

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

能源國際投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

DISCLOSEABLE TRANSACTION – TERMINATION OF ACQUISITION AGREEMENT

Reference is made to the announcement of Energy International Investments Holdings Limited (the “**Company**”, which together with its subsidiaries is collectively referred to as the “**Group**”) dated 22 June 2021 (the “**Announcement**”) in relation to the Acquisition. Unless the context otherwise requires, capitalised terms in this announcement shall have the same meanings as defined in the Announcement.

BACKGROUND

The Acquisition involves the acquisition by the Purchaser (an indirect wholly-owned subsidiary of the Company) of the Relevant Equity in the registered capital of the Target Company (a subsidiary of the Group) from the Vendor. As explained in the Announcement, the Relevant Equity constitutes 9.92% registered capital of the Target Company and carries a 8% per-annum Fixed Rate Dividend payable by the Target Company calculated by reference to the Original Issue Price, subject to the availability and sufficiency of the reserve of accumulated distributable profit. The Relevant Equity carries no voting right in the Target Company, no right to profit-based variable dividend, and no right in the return of capital over the Original Issue Price. As consented to by the Target Company and its other equity holders (i.e. Mid-Ocean, Shuntai Port, Hongtaihe and Tianlijia) (the “**Other Equity Holders**”) at the time of the signing of the Acquisition Agreement, it was only upon the Completion of the Acquisition by the Purchaser that the Relevant Equity will be converted into ordinary equity in the registered capital of the Target Company carrying ordinary rights as to voting, profit-based variable dividend and return of capital.

Under the Acquisition Agreement, the total consideration for the Acquired Interest was RMB82,000,000 (HK\$100,000,000) which was paid by the Purchaser to the Vendor upon the signing of the Acquisition Agreement on 22 June 2021. At the relevant time, it was expected by the parties that the Completion of the Acquisition, signified by the update of the shareholding records of the business registration of the Target Company, should take place within 4 weeks after the signing of the Acquisition Agreement, i.e. by 19 July 2021.

Based on the Company's understanding from the Vendor at the relevant time, the Relevant Equity was pledged by them to a commercial bank in the PRC (the "**Chargee**") which has to be discharged before the title can be registered in the name of the Purchaser. At the relevant time, the Vendor obtained an understanding from the Chargee that the discharge can be done within four weeks. However, subsequent to the signing of the Acquisition Agreement, the Company was notified by the Vendor that the approval process of the Chargee in respect of the discharge over the Relevant Equity was delayed due to COVID-19, followed by the tightening of credit policy of banks as affected by the crisis towards property projects and the recent lockdown situation in China. In view of the substantial delay in the expected timetable, the parties amicably resolved to terminate the Acquisition and have the consideration refunded.

THE TERMINATION AGREEMENT

On 17 June 2022, the Purchaser, the Vendor and the Target Company entered into a termination agreement (the "**Termination Agreement**") to terminate the Acquisition, involving the following principal terms (inter alia):

- (1) the rescission of the Acquisition Agreement forthwith, and the consideration in the amount of RMB82,000,000 be fully repaid on or before 19 July 2022;
- (2) subject to the refund of the consideration in full, each party releases the other party from all the obligations of the Acquisition Agreement absolutely; and
- (3) any Fixed Rate Dividend payable by the Target Company on the Relevant Equity attributable to the period of 20 July 2021 to 19 July 2022 shall belong to the Purchaser.

The Termination Agreement is not subject to any conditions and has taken effect upon its signing on 17 June 2022.

INFORMATION ON THE VENDOR AND THE TARGET COMPANY

The Vendor is a company established in the PRC with limited liability, whose scope of business includes engineering and wholesale and retail of machinery and equipment. According to the information provided by the Vendor, the registered capital of the Vendor is owned as to 95% by Tong Zhongying (佟鐘瑩) and 5% by Zhang Mengqi (張夢琪). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is an Independent Third Party.

The Target Company is a company established in the PRC with limited liability with a registered capital of RMB403,040,036 (approximately HK\$491,512,000) as at the date of this announcement. The principal business activities of the Target Company are the ownership and operation of the Group's Port and Storage Facilities situated at Dongying Port, Shandong Province, the PRC. The Target Company is an indirect non-wholly owned subsidiary of the Company, whether before or after the Termination Agreement.

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

The Termination Agreement essentially involves the unwinding of the Acquisition and the restoration to the pre-Acquisition position of the Target Group. For the shareholding tables and the rights of the shareholders of the Target Company and further details of the Port and Storage Facilities, please refer to the Announcement. By way of update, one of the Other Equity Holders, Tianlijia, was recently renamed as Shandong Bufan Trading Co. Ltd.* (山東不凡商貿有限公司).

REASONS FOR AND BENEFITS OF THE TERMINATION AGREEMENT

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

The terms of the Termination Agreement were negotiated by the parties on arm's length basis, with the objective of best restoring the parties to pre-Acquisition positions. The consideration under the Termination Agreement is the same as the original consideration for the Acquisition. The reasons for the delay of Completion was already explained in the section headed "Background" of this announcement. As compared to the continual waiting for the completion of registration of transfer, the Termination Agreement enables the Group to recoup the paid consideration and to deploy the capital in other business endeavours.

For the reasons above, the Directors (including the independent non-executive Directors) came to the view that it was in the best interest of the Company and its shareholders to have the Acquisition terminated and demand a full refund of any consideration paid, through the signing and completion of the Termination Agreement, and that its terms are fair and reasonable and on normal commercial terms. No Director has any material interest in the Termination Agreement or is required to abstain from voting on the Board's decision regarding the Termination Agreement. Subject to the full refund of the consideration, the termination of the Acquisition is not expected to have any material adverse impact to the operations, assets and liabilities of the Group.

As explained above, as the consideration under the Termination Agreement is the same as the consideration for the Acquisition, the Company does not currently expect that the Termination Agreement to result in any significant gain or loss. The Company intends to apply the net proceeds (after deducting related expenses and costs) from the Termination Agreement for the Group's general working capital.

LISTING RULES IMPLICATIONS

Under Rule 14.36 of the Listing Rules, the Termination Agreement constitutes a material variation of a transaction previously announced. As the applicable percentage ratios under the Listing Rules in respect of the Termination Agreement are more than 5% but less than 25%, the Termination Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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

Hong Kong, 17 June 2022

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

* *For identification purpose only*

For the purpose of this paragraph, amounts denominated in RMB have been translated into HK\$ at an exchange rate of HK\$1.00 = RMB0.8540. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.