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## **ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED**

**能源國際投資控股有限公司\***

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

**(Stock Code: 353)**

### **DISCLOSEABLE TRANSACTION**

#### **ACQUISITION OF FINANCIAL INVESTMENT**

On 21 October 2019 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Target Company entered into the Acquisition Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Interests for the consideration of RMB224,000,000 (equivalent to approximately HK\$246,154,000) which shall be settled by the Purchaser by way of the Promissory Note.

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

The Board wishes to announce that on 21 October 2019 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Target Company entered into the Acquisition Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Interests for the consideration of RMB224,000,000 (equivalent to approximately HK\$246,154,000) which shall be settled by the Purchaser by way of the Promissory Note.

The principal terms of the Acquisition Agreement are set out below:

#### **ACQUISITION AGREEMENT**

Date: 21 October 2019 (after trading hours)

Parties: (1) The Purchaser (a wholly-owned subsidiary of the Company)  
(2) The Vendor  
(3) The Target Company

The Target Company is a company incorporated in Samoa and is an investment holding company legally, beneficially and wholly-owned by the Vendor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **Subject matter of the Acquisition**

Pursuant to the Acquisition Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, free from encumbrances, the Sale Interests.

The Sale Shares represent the entire issued share capital of the Target Company as at the date of the Acquisition Agreement and at Completion. The Sale Loans represent all the shareholders' loans (if any) owing by the Target Company to the Vendor (or its affiliates) on Completion. Based on the information provided by the Vendor, as at the date of the Acquisition Agreement, the balance of the Sale Loans amounted to nil.

The sole asset of the Target Company is its financial investment in 40% shareholding interest in the BVI Holdco (the "**Financial Investment**"). Further details of the Target Company and the Financial Investment are set out in the section headed "INFORMATION OF THE TARGET COMPANY AND THE FINANCIAL INVESTMENT" of this announcement below.

### **Consideration**

The total Consideration for the Sale Interests is RMB224,000,000 (equivalent to approximately HK\$246,154,000), which shall be settled by the Purchaser on Completion by the issuance of the Promissory Note. The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the investment value of the Financial Investment.

### **Promissory Note**

The Purchaser shall issue to the Vendor (or its designated nominee(s)) the Promissory Note upon Completion on the following principal terms:

Issuer: : the Purchaser

Principal amount : RMB224,000,000 (HK\$246,154,000)

Date of issue : Completion Date

Interest : 5% per annum, payable annually in arrears on each anniversary of the date of issue, and upon maturity or redemption of the Promissory Note

- Maturity date: : The Promissory Note is repayable on the third anniversary of the date of issue.
- Transferability : The Promissory Note may be transferred in whole or in part by the note-holder(s) to any person, provided that all transfers must be notified to the issuer and no transfer shall be made to connected persons of the Company without the issuer's prior written consent. In giving such consent, the Company will ensure compliance of the relevant provisions of the Listing Rules including those regarding financial assistance by connected persons.
- Denomination : A note-holder may request that the certificate(s) of the Promissory Note be split into such denominations as the holder sees fit, provided that the minimum denomination of any note certificate shall not be less than HK\$1,000,000.
- Early redemption : The issuer may redeem any part of the Promissory Note at its principal amount plus accrued interest at any time prior to the maturity date. The note-holders may not demand the issuer to make early repayment of the Promissory Note in any event.

### **Conditions precedent**

Completion is conditional upon fulfillment or waiver (as the case may be) of the following Conditions:

- (a) the Purchaser having completed its due diligence over the Financial Investment and being satisfied with its results in its absolute discretion;
- (b) the obtaining of all approvals, completion of all filings, waiting periods having expired or terminated and all applicable statutory and legal obligations having been complied with, in each case as may be necessary and expedient in connection with the entering into and the implementation of the Acquisition Agreement;
- (c) no events having occurred between the date of the Acquisition Agreement and Completion which may result in any material adverse effect on the Financial Investment; and
- (d) all warranties given by the Vendor being true, accurate and not misleading at all times between the date of the Acquisition Agreement and Completion.

The long stop date for the fulfillment or waiver of the Conditions is 31 December 2019 (or such later date as the parties may agree in writing) (the “**Long Stop Date**”). If any of the Conditions are not fulfilled or waived on or before the Long Stop Date, then unless the Long Stop Date is extended by mutual consent of the parties, the Acquisition Agreement shall terminate and no party shall have any claim in relation to the Acquisition Agreement, without prejudice to the rights of any party in respect of any antecedent breaches.

