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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all of your shares in MIE Holdings Corporation, you should at once hand this circular to the purchaser or the transferee or the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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MIE HOLDINGS CORPORATION

MI能源控股有限公司

(In Provisional Liquidation)

(For the Purposes of Presenting a Compromise or Arrangement to Creditors)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1555)

**(1) CONTINUING CONNECTED TRANSACTIONS —
RENEWAL OF 2018 OILFIELD SERVICES AGREEMENT;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 12 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 13 to 14 of this circular. A letter from China Galaxy containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 26 of this circular.

A notice convening the EGM to be held at Units 5906–5912, 59/F, The Center, 99 Queen's Road Central, Central, Hong Kong, on Tuesday, February 8, 2022 at 10:00 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.mienergy.com.cn>).

Whether or not you are able to attend and vote at the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 10:00 a.m. on Sunday, February 6, 2022 (Hong Kong time). Completion and return of the form of proxy as instructed will not preclude you from attending and voting in person at the EGM if you so wish.

January 19, 2022

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PRECAUTIONARY MEASURES FOR THE EGM

In view of the recent development of the COVID-19 pandemic and the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) (the “**Regulation**”), the Company will implement the following precautionary measures at the EGM to ensure the safety of the Shareholders and participants attending the EGM:

- (i) There will be compulsory body temperature screening for all attendees of the EGM before entering the EGM venue. Any person with a temperature of over 37.3 degrees Celsius will be required to stay in an isolated place for completing the voting procedures.
- (ii) All attendees of the EGM will be required to wear surgical face masks before they are permitted to attend, and during their attendance of, the EGM. Please note that no masks will be provided at the EGM and attendees should bring and wear their own masks. Attendees are advised to maintain appropriate social distance with each other at all times when attending the EGM. Hand sanitizer will be provided.
- (iii) No refreshment or drinks will be provided, and there will be no corporate gift.
- (iv) Attendees will be accommodated in separate partitioned rooms or areas of not more than 20 persons (or such number as may be allowed under the Regulation) each.

The Shareholders are requested (a) to consider carefully the risk of attending the EGM, which will be held in an enclosed environment; (b) to follow the guidelines or requirements of the Hong Kong government relating to COVID-19 pandemic in deciding whether or not to attend the EGM; and (c) not to attend the EGM if they have contracted or are suspected to have contracted COVID-19 pandemic or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19 pandemic.

The Company strongly recommends the Shareholders to appoint the chairman of the EGM as his/her proxy to vote on the resolution, instead of attending the EGM in person. The Shareholders who prefer not to attend or are restricted from attending the EGM, may still vote by proxy and are advised to take note of the last date and time for the lodgement of the proxy form.

Subject to the development of COVID-19 pandemic, the Company may implement further precautionary measures for its EGM. The Company will announce relevant changes to any measures prior to the EGM, if necessary.

The EGM will commence at 10:00 a.m., and the Shareholders are encouraged to arrive at the EGM venue at least half an hour prior to the meeting commencement time to avoid delays from precautionary measures mentioned above in the registration process.

DEFINITIONS

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

“2018 Announcement”	the announcement of the Company dated December 6, 2018 in relation to, inter alia, the 2018 Oilfield Services Agreement
“2018 Circular”	the circular of the Company dated December 31, 2018 in relation to, inter alia, the 2018 Oilfield Services Agreement and the notice of the extraordinary general meeting of the Company held on January 18, 2019
“2018 Oilfield Services Agreement”	the framework agreement dated December 6, 2018 entered into between the Company, Jilin Guotai, Guotai Technology and Jilin Guotai Drilling Engineering Technology Service Company* (吉林國泰鑽採工程技術服務有限責任公司), under which Jilin Guotai and Guotai Technology had agreed to provide, and procure that their respective subsidiaries to provide, to the Group from time to time the Oilfield Services
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Galaxy” or “Independent Financial Adviser”	China Galaxy International Securities (Hong Kong) Co., Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions and the Proposed Annual Caps
“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
“Continuing Connected Transactions”	the Renewed Oilfield Services Agreement and the transactions contemplated thereunder
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held at Units 5906–5912, 59/F, The Center, 99 Queen’s Road Central, Central, Hong Kong, on Tuesday, February 8, 2022 at 10:00 a.m. or any adjournment thereof, to consider and, if thought fit, approve the Continuing Connected Transactions and the Proposed Annual Caps, the notice of which is set out on pages EGM-1 to EGM-3 of this circular
“Estimated 2021 Transaction Amount”	approximately RMB124.6 million, being the amount under the 2018 Oilfield Services Agreement for the year ending December 31, 2021 calculated by annualizing the 10 months ended October 31, 2021 of approximately RMB103.8 million
“Group”	the Company and its subsidiaries
“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 circular
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, namely, Mr. Mei Jianping, Mr. Liu Ying Shun, Ms. So Tsz Kwan, Mr. Guo Yanjun and Mr. Ai Min, to consider the terms of the Continuing Connected Transactions and the Proposed Annual Caps
“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 as at the date of this circular
“Jilin Guotai Group”	Jilin Guotai and Guotai Technology and their respective subsidiaries from time to time
“JMC”	has the meaning ascribed to it in the section headed “Renewed Oilfield Services Agreement — Nature of transaction” in this circular

DEFINITIONS

“Latest Practicable Date”	14 January, 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Ruilin, an executive Director and the chairman of the Company
“Mr. Zhao”	Mr. Zhao Jiangwei, an executive Director and senior vice president of the Company
“Mrs. Zhang”	Ms. Zhao Jiangbo, the spouse of Mr. Zhang
“Oilfield Services”	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
“PetroChina”	PetroChina Company Limited, an independent third party
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Proposed Annual Caps”	the proposed annual caps in respect of the Continuing Connected Transactions contemplated under the Renewed Oilfield Services Agreement for the three years ending December 31, 2024
“Renewed Oilfield Services Agreement”	the framework agreement entered into on December 31, 2021 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 (if any) provide, to the Group from time to time the Oilfield Services
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“%” per cent

* *for identification purposes only*

LETTER FROM THE BOARD



MIE HOLDINGS CORPORATION

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(In Provisional Liquidation)

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Executive Directors

Mr. Zhang Ruilin (*Chairman*)
Mr. Zhao Jiangwei
Mr. Wong Ka Wai

Non-executive Directors

Mr. Guan Hongjun
Mr. Feng Chong

Independent Non-executive Directors

Mr. Mei Jianping
Mr. Liu Ying Shun
Ms. So Tsz Kwan
Mr. Guo Yanjun
Mr. Ai Min

Registered office

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Principal place of business in Hong Kong

Level 54, Hopewell Centre
183, Queen's Road East
Hong Kong

Beijing Office

Room 1301-1303
North Star Times Tower
No. 8 North Star East Road
Chaoyang District
Beijing 100101
PRC

January 19, 2022

To the Shareholders

Dear Sir/Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS —
RENEWAL OF 2018 OILFIELD SERVICES AGREEMENT;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement dated December 31, 2021 (the “**Announcement**”) and the announcement dated January 14, 2022 in relation to, inter alia, the Continuing Connected Transactions whereby, inter alia, Jilin Guotai, Guotai Technology and the Company entered into the renewal of 2018 Oilfield Services Agreement for a term of three years ending December 31, 2024.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) further information on the details of the Renewed Oilfield Services Agreement and the transactions contemplated thereunder, including the Proposed Annual Caps; (ii) the letter from the Independent Board Committee; (iii) the letter of advice from China Galaxy to the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Renewed Oilfield Services Agreement; (iv) other information as required under the Listing Rules; and (v) the notice convening the EGM.

