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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)

**(I) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF
NEW SHARES UNDER SPECIFIC MANDATE; AND
(II) APPLICATION FOR WHITEWASH WAIVER**

Financial Adviser to the Company



**CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES
UNDER SPECIFIC MANDATE**

On 28 April 2023 (after trading hours), the Company (as issuer) and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 360,000,000 new Shares at the Subscription Price of HK\$0.416 per Subscription Share for a total consideration of approximately HK\$149.8 million in cash.

As at the date of this announcement, there are 720,562,890 Shares in issue. The 360,000,000 Subscription Shares represent (i) approximately 50.0% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the 360,000,000 Subscription Shares, assuming that there is no other change in the issued share capital of the Company between the date of the Subscription Agreement and the Completion Date (save and except for the Subscription).

* For identification purpose only

The Subscription Price of HK\$0.416 per Subscription Share represents (i) a discount of approximately 5.5% to the closing price of HK\$0.440 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; (ii) a discount of approximately 8.4% to the average closing price of HK\$0.454 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the date of the Subscription Agreement; and (iii) a discount of approximately 7.6% to the average closing price of HK\$0.450 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to but excluding the date of the Subscription Agreement.

The Subscription Shares will be allotted and issued under the Specific Mandate to be obtained from the Independent Shareholders at the EGM. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The gross proceeds and net proceeds (after deducting costs and expenses incidental to the Subscription and the Whitewash Waiver) to be raised from the Subscription are expected to be approximately HK\$149.8 million and approximately HK\$146.8 million, respectively. The net subscription price per Subscription Share is approximately HK\$0.408. The Board intends to apply the net proceeds to repay debts and liabilities of the Group.

IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

As at the date of this announcement, Giant Crystal (a wholly-owned subsidiary of the Subscriber) is a substantial Shareholder holding 215,431,372 Shares, representing approximately 29.90% of the issued share capital of the Company. In addition, the Subscriber is legally and beneficially owned as to 50% by Mr. Cao, 20% by Mr. Liu and 30% by Mr. Hu. As Mr. Cao and Mr. Liu are executive Directors, the Subscriber is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the Subscriber and parties acting or presumed to be acting in concert with it are, in aggregate, interested in 215,431,372 Shares, representing approximately 29.90% of the issued share capital of the Company. Upon Completion, assuming that there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date (save and except for the Subscription), the Subscriber and parties acting or presumed to be acting in concert with it will be interested in 575,431,372 Shares, representing approximately 53.3% of the issued share capital of the Company as enlarged by the Subscription Shares. Pursuant to Rule 26.1 of the Takeovers Code, the Subscriber and parties acting or presumed to be acting in concert with it will be required to make a mandatory general offer for all the issued securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting or presumed to be acting in concert with it) in the absence of the Whitewash Waiver.

The Subscriber will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the issue of the Subscription Shares pursuant to the Subscription Agreement. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM to be held for such purposes; and (ii) the approval of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription) and the Specific Mandate by more than 50% of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM to be held for such purposes.

If the Whitewash Waiver is approved by the Independent Shareholders, the Subscriber and parties acting or presumed to be acting in concert with it will hold more than 50% of the voting rights of the Company, and they may further increase their holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver. In compliance with the Listing Rules, all resolutions will be voted on by way of poll at the EGM.

Pursuant to the Takeovers Code and the Listing Rules, the Independent Board Committee, comprising Mr. Tang Qingbin, Mr. Wang Jinghua and Mr. Fung Nam Shan (being all of the independent non-executive Directors), was established by the Company to advise the Independent Shareholders as to whether the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation as to voting. All the independent non-executive Directors comprising the Independent Board Committee have no direct or indirect interest or involvement in the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver, and are considered appropriate for joining as members of the Independent Board Committee to advise the Independent Shareholders as to whether the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation as to voting.