All the Conditions can be waived at the absolute discretion of the Purchaser. Under the terms of the Acquisition Agreement, the Purchaser has the absolute discretion in deciding whether the outcome of the due diligence is satisfactory. For any matters revealed in the due diligence which in the absolute opinion of the Purchaser can be sufficiently and appropriately dealt with by way of consideration adjustment, the Purchaser reserves the right to, inter alia: (a) adjust the consideration downwards on a dollar-for-dollar basis on matters occurring or revealed between the signing of the Acquisition Agreement and Completion, provided that no upward adjustment will be made above the agreed Consideration of RMB224,000,000 (HK\$246,154,000) in any event; and/or (b) require the Vendor to put in escrow such principal amount of the Promissory Note with the Purchaser pending the satisfaction of conditions as may be reasonably imposed by the Purchaser.

## **Completion**

Completion shall take place on any day within fifteen business days after the fulfillment or waiver (if applicable) of the last Condition, or such other date as the parties to the Acquisition Agreement may agree in writing.

## **Dividend policy**

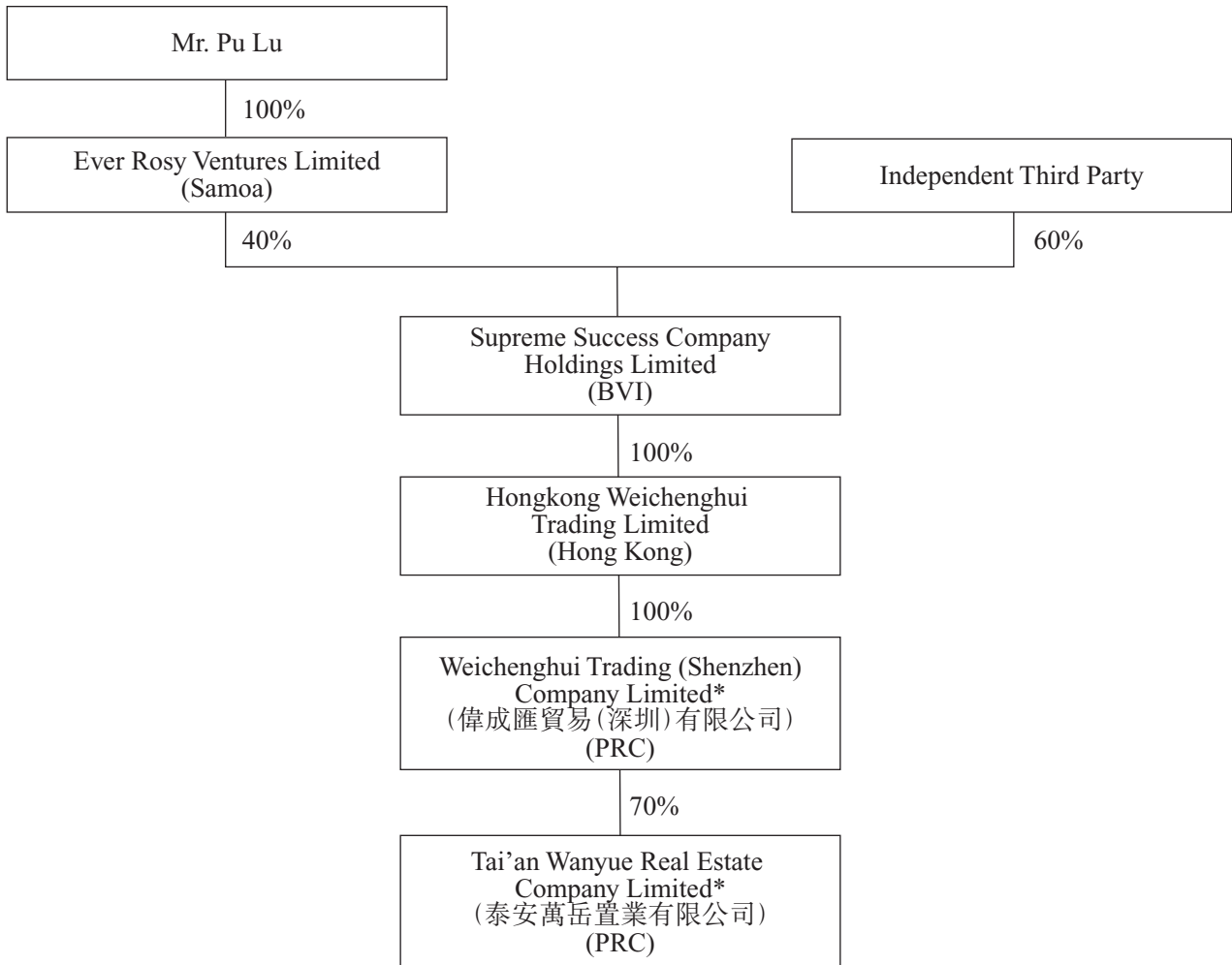
It was agreed by the shareholders of the BVI Holdco that its dividend policy should be as follows: (i) in each year during the construction phase of the project (i.e. between 2015 and 2022), it shall (subject to the availability of distributable profit) distribute not less than 20% but not more than 100% of the distributable profit for that year; and (ii) after 2022, it shall (subject to the availability of distributable profit) distribute not less than 50% of the distributable profit for that year.