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Mei Jianping, Mr. Liu Ying Shun, Ms. So Tsz Kwan, Mr. Guo Yanjun and Mr. Ai Min, has been established to advise the Independent Shareholders as to whether the terms and conditions of the Renewed Oilfield Services Agreement are on normal commercial terms, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. China Galaxy has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

THE RENEWED OILFIELD SERVICES AGREEMENT

The principal terms of the Agreement are as follows:

Date

December 31, 2021

Parties

- (1) Jilin Guotai (on behalf of itself and its subsidiaries);
- (2) Guotai Technology (on behalf of itself and its subsidiaries); and
- (3) 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, subject to the entering into of individual agreements as agreed between members of the Jilin Guotai Group and members of the Group from time to time.

Production sharing contracts (“PSC(s)”) and the joint management committee

The terms of each individual agreements between members of the Group and the members of the Jilin Guotai Group are subject to review and approval of the procurement representative from the joint management committee, set up pursuant to PSCs entered into between the Group and PetroChina (the “JMC”). As at the Latest Practicable Date, the Group had entered into two PSCs with PetroChina pursuant to which the Group conducts its oil operations in the capacity of sole operator and/or foreign contractor in the oilfields (as the case may be), whereas PetroChina holds the exploitation permits for the

LETTER FROM THE BOARD

development and production of crude oil, issued by the PRC Ministry of Land and Resources for each of the relevant oilfields. Each PSC has a maximum term of 30 years. One of the Company's PSCs, the Daan production sharing contract, was extended to February 29, 2028 (as disclosed in the announcement of the Company dated June 10, 2020). The commercial product phase lasts for a term of 20 consecutive years, which may be extended with the approval of the PRC Government. Under the PSCs, oil production is allocated to PetroChina and the foreign contractors for the recovery of the operating costs, the pilot-test costs that are carried over from the previous phases, and the development costs that are carried over from the previous phases and/or newly incurred during the current phase, and for profit-sharing. For further details on the revenue and cost allocation under the PSCs, please refer to the subsection headed "Business — Production Sharing Contracts" in the Company's prospectus dated December 1, 2010.

The PSCs provide for the JMC, comprising equal number of members appointed by PetroChina and the Company, to perform supervisory functions for the Group's oilfields. The JMC meets at least twice a year and has the authority to, among other things, review and approve operational and budgetary plans, review and adopt the overall development plan and any supplemental overall development plan, review and examine matters required to be submitted to the relevant PRC authorities, and approve significant procurements, expenditures and insurance coverage. Any action taken by the JMC must be made unanimously.

Effective period

The term of the Renewed Oilfield Services Agreement shall be from January 1, 2022 until December 31, 2024.

Pricing policies

The amount of 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 favorable than those offered by independent third parties of the Group.

Subject to the general principle disclosed above, the pricing policy for the provision of each of the Oilfield Services is briefly described as follows. Prior to entering into any service contract with the Jilin Guotai Group, under the supervision of the JMC, the relevant member of the Group will obtain prevailing market price in the open market via a tender process or by shortlisting at least another independent third party supplier if there is no sufficient bidders to commence a tender process. It will then conduct an evaluation of whether the price offered by the Jilin Guotai Group is fair and reasonable and comparable to those offered by independent third parties, 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 quotation or tender amount. The relevant member of the Group will also take into consideration other non-cost factors, including but not limited to relevant experience,

LETTER FROM THE BOARD

capability, equipment and safety records of the relevant supplier. After considering the above mentioned factors, the management of the relevant member of the Group will then decide on whether to award the contract to the Jilin Guotai Group.

Proposed Annual Caps

As disclosed in the 2018 Announcement and the 2018 Circular, the proposed annual caps for the transactions under the 2018 Oilfield Services Agreement for the three years ending December 31, 2021 were RMB167.0 million, RMB189.0 million and RMB208.0 million, respectively. The aggregate service fees paid or to be paid by the Group to the Jilin Guotai Group for services procured for each of the two years ended December 31, 2019 and 2020 and the 10 months ended October 31, 2021 were approximately RMB111.8 million, RMB97.1 million and RMB103.8 million, respectively.

The Proposed Annual Caps for the transactions contemplated under the Renewed Oilfield Services Agreement are RMB128.0 million, RMB162.0 million and RMB171.0 million for the year ending December 31, 2022, December 31, 2023 and December 31, 2024, respectively. Such annual caps are determined by reference to the historical values of the transactions between the Group and members of the Jilin Guotai Group for Daan production sharing contracts and the anticipated demand for such services by the Group taking into account the requirements of Daan production sharing contracts, which are primarily involved in oil and gas development and production in the PRC, respectively.

As most of the Oilfield Services provided by the Jilin Guotai Group to the Group are in relation to the operation of the Group's Daan oilfield, the proposed annual caps were largely derived from and based on the three year plan devised for work done for the Daan oilfield (the "**Three Year Plan**"). The Directors took into consideration, among others, the expected increase in average oil price, the annual work program under the Three Year Plan, the estimated scope of works and/or services which may be provided by the Jilin Guotai Group under the annual work program and the estimated costs of such works and/or services. For the purpose of setting the Proposed Annual Caps, the Company considered the steady oil prices in recent months, the overall economic situation in the PRC following the curtailing measures adopted by the PRC government against the COVID-19 pandemic, the planned increase in oil development and production in its oil fields. The Directors believe that the growth momentum of business would gradually resume and the increase in development activities will stabilize production and enhance cash flow of the Company. As a result of the expected increase in oil development and production in the Group's oilfields, there will also be a corresponding increase in the procurement of oilfield services expected to be provided by the Jilin Guotai Group under the Renewed Oilfield Services Agreement.

In setting the annual cap for the year ending December 31, 2022, a nominal increase of approximately RMB3.4 million based on the Estimated 2021 Transaction Amount has been adopted. Over the past few years, the Company has not made extensive program due to financial pressure from (i) high leverage; (ii) low oil prices; and (iii) COVID-19 pandemic. As such, for the years of 2019, 2020 and 2021, the services provided by Jilin Guotai Group for the Company's operations were significantly lower than previously

LETTER FROM THE BOARD

anticipated. With the rebound oil prices in 2021 and the execution of a restructuring supporting agreement with key creditors in October 2021, the Group started to increase its drilling program and other related work. The Company plans to continue similar level of work program in 2022 during the implementation of restructuring steps. In setting the annual cap for the year ending December 2023, an additional increase of RMB34.0 million over the 2022 annual cap was adopted. It is in line with the Company's plan to carry out additional work program in 2023, after the implementation of restructuring and assuming oil and gas prices remain at a relatively steady level, to achieve or exceed its pre-pandemic production level for the benefit of creditors and shareholders. The annual cap for the year ending December 2024 is set at a nominal increase of approximately RMB9.0 million over that of 2023.

Condition precedent

The Renewed Oilfield Services Agreement is subject to and conditional upon the Company having obtained approval of the Independent Shareholders at the EGM of the Company in accordance with the applicable requirements of the Listing Rules and the articles of association of the Company.

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. The 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. Further, state-owned oilfield service companies normally give priority to state-owned oil companies and have less flexibility in terms of scheduling. On the other hand, the 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. Given the long-term cooperation between members of the Group and the Jilin Guotai Group, the Directors believe that the entering into the Renewed Oilfield Services Agreement (i) can create synergies arising from familiarity amongst parties, hence allowing more effective communication and higher work efficiency; and (ii) allows members of the Group the flexibility but not the obligation to procure relevant Oilfield Services from the Jilin Guotai Group.

