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## **ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED**

**能源國際投資控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 353)**

### **DISCLOSEABLE TRANSACTION**

The Board is pleased to announce that on 24 June 2022, Mid-Ocean (for and on behalf of the Purchaser), the Vendor and the Target Company entered into the Acquisition Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the Acquired Interest for the total cash consideration of RMB86,000,000 (HK\$100,703,000).

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

### **INTRODUCTION**

The Board is pleased to announce that on 24 June 2022, Mid-Ocean (for and on behalf of the Purchaser), the Vendor and the Target Company entered into the Acquisition Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the Acquired Interest for the total cash consideration of RMB86,000,000 (HK\$100,703,000).

\* For identification purpose only

# THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are as follows:

## Date

24 June 2022

## Parties

- (i) Mid-Ocean (for and on behalf of the Purchaser);
- (ii) The Vendor; and
- (iii) The Target Company.

Mid-Ocean is an indirect wholly-owned subsidiary of the Company principally engaged in investment holding and an existing equity holder of the Target Company owning 25.83% of its registered capital or 46.67% of its voting right prior to the Acquisition. The Purchaser will be a wholly-owned subsidiary of Mid-Ocean to be established in the PRC with limited liability.

The Vendor is a company established in the PRC with limited liability, whose scope of business includes the wholesale of metallic equipment, building materials and petrochemical products. According to the information provided by the Vendor, the registered capital of the Vendor is owned as to 100% by Mr. Liu Kai (劉凱), a PRC national and merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner (i.e. Mr. Liu) is an Independent Third Party.

## The Target Company

The Target Company is a company established in the PRC with limited liability with a registered capital of RMB403,040,036 (HK\$471,944,000) as at the date of this announcement. The principal business activities of the Target Company are the ownership and operation of the Group's oil and liquefied chemical terminal, storage and logistics facilities (the "**Port and Storage Facilities**") situated at Dongying Port, Shandong Province, the PRC. The Target Company is an indirect non-wholly owned subsidiary of the Group, whether before or after the Acquisition.

Further details regarding the financial information of the Target Company are set out in the section headed "Financial Information of the Target Company" in this announcement.

## **Subject of the Acquisition**

Pursuant to the Acquisition Agreement, the Purchaser agreed to purchase, and the Vendor agreed to sell, the Acquired Interest for the total consideration of RMB86,000,000 (HK\$100,703,000) which shall be payable by the Purchaser to the Vendor in cash or by way of bank transfer within 30 days after the signing of the Acquisition Agreement.

Completion is not subject to any condition precedent and shall be deemed to take place when the official records of the business registration are updated to reflect the change of equity holder. Based on the information provided by the Vendor, the Acquired Interest is not subject to any pledge, charge, encumbrance of other types of third party right, nor is the equity transfer contemplated by the Acquisition subject to the obtaining of consent from any third party. The parties shall use their best endeavours to proceed to Completion within 45 days after the signing of the Acquisition Agreement.

## **The Acquired Interest**

The Target Company has been a subsidiary of the Group since December 2015. The Acquired Interest represents RMB18,958,403 of the registered capital of the Target Company, representing 8.50% of the voting right and right to profit-based variable dividend, which was originally subscribed by the Vendor (the “**Vendor Subscription**”) at the investment cost of RMB70 million (HK\$82 million) (the “**Original Investment Cost**”) in September 2019. The Original Investment Cost was determined through arm’s length negotiations between the Vendor and the Target Company and on normal commercial terms or better to the Company by reference to the fair value of the investment properties of the Port and Storage Facilities and relevant assets as recorded in the Group’s financial statements, less the relevant project liabilities prevailing at the relevant time (collectively, the “**Project Value**”).

## **Consideration**

The Consideration for the Acquisition of RMB86,000,000 (HK\$100,703,000) was arrived at after arm’s length negotiations between the Group and the Vendor, taking into account the prevailing Project Value. The Consideration is to be funded from the internal financial resources of the Group.

## **Voting right, dividend and return of capital**

The equity holding in the Target Company represented by the Acquired Interest carries normal voting right, profit-based variable dividend and normal right to return of capital whether before or after the Acquisition.