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

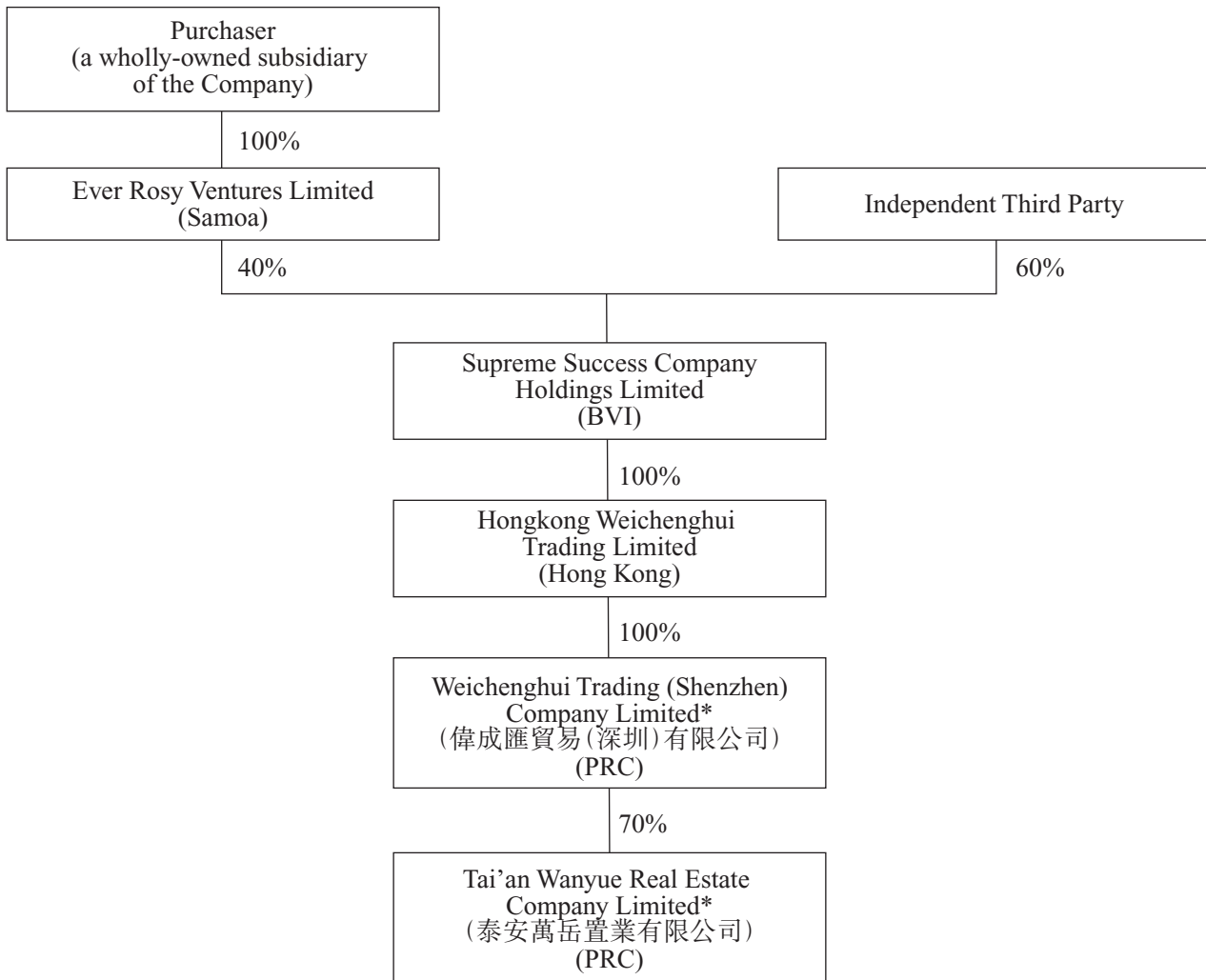
Based on the information provided by the Vendor, (i) the Target Company is an investment holding company incorporated in Samoa with limited liability whose sole asset is its financial investment in 40% shareholding interest in the BVI Holdco (i.e. the Financial Investment); (ii) the BVI Holdco is an investment holding company incorporated in the BVI with limited liability whose sole asset is 100% of the issued share capital and all shareholders' loans (if any) of the HK Holdco; (iii) the HK Holdco is an investment holding company incorporated in Hong Kong with limited liability whose sole asset is the entire equity interest and all shareholders' loans (if any) in the PRC Holdco; (iv) the PRC Holdco is a company established in the PRC with limited liability whose scope of business includes trading, construction material, machinery and equipment, wholesale, import and export and ancillary services and whose sole asset is 70% equity interest and the proportionate shareholders' loans (if any) in the PRC Opco; and (v) the PRC Opco is a company established in the PRC with limited liability whose scope of business includes real estate property development and operation, property management, construction and decoration, investment, investment consultancy, hotel management, conference and exhibition services, and sales of construction material and whose principal asset is a real estate property project situated at Tai'an Daiyue District, Tai'an City, Shandong Province, the PRC (the "**Property Project**"). On a look-through basis, the Financial Investment essentially represents a 28% effective interest of the Property Project.

