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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 section headed “Relationship with Controlling Shareholders and Connected Transactions” in the prospectus of the Company dated 1 December 2010 (the “**Prospectus**”), where it was disclosed, *inter alia*, that (A) Jilin Guotai and the Company entered into the Oilfield Services Agreement and (B) Ms. Zhao Jiangbo (“**Mrs. Zhang**”) and the Company entered into the Vehicle Rental Agreement, both for a term of three years ending 31 December 2012, 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 31 December 2012, the Company has entered into the Renewed Oilfield Services Agreement and Renewed Vehicle Rental Agreement, details of which are described below.

On 31 December 2012, Jilin Guotai, Guotai Technology and the Company entered into the Renewed Oilfield Services Agreement for a term of three years ending 31 December 2015, 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, vice chairman 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 and Guotai Technology are connected persons of the Company under the Listing Rules, by virtue of being an associate of Mr. Zhang and Mr. Zhao.

On 31 December 2012, Mrs. Zhang and the Company entered into the Renewed Vehicle Rental Agreement for a term of three years ending 31 December 2015, pursuant to which Mrs. Zhang agreed to rent to the Group from time to time a number of vehicles for the purpose of the day-to-day business operations of the Group, subject to the entering into of individual contracts as agreed between Mrs. Zhang and the Group from time to time, pursuant to the Renewed Vehicle Rental Agreement.

Mrs. Zhang is the spouse of Mr. Zhang, an executive Director, chairman and chief executive officer of the Company, and is an associate of Mr. Zhang and therefore a connected person of the Company under the Listing Rules.

Accordingly, the continuing transactions between the Group and Jilin Guotai, Guotai Technology and their respective subsidiaries, and between the Group and Mrs. Zhang 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 5%, the Renewed Oilfield Services Agreement and the transactions contemplated thereunder constitute non-exempt continuing connected transactions and are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under the Listing Rules.

The approval of the Independent Shareholders in respect of the Renewed Oilfield Services Agreement and the transactions contemplated thereunder will be sought at the AGM, which is expected to be held in May 2013, by way of poll. Mr. Zhang and Mr. Zhao and their respective associates will abstain from voting in respect of the Renewed Oilfield Services Agreement and the transactions contemplated thereunder at the AGM. A circular containing, *inter alia*, details of the Renewed Oilfield Services Agreement, the recommendation of the Independent Board Committee as well as the advice of the independent financial adviser to be appointed in relation to the Renewed Oilfield Services Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 22 January 2013.

As one or more of the applicable percentage ratios in respect of the continuing connected transactions under the Renewed Vehicle Rental Agreement are, on an annual basis, more than 0.1% and less than 5%, the Renewed Vehicle Rental 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 section headed "Relationship with Controlling Shareholders and Connected Transactions" in the Prospectus, where it was disclosed, *inter alia*, that (A) Jilin Guotai and the Company entered into the Oilfield Services Agreement and (B) Ms. Zhang and the Company entered into the Vehicle Rental Agreement, both for a term of three years ending 31 December 2012, 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 31 December 2012, the Company has entered into the Renewed Oilfield Services Agreement and Renewed Vehicle Rental Agreement, details of which are described below.

(A) The Renewed Oilfield Services Agreement

Date: 31 December 2012

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 utilise, 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 1 January 2013 through 31 December 2015.

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.

Proposed Annual Caps

As disclosed in the Prospectus, the annual caps in respect of transactions under the Oilfield Services Agreement for the three years ending 31 December 2012 are RMB130.0 million, RMB169.0 million and RMB202.8 million, respectively. The aggregate service fees paid by the Group to Jilin Guotai, Guotai Technology and their respective subsidiaries for the two years ended 31 December 2011 and the six months ended 30 June 2012 were approximately RMB108.6 million, RMB163.3 million and RMB90.6 million, respectively.

The proposed annual caps for the transactions under the Renewed Oilfield Services Agreement are RMB250.0 million, RMB280.0 million and RMB330.0 million for the three years ending 31 December 2015, 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, Moliqing and Miao 3 production sharing contracts and the anticipated demand for such services by the Group taking into account the requirements of Daan, Moliqing and Miao 3 production sharing contracts and the recent acquisitions of PCR and Sino Gas, which are primarily involved in oil and gas development and production and the exploration of unconventional gas assets in the PRC, respectively, and the business growth prospects of the Group.

(B) The Renewed Vehicle Rental Agreement

Date: 31 December 2012

Parties: Mrs. Zhang; and

the Company (on behalf of itself and its subsidiaries).

Nature of transaction

Under the Renewed Vehicle Rental Agreement, Mrs. Zhang agreed to rent to the Company, and the Company agreed to rent from Mrs. Zhang, a number of vehicles for the purpose of the day-to-day business operations of the Group, subject to the entering into of individual contracts as agreed between Mrs. Zhang and the Group from time to time, pursuant to the Renewed Vehicle Rental Agreement.

Effective period

The term of the Renewed Vehicle Rental Agreement shall be from 1 January 2013 through 31 December 2015.

Pricing and payment

The rental fees for the vehicles 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.