The Independent Financial Adviser will be appointed with the approval of the Independent Board Committee as soon as possible to advise the Independent Board Committee and the Independent Shareholders as to whether the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation on voting. Further announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

The Circular containing, among others, (i) further details of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver; (iv) a notice of EGM; and (v) other information as required under the Listing Rules and the Takeovers Code, is expected to be dispatched to the Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier.

WARNING

The Subscription Agreement and the transactions contemplated thereunder (including the Subscription) are subject to the fulfilment of the Conditions which are set out in the paragraph headed “1. The Subscription Agreement – Conditions” under the section headed “CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE” in this announcement. Therefore, the Subscription Agreement and the transactions contemplated thereunder (including the Subscription) may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

1. The Subscription Agreement

The major terms and conditions of the Subscription Agreement are set out below:

Date: 28 April 2023 (after trading hours)

Parties: (a) the Company (as issuer); and
(b) the Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability whose principal activity is investment holding. As at the date of this announcement, (a) Giant Crystal, a wholly-owned subsidiary of the Subscriber, is a substantial Shareholder holding 215,431,372 Shares, representing approximately 29.90% of the issued share capital of the Company; (b) the Subscriber is legally and beneficially owned as to 50% by Mr. Cao, 20% by Mr. Liu and 30% by Mr. Hu; and (c) the directors of the Subscriber are Mr. Cao and Mr. Liu. As Mr. Cao and Mr. Liu are executive Directors, the Subscriber is a connected person of the Company.

Subject matter

Pursuant to the Subscription Agreement, the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 360,000,000 new Shares at the Subscription Price of HK\$0.416 per Subscription Share for a total consideration of approximately HK\$149.8 million in cash. The Subscriber may nominate its wholly-owned subsidiary to take up the Subscription Shares on Completion.

As at the date of this announcement, there are 720,562,890 Shares in issue. The 360,000,000 Subscription Shares represent (i) approximately 50.0% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the 360,000,000 Subscription Shares, assuming that there is no other change in the issued share capital of the Company between the date of the Subscription Agreement and the Completion Date (save and except for the Subscription).

Subscription Price

The Subscription Price of HK\$0.416 per Subscription Share represents:

- (i) a discount of approximately 5.5% to the closing price of HK\$0.440 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 8.4% to the average closing price of HK\$0.454 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the date of the Subscription Agreement;
- (iii) a discount of approximately 7.6% to the average closing price of HK\$0.450 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to but excluding the date of the Subscription Agreement;
- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 2.79%, represented by the theoretical diluted price of approximately HK\$0.441 per Share to the benchmarked price of approximately HK\$0.454 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Subscription Agreement of HK\$0.440 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement of HK\$0.454 per Share);
- (v) a discount of approximately 66.8% to the audited equity attributable to owners of the Company of approximately HK\$1.252 per Share as at 31 March 2022, which is calculated based on (a) the audited consolidated equity attributable to owners of the Company of approximately HK\$901,948,000 as at 31 March 2022; and (b) a total of 720,562,890 issued Shares (after the adjustment of share consolidation becoming effective on 15 September 2022) as at 31 March 2022; and
- (vi) a discount of approximately 63.9% to the unaudited equity attributable to owners of the Company of approximately HK\$1.154 per Share as at 30 September 2022, which is calculated based on (a) the unaudited consolidated equity attributable to owners of the Company of approximately HK\$831,324,000 as at 30 September 2022; and (b) a total of 720,562,890 issued Shares as at 30 September 2022 and at present.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares and the recent market conditions.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all the Shares in issue at the date of allotment and issue of the Subscription Shares, including the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Subscription Shares.