## **Other Equity Holders of the Target Company**

Before the Acquisition, the equity holders of the Target Company include: Mid-Ocean (an indirect wholly-owned subsidiary of the Company), Shandong Shuntai Port Services Co., Ltd.\* (山東順泰港務有限公司) (“**Shuntai Port**”), Qingdao Hetaida Building Works Co., Ltd.\* (青島和泰達建築工程有限公司) (“**Hetaida**”), Qingdao Hongtaihe Construction Works Co., Ltd.\* (青島鴻泰合建設工程有限公司) (“**Hongtaihe**”) and the Vendor. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Shuntai Port, Hetaida, Hongtaihe, the Vendor and their respective ultimate beneficial owners is a third party independent of and not connected with the Company and its connected persons.

On 26 September 2019, Mid-Ocean and Shuntai Port entered into a concert party agreement (the “**Concert Party Agreement**”), pursuant to which Shuntai Port irrevocably undertook to vote in accordance with the Group’s decisions at shareholders’ meetings of the Target Company.

The entering into of the Acquisition Agreement and the completion of the Acquisition were expressly consented to by the other equity holders of the Target Company. Hongtaihe and Hetaida have agreed to continue to be bound by the special features of the equity subscribed by them (the “**Shandong Preferred Shares**”) including: (a) non-voting; (b) carrying no right to profit-based variable dividend but a fixed dividend (the “**Fixed Rate Dividend**”) at the rate of 8% per annum calculated by reference to the original issue price of the relevant equity (the “**Original Issue Price**”); and (c) carrying no right in the return of capital over the Original Issue Price (“**Return of Surplus Capital**”). In addition, Shuntai Port has agreed to continue to follow the Group’s voting direction as agreed under the Concert Party Agreement.

## SHAREHOLDING OF THE TARGET COMPANY BEFORE AND AFTER THE ACQUISITION

The registered capital and voting rights of the Target Company immediately before and after the Completion of the Acquisition are summarised as follows:

	Before Acquisition			After Acquisition		
	Registered capital (RMB)	Equity proportion (%)	Voting right (%)	Registered capital (RMB)	Equity proportion (%)	Voting right (%)
<b>The Group:</b>						
Mid-Ocean (Note 1)	104,081,633	25.83	46.67	104,081,633	25.83	46.67
Purchaser	–	–	–	18,958,403	4.70	8.50
<b>Sub-total:</b>	<b>104,081,633</b>	<b>25.83</b>	<b>46.67</b>	<b>123,040,036</b>	<b>30.53</b>	<b>55.17</b>
<b>Party acting in concert with the Group:</b>						
Shuntai Port (Note 1)	100,000,000	24.81	44.83	100,000,000	24.81	44.83
<b>Sub-total of concert group:</b>	<b>204,081,633</b>	<b>50.64</b>	<b>91.50</b>	<b>223,040,036</b>	<b>55.34</b>	<b>100.00</b>
<b>Other shareholders:</b>						
Vendor (Note 1)	18,958,403	4.70	8.50	–	–	–
Hongtaihe (Note 2)	90,000,000	22.33	–	90,000,000	22.33	–
Hetaida (Note 2)	90,000,000	22.33	–	90,000,000	22.33	–
<b>Total:</b>	<b>403,040,036</b>	<b>100.00</b>	<b>100.00</b>	<b>403,040,036</b>	<b>100.00</b>	<b>100.00</b>

Notes:

- In 2019, the Vendor subscribed for new equity in the capital of the Target Company, resulting in the decrease of the Group's equity holding in the Target Company from 51% to approximately 46.67%. At completion of the Vendor Subscription on 26 September 2019, Mid-Ocean and Shuntai Port entered into the Concert Party Agreement, pursuant to which Shuntai Port irrevocably undertook to vote in accordance with the Group's decisions at shareholders' meetings of the Target Company. Therefore, although the Group owned less than 50% of the equity interests in the Target Company between the Vendor Subscription and this Acquisition, the Target Company has always remained as a subsidiary of the Company and its results has always been consolidated in the Group's financial statements.