Accordingly, the Directors, including the independent non-executive Directors, are of the view that it is beneficial for the Group to continue cooperating with the 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 are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

As both 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 resolution to approve the transactions.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Jilin Guotai was owned as to 70% by Mrs. Zhang, the spouse of Mr. Zhang and as to 30% by Mr. Zhao. Guotai Technology was a subsidiary of Jilin Guotai as at the Latest Practicable Date. As such, Jilin Guotai and Guotai Technology 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 transactions between the Group and Jilin Guotai and Guotai Technology and their respective subsidiaries constitute continuing connected transactions for the Company under the Listing Rules. As the Proposed Annual Caps are each expected to represent 5% of one or more of the applicable percentage ratios under the Listing Rules and exceed HK\$10 million, the Renewed Oilfield Services Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE GROUP, JILIN GUOTAI AND ITS ULTIMATE BENEFICIAL OWNERS, AND GUOTAI TECHNOLOGY

The Group is principally engaged in the exploration, development, production and sale of oil, gas and other petroleum products. The Group is currently entitled to 100% and 10% participating interest in the foreign contractors' entitlement and obligations under the production sharing contracts for the Daan oilfield and Moliqing oilfield respectively. The Daan and Moliqing oilfields are situated in Jilin Province and are the Group's most productive oil field in the PRC. The Group also participates as an associate in the exploration, development and production of petroleum assets located in the Republic of Kazakhstan.

Jilin Guotai is a company incorporated in the PRC and 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. As at the Latest Practicable Date, the ultimate beneficial owners of Jilin Guotai were Mrs. Zhang (being the spouse of Mr. Zhang), who held 70% of Jilin Guotai's issued shares and Mr. Zhao, who held 30% of Jilin Guotai's issued shares. Mr. Zhang is an executive Director and the chairman of the Company, whereas Mr. Zhao is an executive Director and the senior vice president of the Company.

Guotai Technology is a company incorporated in the PRC and a wholly-owned subsidiary of Jilin Guotai. 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.

LETTER FROM THE BOARD

EGM

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM at which an extraordinary resolution will be proposed and, if thought fit, passing the resolution set out in the notice of EGM, by way of poll.

Any Shareholder with a material interest in the Continuing Connected Transactions and his or her associates will be required to abstain from voting on the resolution approving the Continuing Connected Transactions. Accordingly, Mr. Zhang and Mr. Zhao shall abstain from voting at the EGM.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for Mr. Zhang and Mr. Zhao and their associates which together held 1,577,095,234 Shares (representing approximately 48.2% of the total number of issued shares of the Company as at the Latest Practicable Date), no other Shareholders were required to abstain from voting on the resolution approving the Continuing Connected Transactions at the EGM. Accordingly, the Independent Shareholders, being all Shareholders other than Mr. Zhang and Mr. Zhao and their associates, will be entitled to vote on the resolution at the EGM.

Whether or not you are able to attend the EGM in person, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 10:00 a.m. on Sunday, February 6, 2022 (Hong Kong time). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM if you so wish.

MATERIAL INTEREST OF DIRECTORS IN THE CONTINUING CONNECTED TRANSACTIONS

As both Mr. Zhang and Mr. Zhao were considered as having a material interest in the Continuing Connected Transactions, they have abstained from voting at the relevant board meeting in respect of the resolution to approve the transactions.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, January 31, 2022 to Tuesday, February 8, 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, January 28, 2022 (Hong Kong time), being the last registration date.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that (i) the entering into the Renewed Oilfield Services Agreement is in the ordinary and usual course of business of the Company and on normal commercial terms and (ii) the terms of the Renewed Oilfield Services Agreement and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the relevant resolution to approve the entering into of the Renewed Oilfield Services Agreement (including the Proposed Annual Caps).

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 13 to 14 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the entering into of the Continuing Connected Transactions (including the Proposed Annual Caps); and (ii) the letter from China Galaxy set out on pages 15 to 26 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons taken into account as regards to the entering into of the Continuing Connected Transactions (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of the Board
Zhang Ruilin
Chairman



MIE HOLDINGS CORPORATION

MI能源控股有限公司

(In Provisional Liquidation)

(For the Purposes of Presenting a Compromise or Arrangement to Creditors)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1555)

January 19, 2022

To the Independent Shareholders

Dear Sir/Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS —
RENEWAL OF 2018 OILFIELD SERVICES AGREEMENT;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated January 19, 2022 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders in relation to the entering into of the Renewed Oilfield Services Agreement (including the Proposed Annual Caps). In this connection, China Galaxy has been appointed as an independent financial adviser to advise on (i) whether the terms and conditions of the Renewed Oilfield Services Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) whether the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group.

We wish to draw your attention to the letter from the Board set out on pages 5 to 12 of the Circular which contains its opinion in respect of the Renewed Oilfield Services Agreement and basis for the Proposed Annual Caps and the letter from China Galaxy to the Independent Board Committee and the Independent Shareholders set out on pages 15 to 26 of the Circular which contains its opinion in respect of the Renewed Oilfield Services Agreement and basis for the Proposed Annual Caps.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Renewed Oilfield Services Agreement and the advice of China Galaxy, we consider that (i) the entering into the Renewed Oilfield Services Agreement is in the ordinary and usual course of business of the Company, on normal commercial terms and in the interest of the Company and the Shareholders as a whole, and (ii) the terms of the Renewed Oilfield Services Agreement and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution approving the Continuing Connected Transactions.

Yours faithfully,
Independent Board Committee

Mei Jianping
*Independent non-executive
Director*

Liu Ying Shun
*Independent non-executive
Director*

So Tsz Kwan
*Independent non-executive
Director*

Guo Yanjun
*Independent non-executive
Director*

Ai Min
*Independent non-executive
Director*

LETTER FROM CHINA GALAXY

The following is the text from China Galaxy to the Independent Board Committee and the Independent Shareholders, prepared for the purpose of inclusion in this circular.



20/F., Wing on Centre
111 Connaught Road Central
Sheung Wan, Hong Kong

January 19, 2022

*To: The Independent Board Committee and the Independent Shareholders
of MIE Holdings Corporation*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS RENEWED OILFIELD SERVICES AGREEMENT

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to fairness and reasonableness of the Continuing Connected Transactions and the Proposed Annual Caps. Details of the Renewed Oilfield Services Agreement and the Continuing Connected Transactions are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated January 19, 2022 (the “**Circular**”), of which this letter of advice forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On December 31, 2021, Jilin Guotai, Guotai Technology and the Company entered into the Renewed Oilfield Services Agreement for a term of three years ending December 31, 2024, pursuant to which Jilin Guotai and Guotai Technology agreed to provide, and procure their respective subsidiaries to provide, and the Group agreed to utilize, 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 the Jilin Guotai Group and members of the Group from time to time.

Jilin Guotai is owned as to 70% by Mrs. Zhang, the spouse of Mr. Zhang and as to 30% by Mr. Zhao. Guotai Technology is a subsidiary of Jilin Guotai. As such, Jilin Guotai and 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 transactions contemplated under the Renewed Oilfield Services Agreement constitute continuing connected transactions for the Company under the Chapter 14A of the Listing Rules.

LETTER FROM CHINA GALAXY

As the Proposed Annual Caps are more than 5% of the applicable percentage ratios and HK\$10 million on an annual basis, the Renewed Oilfield Services Agreement and the transactions contemplated thereunder constitute non-exempt continuing connected transactions and are subject to 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 EGM, which is expected to be held on February 8, 2022, 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 EGM. Mr. Zhang and Mr. Zhao and their respective associates which together held 1,577,095,234 Shares (representing approximately 48.2% of the issued share capital of the Company as at the Latest Practicable Date) will abstain from voting on the resolution approving the Continuing Connected Transactions at the EGM.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Mei Jianping, Mr. Liu Ying Shun, Ms. So Tsz Kwan, Mr. Guo Yanjun and Mr. Ai Min, has been established to advise the Independent Shareholders on whether entering into the Renewed Oilfield Services Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms or better; and that the terms of the Renewed Oilfield Services Agreement and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We, China Galaxy, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, apart from the appointment as the independent financial adviser, we did not have any relationships or interests with the Company, its subsidiaries, parties to the Renewed Oilfield Services Agreement or any of their respective core connected persons or close associates that could reasonably be regarded as relevant to our independence. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangements exist whereby we had received any fees or benefits from the Company, its subsidiaries, parties to the Renewed Oilfield Services Agreement or any of their respective core connected persons or close associates. Accordingly, we are independent from the Company pursuant to Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Continuing Connected Transactions.

II. BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us are true, accurate and complete in all respects at the time they

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were made and will continue to be true, accurate and complete as at the date of EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management.

The Directors collectively and individually accept full responsibility for the accuracy of information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement contained in the Circular misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted an independent investigation into the business and affairs or the prospects of the Group.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources which are the latest information publicly available to the best of our knowledge, the sole responsibility of China Galaxy is to ensure that such information has been correctly extracted from the relevant sources.

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken into consideration the following principal factors and reasons:

1. 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. The Group is principally engaged in the exploration, development, production and sale of oil, gas and other petroleum products. The Group is currently entitled to 100% and 10% participating interest in the foreign contractors' entitlement and obligations under the production sharing contracts for the Daan oilfield and Moliqing oilfield respectively. The Daan and Moliqing oilfields are situated in Jilin Province and are the Group's most productive oilfields in the PRC. The Group also participates as an associate in the exploration, development and production of petroleum assets located in the Republic of Kazakhstan. As advised by the Management, the Group typically procures a variety of oil and gas services related operation work, including oil rig supply, well drilling services, fracturing and perforating services, well maintenance services, well logging services, oil tanker transportation services and reservoir studies from external Oilfield Services providers. As at October 31, 2021, the Group had around 165 Oilfield Services providers that provided goods and services to the Group, including the Jilin Guotai Group.

2. Information on the Jilin Guotai Group

As advised by the Management, the Jilin Guotai Group has been providing various oilfield services, including well maintenance services, well logging services, oil tanker transportation services, oilfield construction related works and other oil operations related services, to the Group since 2004.

Jilin Guotai is principally engaged in well maintenance, well logging, well cementing, fracturing, downhole operation, and processing and sale of drilling and extraction accessories. Guotai Technology, a wholly-owned subsidiary of Jilin Guotai, 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.

Having considered the respective principal activities of the Group and the Jilin Guotai Group as described above, we are of the view that the Renewed Oilfield Services Agreement are entered into in the ordinary and usual course of business of the Group.

3. Reasons for the Renewed Oilfield Services Agreement

As set out in the Letter from the Board, the Oilfield Services are necessary and conducive to the operations of the Group. The Jilin Guotai Group is one of the largest non-state owned oilfield service companies providing the oilfield services in Jilin Province. The Jilin Guotai Group has been providing the Oilfield Services to the Group since 2004. As advised by the Management, there are no other comparable non-state owned oilfield service companies and the rates offered by state-owned oilfield service companies in general are more expensive. Further, state-owned oilfield service companies give priority to state-owned oil companies and have less flexibility in terms of scheduling. On the other hand, the 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 services companies. The entering into of the Renewed Oilfield Services Agreement (i) creates synergies arising from familiarity amongst members of the Group and the Jilin Guotai Group, resulting in more effective communication and higher work efficiency; and (ii) allows members of the Group the flexibility but not the obligation to procure the relevant Oilfield Services from the Jilin Guotai Group. The Directors are therefore of the view that it is beneficial for the Group to continue cooperating with the Jilin Guotai Group by securing its provision of the Oilfield Services via entering into the Renewed Oilfield Services Agreement. As the 2018 Oilfield Services Agreement will expire on December 31, 2021 and the provision of the Oilfield Services are expected to continue in the future, the entering into of the Renewed Oilfield Services Agreement is a renewal of the 2018 Oilfield Services Agreement to govern the continuing provision of Oilfield Services for a further term of three years up to December 31, 2024.

As stated in the annual reports of the Company for the two financial years ended December 31, 2019 and 2020, the auditor of the Company has performed procedures in respect of the continuing connected transactions of the Group (including the transactions

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contemplated under the 2018 Oilfield Services Agreement) in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor had issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules for each of the two years ended December 31, 2019 and 2020. In addition, the independent non-executive Directors have reviewed and confirmed that the continuing connected transactions of the Group (including the transactions contemplated under the 2018 Oilfield Services Agreement) during each of the two years ended December 31, 2019 and 2020 have been entered into (i) in the Group’s ordinary and usual course of business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Taking into account the background and commercial reasons for entering into the Renewed Oilfield Services Agreement and the results of the review of the continuing connected transactions of the Group in the past two financial years by the auditor of the Company and the independent non-executive Directors as described above, we are of the view that the Renewed Oilfield Services Agreement is in the commercial interest of the Group to continue its business relationship with the Jilin Guotai Group, and the entering into of the Renewed Oilfield Services Agreement to govern the principal terms of the Continuing Connection Transactions and ensure compliance with the Listing Rules is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Renewed Oilfield Services Agreement

In assessing whether the terms of the Renewed Oilfield Services Agreement are fair and reasonable, we have reviewed the principal terms of the Renewed Oilfield Services Agreement as discussed below:

Subject matters

As set out in the Letter from the Board, the Jilin Guotai Group agreed to provide, and procure their respective subsidiaries to provide, to the Group various Oilfield Services, subject to the entering into of individual contracts as agreed between members of the Jilin Guotai Group and members of the Group. In addition, the terms of each individual contract between members of the Group and the members of the Jilin Guotai Group are subject to review and approval of the procurement representative from the JMC, comprising equal number of members appointed by PetroChina and the Company. The JMC shall perform supervisory functions of the Group’s oilfields under the relevant production sharing contract and any action taken by the JMC must be made unanimously.

The term of the Renewed Oilfield Services Agreement shall be from January 1, 2022 until December 31, 2024.

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The Renewed Oilfield Services Agreement is on a non-exclusive basis, under which the Group agreed to procure various Oilfield Services from the Jilin Guotai Group from time to time, provided that the terms offered by the Jilin Guotai Group are no less favourable than the terms offered by independent third parties, which, as advised by the Management, is mainly due to the good long term relationship between the Group and the Jilin Guotai Group. The Group is however not obliged to engage the Jilin Guotai Group to provide Oilfield Services should the Group be able to find other service provider(s) that can provide the same services at more favourable terms than those offered by the Jilin Guotai Group.

Pricing policies

Pursuant to the Renewed Oilfield Services Agreement, 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 favorable than those offered by independent third parties to the Group.

Subject to the general principle disclosed above, the pricing policy for the provision of each of the Oilfield Services is briefly described below. Prior to entering into any service contract with the Jilin Guotai Group, under the supervision of the JMC, the relevant member of the Group will obtain prevailing market price in the open market via a tender process or by shortlisting at least an independent third party supplier (provided that there is no sufficient bidder for the tender process). It will then conduct an evaluation of whether the price offered by the Jilin Guotai Group is fair and reasonable and comparable to those offered by independent third parties, 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 quotation or tender amount. The relevant member of the Group will also take into consideration other non-cost factors, including but not limited to relevant experience, capability, equipment and safety records of the relevant supplier. After considering the above mentioned factors, the management of the relevant member of the Group will then decide on whether to award the contract to the Jilin Guotai Group.

