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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)**

### **DISCLOSEABLE TRANSACTION**

#### **ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF PAN-CHINA RESOURCES LTD.**

On 21 November 2012, the Company and Sunwing entered into the Agreement, pursuant to which the Company agreed to purchase and Sunwing agreed to sell all of the issued and outstanding PCR Shares for a total purchase price of US\$45,000,000 (approximately HK\$351,000,000) (subject to adjustment).

Since the applicable percentage ratios of the PCR Acquisition exceed 5% but are less than 25%, the PCR Acquisition constitutes a discloseable transaction for the Company for the purposes of, and is subject to the reporting and announcement requirements under, Chapter 14 of the Listing Rules.

**Shareholders and potential investors should note that the PCR Acquisition is subject to a number of conditions precedent which may or may not be fulfilled. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

#### **THE AGREEMENT**

**Date:** 21 November 2012

**Parties:** (1) Sunwing as the seller  
(2) the Company as the purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sunwing and its ultimate beneficial owners are third parties independent of the Company and are not connected persons of the Company.

**Subject matter:**

Pursuant to the Agreement, the Company agreed to purchase and Sunwing agreed to sell all of the issued and outstanding PCR Shares for a total purchase price of US\$45,000,000 (approximately HK\$351,000,000). Such purchase price will be subject to adjustments of (i) working capital as at 30 September 2012; (ii) contributions declared or paid by PCR to Sunwing or its affiliates after 30 September 2012 and on or prior to the Closing Date; (iii) past costs incurred from 1998 to 2007 under the joint account that have been audited but subsequently rejected for cost recovery under the production sharing contract; and (iv) termination payment relating to certain contracts ("**Adjusted Purchase Price**").

**Consideration:**

The Adjusted Purchase Price shall be payable by the Company on the Closing Date to Sunwing, save that an amount of US\$5,000,000 (approximately HK\$39,000,000) will be held back for 180 days after the Closing Date to secure Sunwing's obligations under the Agreement.

The Consideration was determined after arm's length negotiations between the parties with reference to numerous considerations, including without limitation, the current production rate, cash flow, historical financial information of PCR and the potential to improve oil recovery factor by multi zone analysis, water flooding optimization and implementing infill drilling, horizontal well drilling and hydraulic-fracturing technologies.

The Company currently intends to fund the PCR Acquisition by internal resources and/or bank borrowings.

**Conditions:**

Closing is conditional upon, **among others**, the following conditions precedent:

- (a) Sunwing and the Company having performed or complied in all respects with all of the terms, covenants and conditions of the Agreement;
- (b) the respective representations and warranties of Sunwing and the Company remaining true and correct in all respects;
- (c) no suit, action or other proceeding, as of the Closing Date, be pending against any of the parties to the Agreement before any court or government authority seeking to restrain, prohibit, obtain damages or other relief in connection with the consummation of the transactions contemplated in the Agreement which would reasonably be expected to result in a material adverse effect of the Company or PCR or Sunwing;
- (d) no material adverse effect on PCR between the date of the Agreement and the Closing Date; and

- (e) the inter-company debt transactions having been completed to the satisfaction of the Company.

If any of the conditions precedent set out in the Agreement are not complied with and are not waived by relevant party on or before the Long Stop Date, the Agreement may be terminated in accordance with the terms thereof.

**Closing:**

Subject to all conditions precedent being fulfilled, Closing shall take place 30 days after the signing of the Agreement.

Upon Closing, PCR will become a wholly-owned subsidiary of the Company.

**Break Fee:**

If Closing does not occur on or before the Long Stop Date as a result of the Company's default, the Company shall pay Sunwing a break fee of US\$1,250,000 (approximately HK\$9,750,000) as liquidated damages to compensate Sunwing for its losses, damages, costs and expenses incurred in connection with the Agreement, and vice versa.

**INFORMATION ON PCR**

PCR is a corporation formed under the laws of the British Virgin Islands and a wholly-owned subsidiary of Sunwing. The principal business activity of PCR is oil and gas development and production operations in the PRC. Pursuant to a production sharing contract with PetroChina, PCR holds 100% participating interest in the foreign contractor's entitlement and obligations.

The production sharing contract, originally signed in 1997 with a maximum term of 30 years, has been in the commercial production phase since 2009, currently covering an area of 31.29 square kilometres named Kongnan block within Dagang oil field in Hebei province. PCR can conduct oil development and production operations in the contracted area and share in the production of crude oil with PetroChina after the successful development of oil reserves. Depending on whether the foreign contractor has fully recovered its development costs, the revenue and operating costs may be allocated to the foreign contractor in the range of 49% to 82%.