Conditions

Completion is conditional upon fulfillment or wavier, if applicable by the Subscriber, of the Conditions set out as follow:

- (i) there being no material breach of the representations and warranties of the Company under the terms of the Subscription Agreement;
- (ii) no material adverse change in relation to the business, financial or trading position of the Group as a whole having occurred;
- (iii) the approval of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription) and the Specific Mandate by more than 50% of the Independent Shareholders at the EGM by way of poll;
- (iv) the Executive having granted to the Subscriber the Whitewash Waiver, and any conditions attaching to the Whitewash Waiver having been satisfied, and the approval of the Whitewash Wavier by at least 75% of the Independent Shareholders at the EGM by way of poll;
- (v) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares, and such approval not having been revoked or cancelled prior to Completion; and
- (vi) the compliance of any other requirements imposed by the Stock Exchange and/or the SFC in relation to the Subscription Agreement and the transactions contemplated thereunder (including the Subscription) and the allotment and issue of the Subscription Shares, whether under the Listing Rules, the Takeovers Code or otherwise.

The Company shall use its best endeavors to procure the fulfillment of the above Conditions. The parties to the Subscription Agreement shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by the Stock Exchange and/or the SFC in connection with the fulfillment of such Conditions. The Subscriber may at its discretion waive the Conditions (i) and (ii) above. The other Conditions cannot be waived by either party to the Subscription Agreement.

In the event that not all the Conditions have been fulfilled or waived (as the case may be) on or before the Long Stop Date of 31 July 2023, then unless the Long Stop Date is extended by mutual consent of the Company and the Subscriber, the Subscription Agreement and the transactions contemplated thereunder (including the Subscription) shall terminate and lapse, and the Company and the Subscriber shall be released from all obligations thereunder and neither party shall have any claim against the other save for any antecedent breaches of the Subscription Agreement.

As at the date of this announcement, none of the Conditions have been fulfilled.

Completion

Completion shall take place within five business days after the date upon which the last of the Conditions is satisfied (or, where permissible, waived) or such other time and date as the Company and the Subscriber may mutually agree.

2. Lock-up Undertaking

The Subscriber undertakes to and covenants with the Company that it shall not, in the period commencing on the Completion Date and ending on the date which is 6 months from the Completion Date, dispose of, or enter into any agreement to dispose of or otherwise create any encumbrances in respect of, any of the Subscription Shares.

3. Specific Mandate

The Subscription Shares will be allotted and issued under the Specific Mandate to be obtained from the Independent Shareholders at the EGM.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

4. Reasons for the Subscription and use of proceeds

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 the provision of agency services and trading of oil and liquefied chemical products in the PRC, and insurance brokerage service in Hong Kong.

The Company's subsidiary, Shandong Shundong Port Services Company Limited ("**Shundong Port**"), owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-year period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066, respectively. Shundong Port has completed the construction and commenced leasing of its storage and logistics facilities (the "**Port and Storage Facilities**") since 2017, with full commercial operation having been achieved in May 2018. The Port and Storage Facilities are located in the vicinity of the traditional petrochemical refinery area near Shengli Oilfield near Dongying City, and are among the few in Dongying Port which can berth 10,000 tonnage ships. As disclosed in the Company's announcement dated 30 December 2020, the Port and Storage Facilities are currently leased to an independent third party lessee for the period from 1 January 2021 to 19 May 2023 but the lease agreement will expire in May 2023, upon which the Company expects to re-possess and self-operate the Port and Storage Facilities. Leveraging on the ample experience of the Group's specialist team, and barring the unforeseen circumstances, the Company anticipates that the Port and Storage Facilities will continue to contribute significant income to the Group after the commencement of its self-operation. Based on the latest estimation, the Company intends to set aside approximately HK\$5 million for the capital expenditure in preparation of the commencement of the self-operation of the Port and Storage Facilities, including the purchase of additional movable furniture and equipment. In addition, by way of routine maintenance and business development of the Port and Storage Facilities, the Group is required to set aside at least HK\$17 million for the dredging of the sea routes, HK\$11 million for the conducting of feasibility study and design works for the second phase expansion of the port facilities, HK\$45 million for the acquisition of additional land and sea use right for the expansion plans, and HK\$31 million for the settlement of outstanding construction costs.