Based on the discussions with the Management, according to the Group's internal control policies, the prices to be charged by the Jilin Guotai Group shall be determined in accordance with normal commercial terms through price comparison with independent third party suppliers or arm's length negotiations between the parties taking into consideration factors such as market benchmarks, prevailing market conditions and nature of the services. The JMC procurement representative will also review the individual contract to ensure the prices offered by the Jilin Guotai Group are on normal commercial terms. We have reviewed the internal control manual of the Company and discussed with the Management to understand the internal control procedures regarding pricing policies. We have also reviewed sample documents provided by the Company (including, among other things, contracts, price comparison documents and other related documents) with respect to

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provision of the Oilfield Services and note that the pricing mechanism, payment terms and other conditions of the contracts with the Jilin Guotai Group are similar with those contracts with, and no less favourable than, the independent third parties.

We consider that the policy adopted for determining the prices of the Oilfield Services as described above, which is principally based on market prices charged by other independent suppliers of the Group, is fair and reasonable.

Payment terms

The consideration for the transactions contemplated under the Renewed Oilfield Services Agreement will be satisfied in the same way as the payment methods adopted in transactions between the Company and independent third parties. Payment terms will be defined in the individual agreements to be entered into between the Company and the Jilin Guotai Group. We note that the terms granted by the Jilin Guotai Group is no less favorable than those granted by the independent third parties.

5. The Proposed Annual Caps

The Proposed Annual Caps for the transactions contemplated under the Renewed Oilfield Services Agreement are RMB128 million, RMB162 million and RMB171 million for the three years ending December 31, 2024 respectively. As set out in the Letter from the Board, such Proposed Annual Caps are determined by reference to the historical values of the transactions between the Group and members of the Jilin Guotai Group for Daan production sharing contracts and the anticipated demand for such services by the Group taking into account the requirements of Daan production sharing contracts, which are primarily involved in oil and gas development and production in the PRC. In determining the Proposed Annual Caps, the Directors also took into consideration, among others, the expected increase in average oil price, the annual work program under the three years plan devised for work done for the Daan oilfield prepared by the Company for the three years ending December 31, 2024 (the “**Three Year Plan**”), the estimated scope of works and/or services which may be provided by the Jilin Guotai Group under the annual work program and the estimated costs of such works and/or services.

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In assessing the reasonableness of the Proposed Annual Caps, we have taken into account the following factors:

(a) *Historical transaction amounts under the 2018 Oilfield Services Agreement*

	For the year ended December 31, 2019	For the year ended December 31, 2020	For the year ending December 31, 2021
	<i>Approximately RMB million</i>	<i>Approximately RMB million</i>	<i>Approximately RMB million</i>
Existing annual cap under the 2018 Oilfield Services Agreement	167	189	208
Actual/Annualised transaction amounts	111.8	97.1	124.6 <i>(Note)</i>
Approximate % increase/(decrease) as compared to the previous year	(5.2%)	(13.1%)	28.3%
Utilisation rate for the year	66.9%	51.4%	59.9%

Note: The figure represents the amount under the 2018 Oilfield Services Agreement for the year ending December 31, 2021 (the "Estimated 2021 Transaction Amount") calculated by annualizing the 10 months ended October 31, 2021 of approximately RMB103.8 million.

As advised by the Management, in view of the decrease in oil price, outbreak of COVID-19 and the decline in the world's oil demand and supply, the Group decreased oil development and production activities in 2019 and 2020. As such, the actual numbers of wells drilled for the two years ended December 31, 2019 and 2020 were lower than expected and the respective historical transaction amounts for the two years ended December 31, 2020 of approximately RMB111.8 million and RMB97.1 million were therefore lower than the transaction amount incurred of approximately RMB117.9 million for the year ended December 31, 2018.

During the year ending December 31, 2021, with the gradual control of the COVID-19 outbreak in the world's major economies and the strong economic recovery represented by China, Europe and America, downstream demand was further released. Coupled with the steady implementation of OPEC+'s record cuts in production, the oil market has rapidly recovered from the historical collapse. The Group assessed the overall market and decided to seize the opportunity by expanding the drilling program and increasing new production capacity so as to further improve operating performance. Accordingly, the Estimated 2021 Transaction Amount of approximately RMB124.6 million represents an increase of approximately 28.3% as compared to the transaction amount incurred for the year ended December 31, 2020.

We note that the actual transaction amounts for the two years ended December 31, 2019 and 2020 and the Estimated 2021 Transaction Amount represented approximately 66.9%, 51.4% and 59.9% respectively of the existing annual caps in the 2018 Oilfield Services Agreement for the respective year. As advised by the

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Management, when determining the existing annual caps at the material time of the 2018 Oilfield Services Agreement, the Management had considered, among other things, the then business plan for the Group, which took into account the then increasing trend of oil price. However, due to the adverse impact brought by COVID-19 pandemic, the oil price remained at a low level in 2019 and 2020, and therefore the originally expected increase in the procurement of the Oilfield Services was not achieved. In view of the steady oil price in recent months, the Company will continue to increase oil development and production work in its oilfields. The Directors believe that the increase in development activities will stabilize production and enhance cash flow of the Company. As a result of the expected increase in oil development and production activities of the Group, there will also be a corresponding increase in the procurement of Oilfield Services expected to be provided by the Jilin Guotai Group under the Renewed Oilfield Services Agreement.

(b) The estimation basis of the Proposed Annual Caps

The Proposed Annual Caps under the Renewed Oilfield Services Agreement are set out as follows:

	For the year ending December 31, 2022	For the year ending December 31, 2023	For the year ending December 31, 2024
	<i>Approximately RMB million</i>	<i>Approximately RMB million</i>	<i>Approximately RMB million</i>
Proposed Annual Caps	128	162	171

We understand from the Management that the Proposed Annual Caps are determined by considering: (i) the historical transactions and transaction amounts for the provision of Oilfield Services; (ii) the future expansion and business prospects of the Group in the PRC; and (iii) the anticipated price fluctuations of oil in the next three years ending December 31, 2024.

The Management anticipated that the oil price will remain at a relatively steady level of approximately US\$70 per barrel on average for the three years ending December 31, 2024. For the purpose of setting the annual cap for the year ending December 31, 2022, a nominal growth rate of approximately 3% has been adopted based on the Estimated 2021 Transaction Amount. Having considered the overall economic situation in the PRC has been recovering progressively following the curtailing measures adopted by the PRC government against the COVID-19 pandemic, the Management is optimistic that the growth momentum of its business would be gradually resumed and the increase in development activities will stabilize production and enhance cash flow of the Company.

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According to the Global Economic Prospects Commodity Markets Outlook October 2021 (the “**2021 Commodity Markets Outlook**”) presented by World Bank Group, which is a family of five international organizations that make leveraged loans to developing countries and is the largest and most well-known development bank in the world, they predicted that the international oil price for 2022, 2023 and 2024 will remain relatively steady, with average price of approximately US\$74.0, US\$65.0 and US\$65.4 per barrel, respectively. Having compared the estimated oil prices in the 2021 Commodity Markets Outlook with the Management’s anticipation of the oil price in the coming years, we consider that the Management’s anticipation of the relatively steady oil price in the next three years to be reasonable.

As set out in the Letter from the Board, over the past few years, the Company has not made extensive program due to the financial pressure from (i) high leverage; (ii) low oil price; and (iii) COVID-19 pandemic. With the rebound oil prices in 2021 and the execution of a restructuring supporting agreement with key creditors in October 2021, the Company started to increase its drilling program and other related works. As advised by the Management, the Oilfield Services provided by the Jilin Guotai Group to the Group are related to the operation of the Group’s Daan oilfield, the Proposed Annual Caps for the provision of Oilfield Services under the Renewed Oilfield Services Agreement for the three years ending December 31, 2024 are primarily based on the Three Year Plan. We have reviewed the Three Year Plan and discussed with the Management on the basis in determining the Three Year Plan. According to the Three Year Plan, the Company plans to continue similar level of drilling program in 2022 during the implementation of restructuring steps. As advised by the Management, after the implementation of the restructuring and assuming oil and gas prices remain at a relatively steady level, the Company will carry out additional work programs in 2023 that aim to achieve or exceed its pre-pandemic production level, which is expected to generate cash flow to benefit creditors and shareholders.