The shareholding structures of the PRC Opco before and after Completion of the Acquisition are illustrated as follows:

### Before Completion



## After Completion



The Property Project has a transferred land area of 253,158 sq.m. and gross floor area upon construction completion of 784,596 sq.m., comprising (a) two plots of commercial land with total transferred land area of 165,118 sq.m. and land use right of 40 years ending in the years 2055 and 2058, respectively; and (b) four plots of residential land with total transferred land area of 88,040 sq.m. and land use right of 70 years ending in the years 2085, 2086, 2088 and 2088, respectively. Based on the information provided by the Vendor, the Property Project is planned to be built into six blocks of office towers with gross floor area of 552,363 sq.m. and fifteen blocks of residential apartments with gross floor area of 232,233 sq.m. upon completion of construction, tentatively scheduled to take place in and before 2022.

The Target Company owns a financial investment of 40% of the shareholding interest in the BVI Holdco, and the PRC Holdco owns 70% of the PRC Opco. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the other 60% shareholding of the BVI Holdco and the other 30% equity interest in the PRC Opco are owned by Independent Third Parties.

## **FINANCIAL INFORMATION OF TARGET COMPANY**

Based on the information provided by the Vendor and the unaudited management accounts of the Target Company as at 15 October 2019, (i) the total assets and the net assets of the Target Company amounted to approximately RMB213,000,000 (HK\$234,066,000) and RMB212,987,000 (HK\$234,052,000) respectively; and (ii) the Target Company recorded no revenue and loss of approximately RMB13,000 (HK\$14,000) since its date of incorporation on 9 July 2019.

Subject to further review and discussion with auditors, the Company expects that following Completion, the Financial Investment shall be accounted for as “financial assets at fair value through other comprehensive income” such that any changes to their fair value for each reporting period are expected to be reflected in the Group’s statement of comprehensive income by way of “other comprehensive income” and any dividend paid out of the Financial Investment is expected to be recorded as “revenue” or “other income” in the Group’s income statement.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION 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 Group has been looking for investment opportunities in the PRC which can benefit the Group through investment return. Tai’an City is a famous tourism city in Shandong Province, the PRC where Mount Tai (泰山) is located. Tai’an City is served by Jinan Yaoqiang International Airport which is approximately 100 kilometers away and has extensive road, highway, railway and high-speed railway networks connecting to other cities in the PRC. The Property Project is situated at the prime location of Tai’an City where the property market has been booming in the last two years.

The Financial Investment essentially represents, on a look-through basis, a 28% effective interest of the Property Project. With the pre-agreed dividend policy of the BVI Holdco, the Directors considered that the proposed investment in the Financial Investment should bring investment return to the Group upon completion of construction of the development of the Property Project.