As disclosed in the Company's annual report for the year ended 31 March 2022 (the "**Annual Report 2021/22**") and interim report for the six months ended 30 September 2022 (the "**Interim Report 2022/23**"), (a) the Group's finance costs attributable to bank and other borrowings for the year ended 31 March 2022 and the six months ended 30 September 2022 amounted to approximately HK\$9,731,000 and approximately HK\$7,318,000, respectively; (b) the Group's bank borrowings repayable within one year and that contain a repayable-on-demand clause had carrying amounts as at 30 September 2022 of approximately HK\$90,923,000 ("**Bank Loan A**") and approximately HK\$151,539,000 ("**Bank Loan B**"), respectively; and (c) the Group's promissory note (the "**Promissory Note**"), which will be due in August 2023, had carrying amounts of approximately HK\$7,558,000 as at 30 September 2022. In March 2023, the Company approached the lender to consult the possibilities of renewing Bank Loan A, which would be due in April 2023, and/or applying for a new bank loan with similar terms of Bank Loan A but the Company's application was unable to be proceeded further due to inability to reach agreement on the terms of the loan. Subsequently, Bank Loan A was fully repaid by the Group in March 2023. While Bank Loan B, which was provided by the same lender as Bank Loan A, is only due for repayment in January 2025, the lender reserves the right to demand early repayment at any time before the loan maturity. Knowing the latest view of the same lender on their credit policy when negotiating the renewal of Bank Loan A (which did not materialize as explained above), the Group considers that it is prudent to set aside sufficient money to prepare for also the full repayment of Bank Loan B. In any event, the repayment of Bank Loan B is expected to save interest costs for the Group in the amount of approximately HK\$7.5 million each year. As at 31 March 2023, the Group's cash and bank balances amounted to approximately HK\$83.1 million, which was not sufficient to settle the outstanding principal amount of the Promissory Note and Bank Loan B if early repayment is demanded by the lender. Taking into account (i) the existing cash level of the Group; (ii) the overall level of outstanding debts and liabilities of the Group; (iii) the expected maintenance fee of the Port and Storage Facilities (including the dredging of the sea routes); (iv) the expected capital required for the expansion plans of the Port and Storage Facilities; and (v) the working capital required to maintain the daily operation of the Group, the Board considers that the Group has an imminent need to arrange a sizeable fund raising exercise to prepare for the full repayment of Bank Loan B.

The Board has considered various fund raising methods including bank borrowing and equity fund-raising such as placement of Shares to independent third parties, rights issue, open offer and the Subscription. The Company has approached two banks to explore the possibility of applying for new loans. However, both banks have turned down the Group's application for new loan of meaningful loan size as the Group was unable to provide sufficient appropriate collaterals to fortify the loan applied for. In addition, debt financing would incur finance costs for the Company. As regards equity fund raising exercises, the Company has approached several securities brokerage firms about the possibility and feasibility of acting as placing agent and/or underwriter of the Company, and was given to understand that the securities brokerage firms generally requested a placing/underwriting commission ranging from 3.0% to 5.0% based on the fund raising size, and a discount on the placing/subscription price (ranging from 20% for a general mandate placing to as high as 40% for rights issue or open offer) so as to increase the attractiveness of the equity fund raising exercise. In addition, any placing would only be conducted on best-effort basis, rendering the outcome and the exact amount of proceeds to be raised from the placing being uncertain and subject to market condition, while rights issue or open offer will involve the issue of listing documents with other application and administrative procedures which may require relatively longer time and incur additional administrative costs as compared to the present Subscription.

Having considered the restrictions of the alternative fund raising methods as discussed above, only the Subscriber expressed its willingness to subscribe for the Subscription Shares at a similar level to moderate discount to the prevailing market price. The Subscription enables the Company to raise a meaningful size of issue proceeds which matches its capital needs and to issue the Shares at a similar level to moderate discount to the prevailing market price and save the finance cost or commission which the Group would have otherwise needed to incur if other fund raising methods were to be adopted.

The gross proceeds and net proceeds (after deducting costs and expenses incidental to the Subscription and the Whitewash Wavier) to be raised from the Subscription are expected to be approximately HK\$149.8 million and approximately HK\$146.8 million, respectively. The net subscription price per Subscription Share is approximately HK\$0.408. The Board intends to apply the net proceeds to repay debts and liabilities of the Group.