According to the 2021 Commodity Markets Outlook, (i) global consumption of crude oil continued to recover, and is now just 3% below its pre-pandemic peak, while demand in China in the third quarter of 2021 was 10% higher than its pre-pandemic level due to its faster economic recovery; and (ii) the global oil production was only up by 6% in 2021 when compared to 2020. As such, with consumption recovering more rapidly than production, oil inventories have fallen sharply and are below their five-year average. As a whole, in order to cope with the expected business growth and increased oil development and production in its oilfields, we consider that it is reasonable that the amount of procurement of Oilfield Services by the Group from the Jilin Guotai Group would increase accordingly.

In view of the above, a growth rate of approximately 27% has been adopted in setting the annual cap for the year ending December 31, 2023. Such growth is, in our view, justifiable after taking into account (i) the expected additional work programs to be carried out in 2023 under the Three Year Plan; and (ii) the global consumption and supply of crude oil. Besides, the annual cap for the year ending December 31,

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2024 is set at a nominal growth rate of approximately 6% to that in 2023, which we consider to be reasonable after taking into account the possible fluctuations in oil price, the business growth of the Group and the potential buffer.

Having considered the above, together with the fact that (1) the Continuing Connected Transactions will be conducted, after arm's length negotiations among parties, on normal commercial terms or better pursuant to the Renewed Oilfield Services Agreement; (2) the relevant Proposed Annual Caps provide flexibility for the Group to manage its business with the Jilin Guotai Group should the executive Directors consider that the conduct of the Continuing Connected Transactions are in the interests of the Company; and (3) whilst the approval of the relevant Proposed Annual Caps gives the Group flexibility to carry out transactions with the Jilin Guotai Group, the Group is not committed to do so, we are of the view that the basis of determining the Proposed Annual Caps are justifiable and that the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

However, Shareholders should note that the Proposed Annual Caps relate to future events and they do not represent a forecast of the actual amounts to be generated under the Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual amounts to be generated under the Continuing Connected Transactions correspond with the Proposed Annual Caps.

6. Corporate Governance measures

In addition to the pricing policies as described in the paragraph headed "Principal terms of the Renewed Oilfield Services Agreement" above, the Company has also adopted the following corporate governance measures to ensure that the Continuing Connected Transactions will be conducted on normal commercial terms:

- (i) the Director(s) and/or the Shareholder(s) with an interest in the relevant transaction(s) shall abstain from voting in respect of the resolution approving the Renewed Oilfield Services Agreement and the transactions contemplated thereunder at the Board meeting and at the EGM respectively;
- (ii) the Group shall comply with the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the Continuing Connected Transactions;
- (iii) the Group will engage the Company's auditor to report on the Continuing Connected Transactions every year in accordance with Rule 14A.56 of the Listing Rules; and
- (iv) the Group will duly disclose in the annual reports and accounts the Continuing Connected Transactions during each financial period, together with the conclusions (with basis) drawn by the independent non-executive Directors

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whether the transactions are conducted on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

We have reviewed the internal control manual and samples of historical documents and records maintained by the Group for walkthrough purpose to understand the nature of the Oilfield Services and the aforesaid internal control procedures. Among which, we observed that the Group's personnel with appropriate level of authorities are involved in the approval and/or review process in relation to the Continuing Connected Transactions. We also noted that the auditor of the Company has issued unqualified letter in respect of its review on the continuing connected transactions of the Group for the years ended December 31, 2019 and 2020. Whilst our scope of work as an independent financial adviser does not include a review of the effectiveness of the internal control measures of the Group, we are of the view that based on our work described above and having regard to the nature of the Continuing Connected Transactions, the internal control measures of the Group are appropriate to ensure that the Continuing Connected Transactions will be conducted on normal commercial terms and to safeguard the interests of the Company and the Shareholders as a whole.

7. Recommendation

Having considered the principal reasons and factors discussed above, we are of the view that (i) the entering into the Renewed Oilfield Services Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the Renewed Oilfield Services Agreement and the Proposed Annual Caps are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Renewed Oilfield Services Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of
**China Galaxy International
Securities (Hong Kong) Co., Limited**
Steven Chiu
Managing Director
Investment Banking

Mr. Steven Chiu is a responsible officer of China Galaxy International Securities (Hong Kong) Co., Limited and a licensed person registered with the Securities and Futures Commission to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Chiu has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executive's Interests in Shares and Underlying Shares

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures (if any) of the Company or any its associated corporations (within the meaning of Part XV of the SFO) as required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations

Name of Director	Name of corporation	Capacity/ nature of interest	Number of shares (including options to be exercised)/ underlying shares interested	Approximate percentage of interest in the corporation
Mr. Zhang Ruilin	the Company	Interest of controlled corporation (Note 2)	1,577,095,234 (L)	48.23%
		Interest of controlled corporation (Note 3)	88,521,234 (S)	2.70%
		Beneficial owner (Note 4)	7,987,000 (L)	0.24%
Mr. Zhao Jiangwei	the Company	Interest of controlled corporation (Note 2)	1,577,095,234 (L)	48.23%
		Interest of controlled corporation (Note 3)	88,521,234 (S)	2.70%
		Beneficial owner (Note 4)	10,987,000 (L)	0.33%

Name of Director	Name of corporation	Capacity/ nature of interest	Number of shares (including options to be exercised)/ underlying shares interested	Approximate percentage of interest in the corporation
Mr. Zhang Ruilin	Far East Energy Limited (“FEEL”)	Interest of controlled corporation (<i>Note 2</i>)	8,999	9.99%
Mr. Zhao Jiangwei	FEEL	Interest of controlled corporation (<i>Note 2</i>)	9,000	10%
Mr. Mei Jianping	the Company	Beneficial owner	2,067,933 (L)	0.06%
Mr. Guo Yanjun	the Company	Beneficial owner	800,000 (L)	0.02%
Mr. Mei Liming	the Company	Beneficial owner	15,909,290 (L)	0.48%

Notes:

- The letter “L” denotes long position in the Shares; and “S” denotes short position in the Shares.
- FEEL is held by Mrs. Zhang, Mr. Zhang and Mr. Zhao as to 80%, 9.99% and 10%, respectively. On May 24, 2013, 72,000 shares in FEEL were issued to Mrs. Zhang, 399,070,000 shares in the Company were transferred from FEEL to Champion International Energy Limited (“**Champion**”), 399,070,000 shares in the Company were transferred from FEEL to Orient International Energy Limited (“**Orient**”), 475,000,000 shares in the Company were transferred from FEEL to New Sun International Energy Limited (“**New Sun**”) and 141,460,000 shares in the Company were transferred from FEEL to Power International Energy Limited (“**Power**”). Each of Champion, Orient, New Sun and Power is a wholly-owned subsidiary of Sunrise Glory Holdings Limited, which is itself a wholly-owned subsidiary of FEEL. Mrs. Zhang, Mr. Zhang and Mr. Zhao have entered into an Acting-in-Concert Agreement under which they agreed to act in concert in relation to all matters that require the decisions of the shareholders of FEEL. Pursuant to the Acting-in-Concert Agreement, if a unanimous opinion in relation to the matters that require action in concert is unable to be reached, Mr. Zhang shall be allowed to vote on his, Mrs. Zhang’s and Mr. Zhao’s shares. The long interests which FEEL, Mr. Zhang and Mr. Zhao have in the 1,577,095,234 shares in the Company include (i) the beneficial interests which FEEL has (and in the case of Mr. Zhang and Mr. Zhao, the indirect beneficial interests which they have (through their shareholdings in FEEL)) in the 1,469,600,000 shares in the Company held by FEEL through its subsidiaries, (ii) the 7,887,000 share options granted to Mr. Zhang, (iii) the 7,887,000 share options granted to Mr. Zhao, (iv) the call option which FEEL, Mr. Zhang and Mr. Zhao have been granted, pursuant to a put and call option agreement, over the 88,521,234 shares in the Company held by Mr. Ho Chi Sing through Celestial Energy Limited (“**Celestial**”), as further described in note (3) below, (v) the 100,000 shares owned by Mr. Zhang himself and (vi) 3,100,000 shares owned by Mr. Zhao himself.
- The Company was informed on November 8, 2014 that TPG Star Energy Ltd. and Celestial had entered into a sale and purchase agreement pursuant to which Celestial had acquired and TPG Star Energy Ltd. has sold 211,855,234 ordinary shares in the Company.

