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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)

**(1) SUBSCRIPTION OF CONVERTIBLE BONDS BY
GIANT CRYSTAL LIMITED UNDER SPECIFIC MANDATE
CONSTITUTING A CONNECTED TRANSACTION;
AND
(2) PLACING OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE**

Placing Agent



Golden Rich Securities Limited

On 14 June 2018 (after trading hours), the Company entered into:

- (1) the GCL CB Subscription Agreement with GCL pursuant to which the Company conditionally agreed to issue, and GCL conditionally agreed to subscribe for, the GCL Convertible Bonds in the aggregate principal amount of HK\$200,000,000; and
- (2) the CB Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, the Placing Convertible Bonds in the aggregate principal amount of up to HK\$500,000,000 to not less than six CB Places.

* For identification purpose only

Based on the initial Conversion Price of HK\$0.255 per Conversion Share and in each case assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds (save and except the full conversion of the GCL 2010 CB by 10 August 2018):

- (a) an aggregate of 784,313,725 GCL Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the GCL Convertible Bonds, representing: (a) approximately 18.49% of the existing issued share capital of the Company; (b) approximately 13.50% of the issued share capital of the Company as enlarged by the issue of 785,200,000 Shares on full conversion of the GCL 2010 CB and the issue of 784,313,725 GCL Conversion Shares; and (c) approximately 10.09% of the issued share capital of the Company as enlarged by the issue of 785,200,000 Shares on full conversion of the GCL 2010 CB and the issue of the maximum of 2,745,098,038 Conversion Shares; and
- (b) an aggregate of 1,960,784,313 Placing Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the maximum principal amount of Placing Convertible Bonds, representing: (a) approximately 46.22% of the existing issued share capital of the Company; (b) approximately 28.06% of the issued share capital of the Company as enlarged by the issue of 785,200,000 Shares on full conversion of the GCL 2010 CB and the issue of the maximum of 1,960,784,313 Placing Conversion Shares; and (c) approximately 25.23% of the issued share capital of the Company as enlarged by the issue of 785,200,000 Shares on full conversion of the GCL 2010 CB and the issue of the maximum of 2,745,098,038 Conversion Shares.

The initial Conversion Price of HK\$0.255 (which is subject to adjustments upon occurrence of the Adjustment Events): (i) is equivalent to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the date of signing of the GCL CB Subscription Agreement and the CB Placing Agreement; and (ii) represents a premium of approximately 0.39% over the average closing price of HK\$0.254 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the GCL CB Subscription Agreement and the CB Placing Agreement.

The gross and net proceeds from the GCL CB Subscription are estimated to be HK\$200 million and approximately HK\$199 million, respectively. The net price for the GCL CB Subscription is approximately HK\$0.254 per GCL Conversion Share. The Company intends to use the net proceeds from the GCL CB Subscription for repayment of debt and liabilities.

Assuming the maximum principal amount of the Placing Convertible Bonds are successfully placed by the Placing Agent and based on the estimated expenses of the CB Placing in the amount of approximately HK\$12 million, the gross and net proceeds from the CB Placing are estimated to be HK\$500 million and approximately HK\$488 million, respectively. The net price for the CB Placing is approximately HK\$0.249 per Placing Conversion Share. The Company intends to use the net proceeds from the CB Placing as to approximately HK\$98 million for the repayment of the principal of the outstanding and unconverted 2015 CB which will mature in September 2018, as to approximately HK\$250 million for repayment of other debt and liabilities and as to approximately HK\$140 million for expansion and business development of the Group's existing business and/or financing any acquisition opportunities as and when they arise.

IMPLICATIONS UNDER THE LISTING RULES

GCL is a substantial shareholder of the Company which is ultimately owned and controlled by Mr. Cao and Mr. Yu, both being executive Directors of the Company. Accordingly, the entering into of the GCL CB Subscription Agreement constitutes a connected transaction for the Company under the Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements pursuant to the Listing Rules.

The GCL Convertible Bonds under the GCL CB Subscription and the GCL Conversion Shares upon their conversion will be issued under the GCL Specific Mandate, which is subject to Independent Shareholders' approval at the EGM.

The Placing Convertible Bonds under the CB Placing and the Placing Conversion Shares upon their conversion will be issued under the Placing Specific Mandate, which is subject to Shareholders' approval at the EGM.

EGM

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the GCL CB Subscription Agreement and the CB Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandates.

In accordance with the Listing Rules, GCL, Mr. Cao, Mr. Yu and their respective associates will be required to abstain from voting on the resolution(s) in respect of the GCL CB Subscription at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lee Hoi Yan, Mr. Wang Jinghua and Mr. Fung Nam Shan, has been established to advise the Independent Shareholders regarding the terms of the GCL CB Subscription Agreement. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other matters, (i) further information on the GCL CB Subscription Agreement and the CB Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandates; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the terms of the GCL CB Subscription Agreement; (iii) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the GCL CB Subscription Agreement; and (iv) the notice of the EGM, is expected to be dispatched to the Shareholders on or before 6 July 2018.