As at 30 September 2022, the Group's total assets and total liabilities amounted to approximately HK\$1,990.6 million and approximately HK\$879.8 million, respectively and the gearing ratio of the Group (computed by dividing total liabilities by total assets) was approximately 0.44. Upon Completion, the total assets of the Group would be enlarged by approximately HK\$146.8 million and all the net proceeds from the Subscription of approximately HK\$146.8 million is intended to repay the debts and liabilities of the Group. Therefore, the gearing ratio of the Group is expected to be improved upon Completion.

The Directors consider that the Subscription represents a straightforward and cost-effective means of financing for the Group. Upon Completion, the aggregate shareholding interest of the existing public Shareholders will be diluted from approximately 70.10% to approximately 46.75%, assuming that there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date (save and except for the Subscription). Notwithstanding the potential dilution effect which will arise from the Subscription, having considered that the Subscription enables the Company to raise a meaningful size of issue proceeds which matches its capital needs and save the finance cost or commission which the Group would have otherwise needed to incur if other fund raising methods were to be adopted, the Directors (other than the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser, and except Mr. Cao and Mr. Liu who abstained from voting due to their material interest in the Subscription arising from their indirect ownership in the Subscriber) are of the view that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and on normal commercial terms and the Subscription is in the interests of the Company and its Shareholders (including the Independent Shareholders) as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion assuming that there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date (save and except for the Subscription):

Shareholders	As at the date of this announcement		Immediately after Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
The Subscriber (<i>Note 1</i>)	–	–	360,000,000	33.32
Giant Crystal (<i>Note 2</i>)	<u>215,431,372</u>	<u>29.90</u>	<u>215,431,372</u>	<u>19.94</u>
Sub-total for the Subscriber and parties acting in concert with it	215,431,372	29.90	575,431,372	53.25
Public Shareholders	<u>505,131,518</u>	<u>70.10</u>	<u>505,131,518</u>	<u>46.75</u>
Total	<u><u>720,562,890</u></u>	<u><u>100.00</u></u>	<u><u>1,080,562,890</u></u>	<u><u>100.00</u></u>

Notes:

1. The Subscriber is legally and beneficially owned as to 50% by Mr. Cao (an executive Director), 20% by Mr. Liu (an executive Director) and 30% by Mr. Hu.
2. Giant Crystal is a wholly-owned subsidiary of the Subscriber.
3. Any discrepancies in the table above between totals and sums of amounts set out in it are due to rounding.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Subscription which is indicative only and has been prepared on the assumption that the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in separate announcement(s) by the Company as and when appropriate.

Event	Date
Dispatch date of the Circular and notice of EGM	Friday, 19 May 2023
Latest time for lodging forms of proxy for the purpose of the EGM	3:00 p.m. on Sunday, 4 June 2023
EGM	3:00 p.m. on Tuesday, 6 June 2023
Announcement of results of EGM to be published on the Stock Exchange website	Tuesday, 6 June 2023
Completion Date	Monday, 26 June 2023

Note: All references to time in this announcement are references to Hong Kong time.

IMPLICATION UNDER THE LISTING RULES AND TAKEOVERS CODE

As at the date of this announcement, Giant Crystal (a wholly-owned subsidiary of the Subscriber) is a substantial Shareholder holding 215,431,372 Shares, representing approximately 29.90% of the issued share capital of the Company. In addition, the Subscriber is legally and beneficially owned as to 50% by Mr. Cao, 20% by Mr. Liu and 30% by Mr. Hu. As Mr. Cao and Mr. Liu are executive Directors, the Subscriber is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the Subscriber and parties acting or presumed to be acting in concert with it are, in aggregate, interested in 215,431,372 Shares, representing approximately 29.90% of the issued share capital of the Company. Upon Completion, assuming that there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date (save and except for the Subscription), the Subscriber and parties acting or presumed to be acting in concert with it will be interested in 575,431,372 Shares, representing approximately 53.3% of the issued share capital of the Company as enlarged by the Subscription Shares. Pursuant to Rule 26.1 of the Takeovers Code, the Subscriber and parties acting or presumed to be acting in concert with it will be required to make a mandatory general offer for all the issued securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting or presumed to be acting in concert with it) in the absence of the Whitewash Waiver.