Based on data provided in Ivanhoe Energy Inc's annual report, PCR has proved reserves and probable reserves of 1,642 mbbbls and 822 mbbbls, respectively, as at 31 December 2011. For the nine months ended 30 September 2012, PCR produced 243,399 bbls (net) of oil or an average of 888 bbls per day (net).

The following is a map showing the Kongnan Block of Dagang Oilfield in Hebei province:

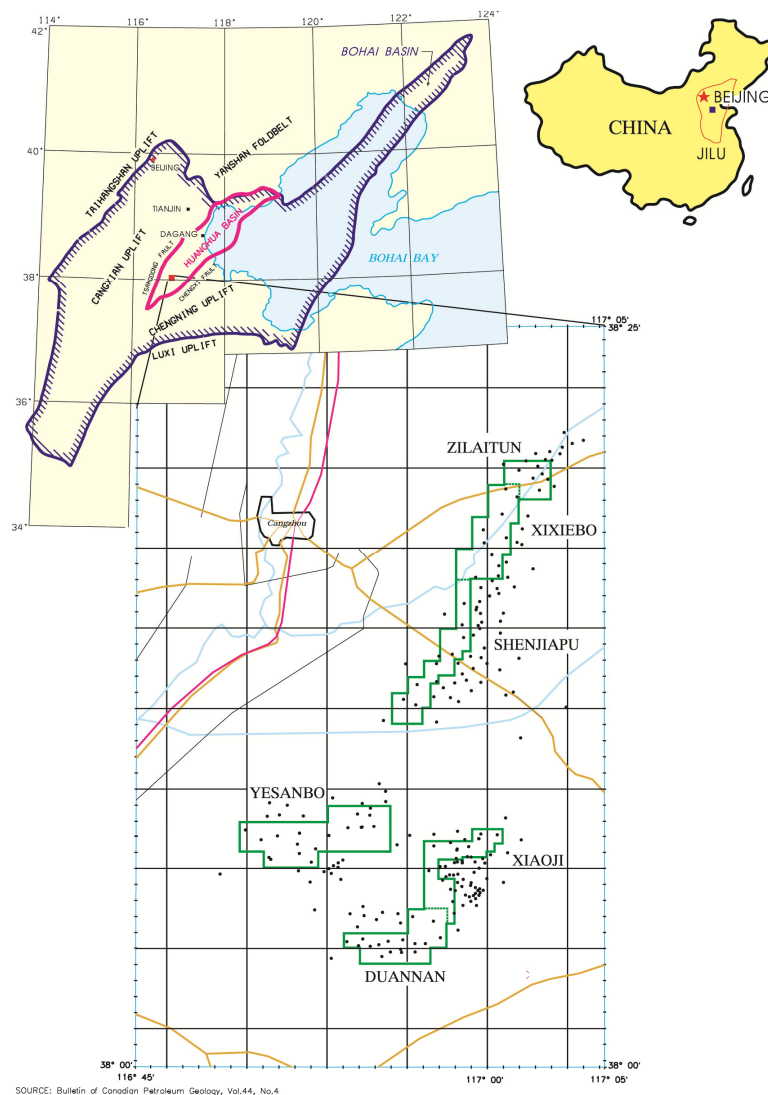


Figure 1 Location map of Kongnan Block

**Financial information of PCR:**

The unaudited net book values of PCR as at 31 December 2011 and 30 September 2012 were US\$19,681,822 (approximately HK\$153,518,212) and US\$28,096,148 (approximately HK\$219,149,954), respectively, based on International Financial Reporting Standards.

The unaudited net profits (both before and after taxation and extraordinary items) of PCR for the financial year ended 31 December 2011 were US\$11,818,801 (approximately HK\$92,186,648) and US\$9,617,902 (approximately HK\$75,019,636), respectively; and the unaudited net profits (both before and after taxation and extraordinary items) of PCR for the financial year ended 31 December 2010 were US\$4,428,745 (approximately HK\$34,544,211) and US\$4,404,109 (approximately HK\$34,352,050), respectively, based on International Financial Reporting Standards.