The Consideration was determined after arm’s length negotiation between the Vendor and the Purchaser with reference to the market value of the Financial Investment. The Directors (including the independent non-executive Directors) considered that the Acquisition and its terms (including the Consideration and the terms of the Promissory Note) are fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole. No Director has any material interest in the Acquisition or is required to abstain from voting on the Board’s decision regarding the Acquisition.

## LISTING RULES IMPLICATIONS

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

## DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

|                         |   |
|-------------------------|---|
| “Acquisition”           | the acquisition of the Sale Interests by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement  |
| “Acquisition Agreement” | the sale and purchase agreement dated 21 October 2019 entered into between the Purchaser, the Vendor and the Target Company in respect of the Acquisition   |
| “Board”                 | the board of Directors  |
| “BVI”                   | the British Virgin Islands  |
| “BVI Holdco”            | Supreme Success Company Holdings Limited, a company incorporated in the BVI with limited liability, whose issued share capital is held as to 40% by the Target Company  |
| “connected person(s)”   | having the meaning ascribed thereto under the Listing Rules   |
| “Company”               | Energy International Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange with stock code: 353 |
| “Completion”            | the completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement  |
| “Consideration”         | RMB224,000,000 (HK\$246,154,000), being the consideration payable by the Purchaser to the Vendor for the Acquisition pursuant to the terms of the Acquisition Agreement   |
| “Conditions”            | the conditions precedent set out in the Acquisition Agreement which must be satisfied or waived for Completion to take place  |



|                                |  |
|--------------------------------|--|
| “Director(s)”                  | the director(s) of the Company   |
| “Group”                        | the Company and its subsidiaries   |
| “HK Holdco”                    | Hongkong Weichenghui Trading Limited (香港偉成匯貿易有限公司), a company incorporated in Hong Kong with limited liability, whose issued share capital is wholly owned by the BVI Holdco                         |
| “HK\$”                         | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”                    | Hong Kong Special Administrative Region of the PRC   |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected with the Company and its connected persons   |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC”                          | The People’s Republic of China   |
| “PRC Holdco”                   | 偉成匯貿易(深圳)有限公司(Weichenghui Trading (Shenzhen) Company Limited*), a company established in the PRC with limited liability, whose equity and registered capital is wholly owned by the HK Holdco        |
| “PRC Opco”                     | 泰安萬岳置業有限公司(Tai’an Wanyue Real Estate Company Limited*), a company established in the PRC with limited liability, whose equity and registered capital is 70% owned by the PRC Holdco                  |
| “Promissory Note”              | the promissory note in the principal amount of RMB224,000,000 (HK\$246,154,000) to be issued by the Purchaser to the Vendor (or as the Vendor shall direct) as the Consideration for the Acquisition |
| “Purchaser”                    | Cheerful Dragon Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company   |
| “RMB”                          | Renminbi, the lawful currency of the PRC   |
| “Sale Interests”               | collectively, the Sale Shares and the Sale Loans   |
| “Sale Loans”                   | all the shareholders’ loans owing by the Target Company to the Vendor (or its affiliates) on Completion  |

|                              |  |
|------------------------------|--|
| “Sale Shares”                | the entire issued share capital of the Target Company, which was wholly, legally and beneficially owned by the Vendor prior to the entering into of the Acquisition Agreement    |
| “Share(s)”                   | ordinary share(s) of HK\$0.10 each in the issued share capital of the Company  |
| “Shareholder(s)”             | holder(s) of the Share(s)  |
| “sq.m.”                      | square meters  |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited  |
| “substantial shareholder(s)” | having the meaning ascribed thereto under the Listing Rules  |
| “Target Company”             | Ever Rosy Ventures Limited, a company incorporated in Samoa with limited liability, which according to the information provided by the Vendor was owned as to 100% by the Vendor |
| “Vendor”                     | Mr. Pu Lu (濮璐), the vendor of the Acquisition  |
| “%”                          | per cent.  |

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of HK\$1.00 = RMB0.91. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

By Order of the Board  
**Energy International Investments Holdings Limited**  
**Lan Yongqiang**  
*Chairman*

Hong Kong, 21 October 2019

*As at the date of this announcement, the executive Directors are Mr. Lan Yongqiang (Chairman), Mr. Chan Wai Cheung Admiral, Mr. Cao Sheng, Mr. Yu Zhiyong, Mr. Wang Feng and Ms. Lei Liangzhen; and the independent non-executive Directors are Mr. Tang Qingbin, Mr. Wang Jinghua and Mr. Fung Nam Shan.*

\* *For identification purpose only*