The Subscriber will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the issue of the Subscription Shares pursuant to the Subscription Agreement. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM to be held for such purposes; and (ii) the approval of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription) and the Specific Mandate by more than 50% of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM to be held for such purposes.

If the Whitewash Waiver is approved by the Independent Shareholders, the Subscriber and parties acting or presumed to be acting in concert with it will hold more than 50% of the voting rights of the Company, and they may further increase their holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

Paragraph 3 of Schedule VI of the Takeovers Code provides that the Executive will normally not grant a whitewash waiver if there occurs any disqualifying transaction for such waiver. Disqualifying transactions include, among others, a situation where the person seeking a whitewash waiver or any person acting in concert with it has acquired voting rights in a company in the six months immediately prior to the announcement of the proposal but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of such company in relation to the proposal. The Company has received a confirmation from the Subscriber confirming that the Subscriber and parties acting or presumed to be acting in concert with it have not dealt in the Shares during the six-month period prior to and including the date of this announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Subscription.

As at the date of this announcement, the Company does not believe that the Subscription (including the allotment and issue of the Subscription Shares) would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the dispatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription (including the allotment and issue of the Subscription Shares) does not comply with other applicable rules and regulations.

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or if granted, is not approved by the Independent Shareholders, the Subscription Agreement will not become unconditional and the Subscription will not proceed.

INTENTION OF THE SUBSCRIBER

At present, by virtue of the 29.90% shareholding held by Giant Crystal, the Subscriber is a substantial shareholder of the Company. Upon Completion, the Subscriber will become a controlling shareholder (as defined in the Listing Rules) and the single largest shareholder of the Company. The Subscriber currently intends (i) to maintain the listing of the Shares on the Main Board of the Stock Exchange; (ii) to continue to operate the existing businesses of the Group but will regularly review its operations and business activities and may explore other opportunities available to the Company. However, at present, no definitive plan or timing has been determined by the Subscriber for implementing any drastic changes to the Group's business strategies. The Subscriber has no current intention to terminate any existing business segments of the Group, or to terminate the continued employment of the employees of the Group on a large scale (save for normal hire and fire decisions necessary for daily operations), or to re-deploy or dispose of the assets or business of the Group other than in its ordinary and usual course of business.

Save for the entering into of the Subscription Agreement, neither the Subscriber nor any of parties acting or presumed to be acting in concert with it has acquired or disposed of any voting rights of the Company or has dealt for value in any shares, convertible securities, warrants, options or derivatives in respect of the securities of the Company in the six-month period prior to the date of this announcement. The Subscriber and parties acting or presumed to be acting in concert with it will not acquire or dispose of any voting rights of the Company after the date of this announcement until Completion.

OTHER INTERESTS AND ARRANGEMENTS

As at the date of this announcement, other than 215,431,372 Shares held by the Subscriber and parties acting or presumed to be acting in concert with it as disclosed in the section headed "CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY" in this announcement and all the transactions contemplated under the Subscription Agreement as disclosed in the paragraph headed "1. The Subscription Agreement" under the section headed "CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE" in this announcement, neither the Subscriber nor any of parties acting or presumed to be acting in concert with it:

- (i) holds, owns, controls or directs any shares, convertible securities, warrants, options or derivatives in respect of the securities in the Company nor has entered into any outstanding derivatives in respect of the securities in the Company;
- (ii) has secured any irrevocable commitment from any Independent Shareholders to vote in favour of or against the resolutions approving the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and/or the Whitewash Waiver;

- (iii) has any arrangement as referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) or contracts with any other parties in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which might be material to the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and/or the Whitewash Waiver;
- (iv) has any agreement or arrangement to which the Subscriber or any of parties acting or presumed to be acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and/or the Whitewash Waiver;
- (v) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (vi) has paid or will pay any other consideration, compensation or benefit in whatever form to the Company or any party acting in concert with it in connection with the Subscription, save for the aggregate Subscription Price;
- (vii) has entered into any understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) with the Company or any party acting in concert with it, save for the Subscription Agreement; and
- (viii) has entered into any understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) with any Shareholder.