2. The equity holding in the Target Company held by Mid-Ocean, Shuntai Port, the Vendor (before this Acquisition) and the Purchaser (after this Acquisition) carries normal voting right, profit-based variable dividend and normal right to return of capital. The equity holding in the Target Company held by Hongtaihe and Hetaida, i.e., the Shundong Preferred Shares, carry no voting right, the Fixed Rate Dividend (instead of the profit-based variable dividend) and no right to the Return of Surplus Capital beyond their respective original issue price.

## **FINANCIAL INFORMATION OF THE TARGET COMPANY**

Based on the unaudited PRC management accounts of the Target Company, (a) the total assets and net assets of the Target Company as at 31 December 2021 amounted to approximately RMB1,033,103,000 (HK\$1,209,722,000) and RMB455,714,000 (HK\$533,623,000), respectively; (b) for the twelve months ended 31 December 2021, the Target Company recorded revenue, net profit before and after tax of approximately RMB629,292,000 (HK\$736,876,000) and RMB12,554,000 (HK\$14,700,000), respectively; and (c) for the twelve months ended 31 December 2020, the Target Company recorded revenue, net loss before and after tax of approximately RMB354,233,000 (HK\$414,793,000) and RMB809,000 (HK\$947,000), respectively.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is an investment holding company and the principal activities of the Company's subsidiaries include oil and liquefied chemical terminal (together with its storage and logistics facilities) and insurance brokerage services.

The Target Company owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-years' period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066, respectively. The Target Company has completed the construction and commenced leasing of its Port and Storage Facilities since 2017, with full commercial operation having been achieved in May 2018. The Directors are of the view that the Acquisition represents a suitable opportunity for the Group to increase its shareholding stake in the Target Company.

The Directors (including the independent non-executive Directors) consider that the entering into of the Acquisition and the terms and conditions of the Acquisition Agreement (including the consideration) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. No Director has any material interest in the Acquisition or is required to abstain from voting on the Board's decision regarding the Acquisition.

## **IMPLICATIONS UNDER THE LISTING RULES**

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

## **DEFINITIONS**

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

“Acquired Interest”	RMB18,958,403 of the registered capital of the Target Company representing 8.50% of the voting right and right to profit-based variable dividend, proposed to be acquired by the Purchaser (as nominee of Mid-Ocean) from the Vendor under the Acquisition
“Acquisition”	the proposed acquisition of the Acquired Interest by the Purchaser (as nominee of Mid-Ocean) from the Vendor pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the equity transfer contract entered into between Mid-Ocean (for and on behalf of the Purchaser), the Vendor and the Target Company on 24 June 2022 in relation to the Acquisition
“Board”	the board of Directors
“Company”	Energy International Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and whose shares are listed on the Main Board of the Stock Exchange with stock code 353

“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Acquisition in the amount of RMB86,000,000 (HK\$100,703,000)
“Director(s)”	the director(s) of the Company
“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
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mid-Ocean”	Mid-Ocean Hong Kong Investment Limited (中海香港投資有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Purchaser”	a company to be established in the PRC with limited liability and a direct wholly-owned subsidiary of Mid-Ocean
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Target Company”	山東順東港務有限公司 (Shandong Shundong Port Services Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Group
“Vendor”	山東不凡商貿有限公司 (Shandong Bufan Trading Co. Ltd.*) (formerly known as 青島天利佳商貿有限公司 Qingdao Tianlijia Commerce Co., Ltd.*), a company established in the PRC with limited liability
“%”	per cent

*For the purpose of this announcement, for the illustration purposes only, amounts denominated in RMB have been translated into HK\$ at an exchange rate of HK\$1.00 = RMB0.854. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.*

By order of the Board  
**Energy International Investments Holdings Limited**  
**Cao Sheng**  
*Chairman*

Hong Kong, 24 June 2022

*As at the date of this announcement, the executive Directors are Mr. Cao Sheng (Chairman), Mr. Liu Yong (Chief Executive Officer), Mr. Chan Wai Cheung Admiral, Mr. Lan Yongqiang and Mr. Shi Jun; and the independent non-executive Directors are Mr. Tang Qingbin, Mr. Wang Jinghua and Mr. Fung Nam Shan.*