Guotai as at the date of this announcement. As such, Jilin Guotai, Guotai Technology and their respective subsidiaries are connected persons of the Company under the Listing Rules by virtue of each being an associate of Mr. Zhang and Mr. Zhao.

Accordingly, the continuing transactions between the Group and Jilin Guotai, Guotai Technology and their respective subsidiaries constitute continuing connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the continuing connected transactions under the Renewed Oilfield Services Agreement are, on an annual basis, more than 0.1% but less than 5%, the Renewed Oilfield Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under the Listing Rules.

INFORMATION OF THE GROUP, JILIN GUOTAI AND GUOTAI TECHNOLOGY

The Group is an independent oil and gas group engaged in the exploration and production of oil and gas in PRC, Kazakhstan and the United States of America.

Jilin Guotai is a company incorporated in the PRC. As at the date of this announcement, Jilin Guotai is one of the largest oilfield service providers in Songyuan, Jilin Province and is principally engaged in well maintenance, well logging, well cementing, fracturing, downhole operation, and processing and sale of drilling and extraction accessories. Guotai Technology is a company incorporated in the PRC and a wholly-owned subsidiary of Jilin Guotai as at the date of this announcement. It is primarily engaged in providing oilfield services focusing

on chemical enhanced oil recovery and plans to expand its scope of services to include well maintenance, well logging, well cementing, fracturing, downhole operation and processing and sale of drilling and extraction accessories.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CNPC”	China National Petroleum Corporation
“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
“Group”	the Company and its subsidiaries from time to time
“Guotai Technology”	Songyuan Guotai Petroleum Technology Service Company (松原市國泰石油科技服務有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Jilin Guotai as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than Mr. Zhang, Mr. Zhao and their respective associates
“Jilin Guotai”	Jilin Guotai Petroleum Development Company (吉林省國泰石油開發有限公司), a company incorporated in the PRC and held as to 70% by Mrs. Zhang and 30% by Mr. Zhao
“Jilin Guotai Group”	Jilin Guotai, Guotai Technology and their respective subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Oilfield Services Agreement”	the framework agreement dated December 31, 2012 entered into between Jilin Guotai, Guotai Technology and the Company under which Jilin Guotai and Guotai Technology agreed to provide, and procure that their respective subsidiaries provide, to the Group from time to time the Oilfield Services
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Taiwan, Hong Kong and the Macau Special Administrative Region
“Renewed Oilfield Services Agreement”	the framework agreement entered into on December 31, 2015 between Jilin Guotai, Guotai Technology and the Company, pursuant to which Jilin Guotai and Guotai Technology agreed to provide, and procure that their respective subsidiaries provide, to the Group from time to time the Oilfield Services
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of share(s) in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed to it under the Listing Rules

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

Hong Kong, December 31, 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.