WARNING

SHAREHOLDERS AND/OR POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT COMPLETION OF THE GCL CB SUBSCRIPTION AGREEMENT AND THE CB PLACING AGREEMENT IS CONDITIONAL UPON THE SATISFACTION OF CERTAIN CONDITIONS PRECEDENT AND THEREFORE MAY OR MAY NOT PROCEED. SHAREHOLDERS AND/OR POTENTIAL INVESTORS OF THE COMPANY SHOULD THEREFORE EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

THE GCL CB SUBSCRIPTION

On 14 June 2018 (after trading hours), the Company entered into the GCL CB Subscription Agreement with GCL pursuant to which the Company conditionally agreed to issue, and GCL conditionally agreed to subscribe for, the GCL Convertible Bonds in the aggregate principal amount of HK\$200,000,000.

The principal terms of the Convertible Bonds are summarized in the section headed “PRINCIPAL TERMS OF THE CONVERTIBLE BONDS” in this announcement.

Conditions precedent to the GCL CB Subscription

Completion of the GCL CB Subscription Agreement is conditional upon:

- (1) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the GCL Conversion Shares upon conversion of the GCL Convertible Bonds, and such approval not having been revoked or cancelled prior to completion of the GCL CB Subscription; and
- (2) the obtaining by the Company of the approval of the Independent Shareholders at the EGM in respect of the connected transaction arising from the GCL CB Subscription and the GCL Specific Mandate arising from the issue of the GCL Convertible Bonds.

None of the conditions above can be waived by any party in any event.

The long stop date for the fulfillment of the condition precedent to the GCL CB Subscription Agreement is 31 July 2018 (the “**Long Stop Date**”). If the conditions precedent to the GCL CB Subscription Agreement are not fulfilled at or before 5:00 p.m. on the Long Stop Date, then unless the Company and GCL mutually agree to further extend the long stop date, the GCL CB Subscription Agreement shall lapse and become null and void and the parties to the GCL CB Subscription Agreement shall be released from all obligations thereunder forthwith, save for liabilities for any antecedent breaches thereof.

Completion of the GCL CB Subscription shall take place within five Business Days after the day on which the last condition precedent to the GCL CB Subscription Agreement is fulfilled (or such other date as the Company and GCL may agree in writing), and in any event completion of the GCL CB Subscription shall take place within one month after the date of obtaining of the Independent Shareholders’ approval on the GCL Specific Mandate at the EGM.

Under the terms of the GCL CB Subscription Agreement, GCL has the right to nominate either itself or its wholly-owned subsidiary to take up the GCL Convertible Bonds on completion of the GCL CB Subscription.

Information relating to GCL

GCL is a company incorporated in the British Virgin Islands with limited liability principally engaged in investment holding. GCL is 100% legally and beneficially owned by Cosmic Shine International Limited, which is in turn legally and beneficially owned as to 50% by Mr. Cao and as to the other 50% by Mr. Yu.

Mr. Cao and Mr. Yu are both executive Directors and controlling shareholders of the Company who are deemed, pursuant to Part XV of the SFO, to be interested in 584,800,000 Shares (representing 13.79% of the total issued share capital of the Company) and convertible bonds in the principal amount of HK\$628,160,000 (carrying right to convert into 785,200,000 Shares) held by GCL. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, GCL is deemed to be (i) a controlled corporation of both Mr. Cao and Mr. Yu pursuant to Part XV of the SFO; and (ii) a substantial shareholder and connected person of the Company as defined in the Listing Rules.

THE CB PLACING

On 14 June 2018 (after trading hours), the Company entered into the CB Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, the Placing Convertible Bonds in the aggregate principal amount of up to HK\$500,000,000 to not less than six CB Placees.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent is not interested in any Shares.

The Placing Agent will receive a placing commission of 2% of the aggregate principal amount of the Placing Convertible Bonds successfully placed by the Placing Agent to CB Placees procured by it.

The principal terms of the Convertible Bonds are summarized in the section headed "PRINCIPAL TERMS OF THE CONVERTIBLE BONDS" in this announcement.

The CB Placees

Under the terms of the CB Placing Agreement, the Placing Agent shall ensure that (a) all CB Placees are independent individual, professional or institutional investors; (b) all CB Placees are (and for all CB Placees who are corporations, together with their ultimate beneficial owners) Independent Third Parties and not connected persons of the Company; and (c) none of the CB Placees will become a substantial shareholder of the Company as a result of the placing of the Convertible Bonds subscribed by him on fully converted basis as at the date of completion of the CB Placing (taking into account other securities held by such CB Placee at the time of his subscription of the Convertible Bonds).