The unaudited earnings before interest, taxes, depreciation and amortization of PCR for the year ended 31 December 2011 and the nine months ended 30 September 2012 were US\$18,865,530 (approximately HK\$147,151,134) and US\$15,539,081 (approximately HK\$121,204,832), respectively, based on International Financial Reporting Standards.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE PCR ACQUISITION**

The Group is the largest independent upstream oil companies operating onshore in the PRC as measured by gross production under production sharing contracts. The Group pursues exploration, development and production opportunities in the PRC and internationally, both independently and in partnership with other major and independent oil companies. The PCR Acquisition allows the Company to leverage its position in the PRC to better develop and more efficiently produce under another production sharing contract with PetroChina.

The production sharing contract held by PCR is a low risk asset which is already in the cost recovery / profit share mode and generating good cash flow, with which any new investment can be quickly recovered with low risk. Through the PCR Acquisition, the Company obtains cash flow directly from a producing asset. Synergies can be realized since the Company can use its same high calibre management and technical teams which manages the Group's oil and gas production sharing contracts in the PRC to manage PCR's production sharing contract. The Company believes that it can provide more efficient reservoir management to mitigate production decline and improve recovery factor. With its international management team, advanced technology and local expertise, the Company is confident that it can increase oil production and lower operation expenses on unit barrel basis.

The Directors consider that the Agreement and the PCR Acquisition have been entered into on normal commercial terms and in the ordinary course of business, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## INFORMATION ON THE GROUP AND SUNWING

### Information on the Group:

The Company is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. As at the date of this announcement, the Group is principally engaged in oil and gas exploration, development, production in the PRC, Kazakhstan and the United States of America.

### Information on Sunwing:

Sunwing is a company incorporated in Bermuda with limited liability and is an indirect wholly-owned subsidiary of the Ivanhoe Energy Inc.. Sunwing is principally engaged in oil and gas exploration, development and production in the PRC and Mongolia.

## LISTING RULES IMPLICATIONS

Since the applicable percentage ratios of the PCR Acquisition exceed 5% but are less than 25%, the PCR Acquisition constitutes a discloseable transaction for the Company for the purposes of, and is subject to the reporting and announcement requirements under, Chapter 14 of the Listing Rules.

**Shareholders and potential investors should note that the PCR Acquisition is subject to a number of conditions precedent which may or may not be fulfilled. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Agreement”	the share purchase and sale agreement dated 21 November 2012 entered into between Sunwing and the Company in respect of the PCR Acquisition
“bbl(s)”	barrels
“Board”	the board of Directors
“Closing”	closing of the PCR Acquisition
“Closing Date”	the date of Closing, being the 30th day after the date of the Agreement or such other date as is mutually agreed in writing by Sunwing and the Company or as determined pursuant to the Agreement

<b>“Company”</b>	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
<b>“connected person(s)”, “subsidiary(ies)”</b>	each has the meaning ascribed to it in the Listing Rules
<b>“Consideration”</b>	US\$45,000,000 (equivalent to approximately HK\$351,000,000) (subject to adjustment), being the total purchase price payable by the Company to Sunwing for the PCR Acquisition
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Long Stop Date”</b>	the 180 <sup>th</sup> day after the date of the Agreement (or such other date as agreed in writing by Sunwing and the Company)
<b>“mbbl(s)”</b>	thousand barrel(s)
<b>“PCR”</b>	Pan-China Resources Ltd., a corporation formed under the laws of the British Virgin Islands and a wholly-owned subsidiary of Sunwing
<b>“PCR Acquisition”</b>	the acquisition of all of the issued and outstanding PCR Shares from Sunwing by the Company pursuant to the terms and conditions of the Agreement
<b>“PCR Shares”</b>	shares in PCR
<b>“PetroChina”</b>	PetroChina Company Limited, an independent third party
<b>“PRC”</b>	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
<b>“Shares”</b>	shares of the Company
<b>“Shareholders”</b>	the shareholders of the Company from time to time

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunwing”	Sunwing Energy Limited, a corporation formed under the laws of Bermuda and an indirect wholly-owned subsidiary of Ivanhoe Energy Inc.
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent.

*Unless otherwise specified in this announcement, amounts denominated in US\$ have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of US\$1.00 = HK\$7.80. The exchange rate does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.*

**By order of the Board**

Zhang Ruilin  
Chairman

Hong Kong, 21 November 2012

*As at the date of this announcement, the Board comprises (1) the executive directors namely Mr Zhang Ruilin, Mr Zhao Jiangwei, Mr Forrest Lee Dietrich and Mr Allen Mak; (2) the non-executive director namely Mr Wang Sing (Mr Tsang Chi Kin is alternate to Mr Wang Sing) and; (3) the independent non-executive directors namely Mr Mei Jianping, Mr Jeffrey W. Miller and Mr Cai Rucheng.*