Proposed Annual Caps

As disclosed in the Prospectus, the annual caps in respect of transactions under the Vehicle Rental Agreement for the three years ending 31 December 2012 are RMB4.5 million, RMB5.0 million and RMB5.5 million, respectively. The aggregate rental fees paid by the Group to Mrs. Zhang for the two years ended 31 December 2011 and the six months ended 30 June 2012 were approximately RMB3.3 million, RMB3.5 million and RMB1.9 million, respectively.

The proposed annual caps for the transactions under the Renewed Vehicle Rental Agreement are RMB4.1 million, RMB4.6 million and RMB5.1 million for the three years ending 31 December 2015 respectively. Such annual caps are determined by reference to the historical values of the transactions between Mrs. Zhang and the Group, and the expected increase in demand for vehicles to be rented by the Group from Mrs. Zhang taking into account 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 in 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 (other than the independent non-executive Directors of the Independent Board Committee whose views will be included in the circular) 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 (other than the independent non-executive Directors of the Independent Board Committee whose views will be included in the circular), consider that the transactions between Jilin Guotai, Guotai Technology and their respective 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.

Regarding the Renewed Vehicle Rental Agreement, Mrs. Zhang has been regularly leasing a substantial number of vehicles, being private passenger cars, to the Group since 2008. In general, the vehicle rental rates and terms provided by Mrs. Zhang are more competitive than those offered by other vehicle leasing companies. Considering the long-term relationship that the Group has with Mrs. Zhang and the more attractive vehicle rental rates and terms, the Company is of the view that it would be more convenient to continue to directly lease vehicles from Mrs. Zhang. The Directors, including the independent non-executive Directors, consider that the transactions between Mrs. Zhang and the Company under the Renewed Vehicle Rental Agreement 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 Mr. Zhang and Mr. Zhao, both of whom were considered as having a material interest in the Renewed Oilfield Services Agreement, the Renewed Vehicle Rental 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, vice chairman 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, Mrs. Zhang, Jilin Guotai, Guotai Technology and their respective subsidiaries are connected persons of the Company under the Listing Rules by virtue of being associates of Mr. Zhang and/or Mr. Zhao.

Accordingly, the continuing transactions between the Group and Jilin Guotai, Guotai Technology and their respective subsidiaries, and between the Group and Mrs. Zhang 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 5%, the Renewed Oilfield Services Agreement and the transactions contemplated thereunder constitute non-exempt continuing connected transactions and are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under the Listing Rules.

The approval of the Independent Shareholders in respect of the Renewed Oilfield Services Agreement and the transactions contemplated thereunder will be sought at the AGM, which is expected to be held in May 2013, by way of poll. Mr. Zhang and Mr. Zhao and their respective associates will abstain from voting in respect of the Renewed Oilfield Services Agreement and the transactions contemplated thereunder at the AGM. A circular containing, inter alia, details of the Renewed Oilfield Services Agreement, the recommendation of the Independent Board Committee as well as the advice of the independent financial adviser to be appointed in relation to the Renewed Oilfield Services Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 22 January 2013.

Prior to obtaining approval from the Independent Shareholders at the AGM, the Company will closely monitor the aggregate value of the transactions under the Renewed Oilfield Services Agreement to ensure that the applicable percentage ratios in respect of such transactions fall within 5%. Various control mechanisms have been adopted by the Company to ensure that the applicable percentage ratios in respect of such transactions fall within 5%. Such mechanisms include generating monthly forecasts and monthly reports to monitor the aggregate value of such transactions, imposing a lower percentage threshold as an internal cap whereby a warning signal will be issued and preventive measures will be taken immediately if the internal cap will be reached. In the event that the Independent Shareholders do not approve the Renewed Oilfield Services Agreement and the transactions contemplated thereunder at the AGM, the Company will ensure that the annual transaction amounts of such transactions fall within the 5% threshold and will make announcement to inform the Shareholders and the investor public as and when necessary.

As one or more of the applicable percentage ratios in respect of the continuing connected transactions under the Renewed Vehicle Rental Agreement are, on an annual basis, more than 0.1% and less than 5%, the Renewed Vehicle Rental 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 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 and production in the 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

“AGM”	the annual general meeting of the shareholders of the Company, which is expected to be convened in or around May 2013, to approve, among other things, the Renewed Oilfield Services Agreement and the transactions contemplated thereunder
“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”	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 Board Committee”	the independent board committee of the Company to be formed, comprising all the independent non-executive Directors, to consider the terms of the Renewed Oilfield Services Agreement and the transactions contemplated thereunder
“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 23 November 2010 entered into between Jilin Guotai and the Company under which Jilin Guotai agreed to provide to the Company 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
“PCR”	Pan-China Resources Ltd., a corporation formed under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“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 31 December 2012 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

“Renewed Vehicle Rental Agreement”	the framework agreement entered into on 31 December 2012 between Mrs. Zhang and the Company, pursuant to which Mrs. Zhang agreed to rent to the Group from time to time a number of vehicles for the purpose of the day-to-day business operations of the Group
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Sino Gas”	Sino Gas & Energy Limited (ACN 115 316 599), a public limited liability company incorporated under the laws of Perth, Australia
“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
“Vehicle Rental Agreement”	the framework agreement dated 23 November 2010 entered into between Mrs. Zhang and the Company, pursuant to which Mrs. Zhang agreed to rent to the Group from time to time a number of vehicles for the purpose of the day-to-day business operations of the Group

By order of the Board
Zhang Ruilin
Chairman

Hong Kong, 31 December 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.