On November 8, 2014, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into a put and call option agreement in relation to certain of the shares, pursuant to which the parties to the put and call option agreement have agreed to grant each other certain rights in relation to their Shares, and section 317(1)(a) of the SFO applies. Mr. Ho Chi Sing is the sole shareholder of Celestial.

In particular, Mr. Ho Chi Sing, through his holdings in Celestial, is beneficially interested in 211,855,234 shares in the Company. Pursuant to the abovementioned put and call option agreement, Mr. Ho Chi Sing and Celestial have been granted a put option to resell/put 211,855,234 shares to FEEL, Mr. Zhang and Mr. Zhao.

On January 6, 2017, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into the letter agreement in relation to the put and call option. The Board was also informed that Great Harmony International Ltd (“**Great Harmony**”) and Celestial have entered into a sale and purchase agreement pursuant to which Great Harmony has agreed to acquire (or procure its affiliate or other person or company designated by it to acquire) and Celestial has agreed to sell 211,855,234 ordinary shares in the Company.

On January 18, 2017, February 23, 2017 and March 7, 2017, Celestial had ceased to have 53,334,000 shares, 40,000,000 shares and 30,000,000 shares in long and short positions, respectively.

On May 17, 2017, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into the second letter agreement in relation to the put and call option agreement. For further details, please refer to the Company’s announcement dated May 17, 2017.

On November 30, 2017, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into the supplemental agreement to the second letter agreement in relation to the put and call option agreement. For further details, please refer to the Company’s announcement dated November 30, 2017.

On April 14, 2018, the Controlling Shareholders and Celestial entered into the second supplemental agreement to the second letter agreement in relation to the put and call option agreement. For further details, please refer to the Company’s announcement dated April 15, 2018.

On November 26, 2018, the Controlling Shareholders and Celestial entered into the third supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated November 26, 2018.

On May 30, 2019, the Controlling Shareholders and Celestial entered into the fourth supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated May 30, 2019.

On January 15, 2020, the Controlling Shareholders and Celestial entered into the fifth supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated January 15, 2020.

On January 4, 2021, the Controlling Shareholders and Celestial entered into the sixth supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated January 4, 2021.

4. These interests represent interests in outstanding stock options under the share option scheme and stock incentive compensation plan. Mr. Zhang’s interests includes the 100,000 shares held by himself and Mr. Zhao’s interests includes the 3,100,000 shares held by himself.

(b) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, the following persons, not being a Director or chief executive of the Company, had an interest in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or as required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, the details of which are set out below:

Interests and short positions in the shares and underlying shares of the Company

Name of shareholder	Nature of interest	Approximate percentage of interest in the Company	
		Number of Shares held	
Ms. Zhao Jiangbo	Interest of controlled corporation (<i>Note 2</i>)	1,577,095,234 (L)	48.23%
		88,521,234 (S)	2.70%
FEEL	Interest of controlled corporation (<i>Note 2</i>)	1,577,095,234 (L)	48.23%
		88,521,234 (S)	2.70%
Mr. Ho Chi Sing	Interest of controlled corporation (<i>Note 3</i>)	1,522,095,234 (L)	48.23%
		88,521,234 (S)	2.70%
Celestial Energy Limited (“Celestial”)	Interest of controlled corporation (<i>Note 3</i>)	1,522,095,234 (L)	48.23%
		88,521,234 (S)	2.70%
Billion Capital Shine Inc.	Person having a security interest in Shares (<i>Note 4</i>)	1,472,300,000 (L)	45.03%
China Orient Asset Management (International) Holding Limited	Interest of controlled corporation (<i>Note 4</i>)	1,472,300,000 (L)	45.03%
China Orient Asset Management Co., Ltd.	Interest of controlled corporation (<i>Note 4</i>)	1,472,300,000 (L)	45.03%
Dong Yin Development (Holdings) Limited	Interest of controlled corporation (<i>Note 4</i>)	1,472,300,000 (L)	45.03%
Wise Leader Assets Ltd.	Interest of controlled corporation (<i>Note 4</i>)	1,472,300,000 (L)	45.03%

Name of shareholder	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Flying Investments Limited	Beneficial owner (<i>Note 5</i>)	199,160,000 (L)	6.09%
Fung Wing Nam Florence	Interest of controlled corporation (<i>Note 5</i>)	199,160,000 (L)	6.09%

Notes:

- (1) The letter “L” denotes long position in the Shares; “S” denotes short position in the Shares.
- (2) FEEL is held by Mrs. Zhang, Mr. Zhang and Mr. Zhao as to 80%, 9.99% and 10%, respectively. On May 24, 2013, 72,000 shares in FEEL were issued to Mrs. Zhang, 399,070,000 shares in the Company were transferred from FEEL to Champion International Energy Limited (“**Champion**”), 399,070,000 shares in the Company were transferred from FEEL to Orient International Energy Limited (“**Orient**”), 475,000,000 shares in the Company were transferred from FEEL to New Sun International Energy Limited (“**New Sun**”) and 141,460,000 shares in the Company were transferred from FEEL to Power International Energy Limited (“**Power**”). Each of Champion, Orient, New Sun and Power is a wholly-owned subsidiary of Sunrise Glory Holdings Limited, which is itself a wholly-owned subsidiary of FEEL. Mrs. Zhang, Mr. Zhang and Mr. Zhao have entered into an Acting-in-Concert Agreement under which they agreed to act in concert in relation to all matters that require the decisions of the shareholders of FEEL. Pursuant to the Acting-in-Concert Agreement, if a unanimous opinion in relation to the matters that require action in concert is unable to be reached, Mr. Zhang shall be allowed to vote on his, Mrs. Zhang’s and Mr. Zhao’s shares. The long interests which FEEL, Mr. Zhang and Mr. Zhao have in the 1,577,095,234 shares in the Company include (i) the beneficial interests which FEEL has (and in the case of Mr. Zhang and Mr. Zhao, the indirect beneficial interests which they have (through their shareholdings in FEEL)) in the 1,469,600,000 shares in the Company held by FEEL through its subsidiaries, (ii) the 7,887,000 share options granted to Mr. Zhang, (iii) the 7,887,000 share options granted to Mr. Zhao, (iv) the call option which FEEL, Mr. Zhang and Mr. Zhao have been granted, pursuant to a put and call option agreement, over the 88,521,234 shares in the Company held by Mr. Ho Chi Sing through Celestial, as further described in note (3) below, (v) the 100,000 shares owned by Mr. Zhang himself and (vi) 3,100,000 shares owned by Mr. Zhao himself.
- (3) The Company was informed on November 8, 2014 that TPG Star Energy Ltd. and Celestial had entered into a sale and purchase agreement pursuant to which Celestial had acquired and TPG Star Energy Ltd. has sold 211,855,234 ordinary shares in the Company.