As at the date of this announcement, save for the Subscription Agreement, there is no other understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholders and (b) the Company, its subsidiaries or associated companies.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver. In compliance with the Listing Rules, all resolutions will be voted on by way of poll at the EGM.

In accordance with the Listing Rules and the Takeovers Code, only the Independent Shareholders will be eligible to vote on the relevant resolutions relating to the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver. The Subscriber and parties acting or presumed to be acting in concert with it (including Giant Crystal, Mr. Cao, Mr. Liu and Mr. Hu) and any Shareholders who are involved in or interested in the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver are required to abstain from voting on the relevant resolutions at the EGM. As at the date of this announcement, the Subscriber and parties acting or presumed to be acting in concert with it are, in aggregate, interested in 215,431,372 Shares, representing approximately 29.90% of the issued share capital of the Company. Save as disclosed above, there are no other Shareholders who are involved in or interested in the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver or are required, or indicated to the Company of his/her/its intention, to abstain from voting in the relevant resolutions at the EGM.

Furthermore, as Mr. Cao and Mr. Liu were considered to have a material interest in the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver, they had abstained from voting on the Board resolution(s) approving the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver.

Pursuant to the Takeovers Code and the Listing Rules, the Independent Board Committee, comprising Mr. Tang Qingbin, Mr. Wang Jinghua and Mr. Fung Nam Shan (being all of the independent non-executive Directors), was established by the Company to advise the Independent Shareholders as to whether the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation as to voting. All the independent non-executive Directors comprising the Independent Board Committee have no direct or indirect interest or involvement in the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver, and are considered appropriate for joining as members of the Independent Board Committee to advise the Independent Shareholders as to whether the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation as to voting.

The Independent Financial Adviser will be appointed with the approval of the Independent Board Committee as soon as possible to advise the Independent Board Committee and the Independent Shareholders as to whether the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation on voting. Further announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

Dispatch of the Circular

The Circular containing, among others, (i) further details of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver; (iv) a notice of EGM; and (v) other information as required under the Listing Rules and the Takeovers Code, is expected to be dispatched to the Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier.

WARNING AGAINST RELIANCE ON PROFIT FORECAST

Reference is made to the announcement of the Company dated 19 April 2023 (the “**Profit Alert Announcement**”) in relation to the positive profit alert. As disclosed in the Profit Alert Announcement, based on the preliminary review on the unaudited management accounts of the Group and information currently available to the Board, the Group expects to record a more than 100% increase in profit for the year ended 31 March 2023 (“**FY2023**”) as compared to the profit for the year ended 31 March 2022 of approximately HK\$42 million (subject to further adjustments as explained in the Profit Alert Announcement), although the revenue of the Group is expected to decrease by not less than 20% (the “**Profit Alert**”).

Except with the consent of the Executive, the Profit Alert which has been made before the date of this announcement must be examined, repeated and reported on in this announcement in accordance with Rule 10.3(d) of the Takeovers Code. In view of the requirements of timely disclosure of the inside information under Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the SFO, there would have been genuine practical difficulties faced by the Company in meeting the requirements of Rule 10.4 of the Takeovers Code. The profit forecast is required to be reported on as soon as reasonably practicable and the relevant reports are required to be contained in the next Shareholder’s document (i.e. the Circular). Normally, the requirement to include the Rule 10 reports in the next Shareholder’s document will no longer apply if the results to which the profit alert relates have been announced and the relevant results together with the notes to the financial statements are included in the Shareholder’s document.

Shareholders and potential investors of the Company should note that the Profit Alert has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Alert in assessing the merits and demerits of the transactions contemplated under the Subscription Agreement.

WARNING

The Subscription Agreement and the transactions contemplated thereunder (including the Subscription) are subject to the fulfilment of the Conditions which are set out in the paragraph headed “1. The Subscription Agreement – Conditions” under the section headed “CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE” in this announcement. Therefore, the Subscription Agreement and the transactions contemplated thereunder (including the Subscription) may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the meanings ascribed to them below:

“acting in concert”	having the meaning ascribed thereto under the Takeovers Code
“associate(s)”	having the meaning ascribed thereto under the Listing Rules or the Takeovers Code, where the context requires
“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are open for business and the Stock Exchange is open for business of dealing in securities, other than a Saturday or Sunday or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.
“Circular”	the circular to be issued by the Company in respect of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver

“Company”	Energy International Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange with stock code 353
“Completion”	the completion of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription) in accordance with the terms and subject to the conditions of the Subscription Agreement
“Completion Date”	the date of Completion, which shall take place within five business days after the date upon which the last of the Conditions is satisfied (or, where permissible, waived) or such other time and date as the Company and the Subscriber may mutually agree
“Conditions”	the conditions precedent to Completion as contained in the Subscription Agreement and summarized in the paragraph headed “1. The Subscription Agreement – Conditions” under the section headed “CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE” in this announcement
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve, the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Giant Crystal”	Giant Crystal Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Subscriber and a substantial Shareholder holding 215,431,372 Shares, representing approximately 29.90% of the issued share capital of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company, comprising all independent non-executive Directors, namely, Mr. Tang Qingbin, Mr. Wang Jinghua and Mr. Fung Nam Shan, which was established by the Board for the purpose of advising the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation as to voting
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the grant of the Specific Mandate and the Whitewash Waiver are fair and reasonable and make recommendation as to voting
“Independent Shareholders”	Shareholders other than (i) the Subscriber and parties acting or presumed to be acting in concert with it (including Giant Crystal, Mr. Cao, Mr. Liu and Mr. Hu); and (ii) any Shareholders who are involved in or interested in the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver and are required by the Listing Rules and/or the Takeovers Code to abstain from voting on the relevant resolutions at the EGM
“Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2023 (or such later date as may be agreed in writing between the Company and the Subscriber), being the long stop date for the satisfaction or (where applicable) waiver of the Conditions
“Mr. Cao”	Mr. Cao Sheng, an executive Director, the chairman of the Board, the holder of 50% issued share capital of the Subscriber and a director of the Subscriber

“Mr. Hu”	Mr. Hu Xiaoliang, the holder of 30% issued share capital of the Subscriber
“Mr. Liu”	Mr. Liu Yong, an executive Director, the chief executive officer of the Company, the holder of 20% issued share capital of the Subscriber and a director of the Subscriber
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate proposed to be obtained from the Independent Shareholders at the EGM to issue the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Cosmic Shine International Limited, a company incorporated in the British Virgin Islands and legally and beneficially owned as to 50% by Mr. Cao, 20% by Mr. Liu and 30% by Mr. Hu
“Subscription”	the proposed subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional share subscription agreement dated 28 April 2023 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Shares”	360,000,000 Shares to be allotted and issued to the Subscriber pursuant to the terms and subject to the conditions of the Subscription Agreement
“Subscription Price”	HK\$0.416 per Subscription Share

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Subscriber to make a general offer for all securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting or presumed to be acting in concert with it) as a result of the allotment and issue of the Subscription Shares under the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 28 April 2023

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, Mr. Shi Jun and Mr. Luo Yingnan; and the independent non-executive Directors are Mr. Tang Qingbin, Mr. Wang Jinghua and Mr. Fung Nam Shan.

As at the date of this announcement, the directors of the Subscriber are Mr. Cao Sheng and Mr. Liu Yong.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Subscriber) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Subscriber) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of the Subscriber jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.