On November 8, 2014, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into a put and call option agreement in relation to certain of the shares, pursuant to which the parties to the put and call option agreement have agreed to grant each other certain rights in relation to their Shares, and section 317(1)(a) of the SFO applies. Mr. Ho Chi Sing is the sole shareholder of the Celestial.

In particular, Mr. Ho Chi Sing, through his holdings in Celestial, is beneficially interested in 211,855,234 shares in the Company. Pursuant to the abovementioned put and call option agreement, Mr. Ho Chi Sing and Celestial have been granted a put option to resell/put 211,855,234 shares to FEEL, Mr. Zhang and Mr. Zhao.

On January 6, 2017, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into the letter agreement in relation to the put and call option. The Board was also informed that Great Harmony International Ltd (“**Great Harmony**”) and Celestial have entered into a sale and

purchase agreement pursuant to which Great Harmony has agreed to acquire (or procure its affiliate or other person or company designated by it to acquire) and Celestial has agreed to sell 211,855,234 ordinary shares in the Company.

On January 18, 2017, February 23, 2017 and March 7, 2017, Celestial had ceased to have 53,334,000 shares, 40,000,000 shares and 30,000,000 shares in long and short positions, respectively.

On November 30, 2017, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into the supplemental agreement to the second letter agreement in relation to the put and call option agreement. For further details, please refer to the Company's announcement dated November 30, 2017.

On May 17, 2017, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into the second letter agreement in relation to the put and call option agreement. For further details, please refer to the Company's announcement dated May 17, 2017.

On November 30, 2017, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into entered into the supplemental agreement to the second letter agreement in relation to the put and call option agreement. For further details, please refer to the Company's announcement dated November 30, 2017.

On April 14, 2018, the Controlling Shareholders and Celestial entered into the second supplemental agreement to the second letter agreement in relation to the put and call option agreement. For further details, please refer to the Company's announcement dated April 15, 2018.

On November 26, 2018, the Controlling Shareholders and Celestial entered into the third supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company's announcement dated November 26, 2018.

On May 30, 2019, the Controlling Shareholders and Celestial entered into the fourth supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company's announcement dated May 30, 2019.

On January 15, 2020, the Controlling Shareholders and Celestial entered into the fifth supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company's announcement dated January 15, 2020.

On January 4, 2021, the Controlling Shareholders and Celestial entered into the sixth supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company's announcement dated January 4, 2021.

Saved as disclosed above in this section, as at the Latest Practicable Date, the Company had not been notified of any other persons (other than the Directors or chief executive of the Company) who had any interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO.

Saved as disclosed in this section, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business, apart from the business of the Company, which competes or is likely to compete with the business of the Company or has any other conflict of interest with the Company which would be required to be disclosed under Rule 8.10 of the Listing Rules (as if each of them was a controlling Shareholder).

4. INTEREST IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the Group since December 31, 2020, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, so far is known to the Directors, there is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

On November 20, 2009, Mr. Zhang Ruilin and Mr. Zhao Jiangwei, each an executive Director, each entered into a service contract with the Company, which is renewable yearly unless terminated (i) with twelve months' notice by either party, or (ii) by the Company upon certain events such as the Director having committed serious or persistent breaches of the service contract. Should the Company terminate the service contract, Mr. Zhang and Mr. Zhao will be entitled to receive a severance payment equivalent to one year's basic pay under the service contract, save for circumstances described in item (ii) above.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by such member of the Group within one year without payment of compensation other than statutory compensation.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2020, the date to which the latest published audited accounts of the Company were made up.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or have given opinion or advice contained in this circular:

Name	Qualification
China Galaxy	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, China Galaxy had no shareholding in any member of the Group, nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group since December 31, 2020, the date to which the latest published audited accounts of the Group was made up.

China Galaxy has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which they respectively appear.

8. MISCELLANEOUS

This circular is prepared in both English and Chinese. In the event of inconsistency, the English version shall prevail.

9. DOCUMENTS ON DISPLAY

The following documents will be published on the websites of the Company at www.mienergy.com.cn and of the Stock Exchange at www.hkex.com.hk from the date of this circular up to and including the date of the EGM:

- (a) the 2018 Oilfield Services Agreement;
- (b) the Renewed Oilfield Services Agreement;
- (c) the Letter from China Galaxy, the text of which is set out on pages 15 to 26 of this circular;
- (d) consent from the expert referred to in the subsection headed “7. Expert and Consent” above; and
- (e) the Directors’ service contracts referred to in the subsection headed “5. Directors’ Service Contracts” above.

NOTICE OF EGM



MIE HOLDINGS CORPORATION

MI能源控股有限公司

(In Provisional Liquidation)

(For the Purposes of Presenting a Compromise or Arrangement to Creditors)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1555)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“EGM”) of MIE Holdings Corporation (the “Company”) will be held at Units 5906–5912, 59/F, The Center, 99 Queen’s Road Central, Central, Hong Kong, on Tuesday, February 8, 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolution:

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the Continuing Connected Transactions (as defined in the circular of the Company dated January 19, 2022) and the proposed annual caps for the three years ending December 31, 2024 at RMB128.0 million, RMB162.0 million and RMB171.0 million, respectively, be and are hereby approved, ratified and confirmed;
- (b) the framework agreement dated December 31, 2021 (the “**Renewed Oilfield Services Agreement**”) entered into between Jilin Guotai Petroleum Development Company* (吉林省國泰石油開發有限公司) (“**Jilin Guotai**”), a company incorporated in the PRC, Songyuan Guotai Petroleum Technology Service Company* (松原市國泰石油科技服務有限公司) (“**Guotai Technology**”) and the Company, under which Jilin Guotai and Guotai Technology has agreed to provide, and procure that their respective subsidiaries to provide, to the Group from time to time the Oilfield Services (as defined in the circular of the Company dated January 19, 2022) be and is hereby approved, confirmed and ratified; and that the directors of the Company be and are hereby authorised to do all such acts and things incidental to the Renewed Oilfield Services Agreement as they consider necessary, desirable, or expedient in connection with the implementation of or giving effect to the Renewed Oilfield Services Agreement and the transactions contemplated thereunder; and

NOTICE OF EGM

- (c) the authorization to any one of the Directors, or any other person authorized by the Board from time to time, for and on behalf of the Company, among other matters, to sign, seal, execute, perfect, perform and deliver all such agreements, instruments, documents and deeds, and to do all such acts, matters and things and take all such steps as he or she or they may in his or her or their absolute discretion consider to be necessary, expedient, desirable or appropriate to give effect to and implement the Agreement and the transactions contemplated thereunder and all matters incidental to, ancillary to or in connection thereto, including agreeing and making any modifications, amendments, waivers, variations or extensions of the Agreement or the transactions contemplated thereunder be and are hereby approved, ratified and confirmed.”

By order of the Board
MIE Holdings Corporation
Zhang Ruilin
Chairman

Hong Kong, January 19, 2022

Notes:

- (1) The resolution at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the website of the Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
- (2) Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 10:00 a.m. on Sunday, February 6, 2022 (Hong Kong time). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) Where there are joint holders of any share of the Company, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (5) For determining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Monday, January 31, 2022 to Tuesday, February 8, 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, January 28, 2022 (Hong Kong time), being the last registration date.

NOTICE OF EGM

As at the date of this notice, the Board comprises (1) the executive Directors namely Mr. Zhang Ruilin, Mr. Zhao Jiangwei, Mr. Wong Ka Wai; (2) the non-executive Directors namely Mr. Guan Hongjun and Mr. Feng Chong; and (3) the independent non-executive Directors namely Mr. Mei Jianping, Mr. Liu Ying Shun, Ms. So Tsz Kwan, Mr. Guo Yanjun and Mr. Ai Min.