Conditions precedent to the CB Placing

Completion of the CB Placing Agreement is conditional upon:

- (1) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the Placing Conversion Shares upon conversion of the Placing Convertible Bonds, and such approval not having been revoked or cancelled prior to completion of the CB Placing; and
- (2) the obtaining by the Company of the approval of the Shareholders at the EGM in respect of the Placing Specific Mandate arising from the CB Placing and the issue of the Placing Convertible Bonds; and
- (3) the completion of GCL CB Subscription.

None of the conditions above can be waived by any party in any event.

The long stop date for the fulfillment of the conditions precedent to the CB Placing Agreement is 31 July 2018 (i.e. the Long Stop Date). If the conditions precedent to the CB Placing Agreement are not fulfilled at or before 5:00 p.m. on the Long Stop Date, then unless the Company and the Placing Agent mutually agree to further extend the long stop date, the CB Placing Agreement shall lapse and become null and void and the parties to the CB Placing Agreement shall be released from all obligations thereunder forthwith, save for liabilities for any antecedent breaches thereof.

Completion of the CB Placing shall take place within five Business Days after the day on which the last condition precedent to the CB Placing Agreement is fulfilled (or such other date as the Company and the Placing Agent may agree in writing), and in any event completion of the CB Placing shall take place within one month after the date of obtaining of the Shareholders' approval on the Placing Specific Mandate at the EGM.

Termination of the CB Placing Agreement

If at any time on or prior to 12:00 noon on the date of completion of the CB Placing:

- (i) there shall have been, since the date of the CB Placing Agreement, such a change in national or international financial, political or economic conditions or taxation or exchange controls as would, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the CB Placing; or
- (ii) any breach of any of the representations and warranties set out in the CB Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the CB Placing Agreement and prior to the date of completion of the CB Placing which if it had occurred or arisen before the date of the CB Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the CB Placing Agreement; or
- (iii) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances;

then and in any such case, the Placing Agent may terminate the CB Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 12:00 noon on the date of completion of the CB Placing.

In the event the Placing Agent terminates the CB Placing Agreement, all obligations of each of the parties under the CB Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the CB Placing Agreement except for any antecedent breach of any obligation under the CB Placing Agreement.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Issuer	:	The Company
Total principal amount	:	Up to HK\$700,000,000 in aggregate, comprising: (a) GCL Convertible Bonds of HK\$200,000,000; and (b) Placing Convertible Bonds of up to HK\$500,000,000.
Interest	:	three per cent (3%) per annum, provided that no interest is payable for any part of the Convertible Bonds which are converted into Conversion Shares pursuant to the conditions of the Convertible Bonds.
Maturity Date	:	The day falling on the second anniversary of the date of issue of the Convertible Bonds (or if such date is not a Business Day, the next Business Day)
Conversion Period	:	The period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date
Conversion Rights	:	Holders of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the initial Conversion Price of HK\$0.255 per Conversion Share at any time during the Conversion Period, provided always that the holder shall not convert the Convertible Bonds to an extent which would either (a) reduce the public float of the Company to less than 25% (or the relevant percentage as prescribed by the Listing Rules) of the issued Shares or (b) result in any change of control (as defined in the Takeovers Code) of the Company or otherwise trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Bonds who exercises the conversion rights (or party acting in concert with it) unless the regulatory requirements under the Takeovers Code and the Listing Rules are fully complied with (collectively, the “ Conversion Restrictions ”).

Conversion Shares : Based on the initial Conversion Price of HK\$0.255 per Conversion Share and in each case assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds (save and except the full conversion of the GCL 2010 CB by 10 August 2018):

- (a) an aggregate of 784,313,725 GCL Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the GCL Convertible Bonds, representing: (a) approximately 18.49% of the existing issued share capital of the Company; (b) approximately 13.50% of the issued share capital of the Company as enlarged by the issue of 785,200,000 Shares on full conversion of the GCL 2010 CB and the issue of 784,313,725 GCL Conversion Shares; and (c) approximately 10.09% of the issued share capital of the Company as enlarged by the issue of 785,200,000 Shares on full conversion of the GCL 2010 CB and the issue of the maximum of 2,745,098,038 Conversion Shares; and
- (b) an aggregate of 1,960,784,313 Placing Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the maximum principal amount of Placing Convertible Bonds, representing: (a) approximately 46.22% of the existing issued share capital of the Company; (b) approximately 28.06% of the issued share capital of the Company as enlarged by the issue of 785,200,000 Shares on full conversion of the GCL 2010 CB and the issue of the maximum of 1,960,784,313 Placing Conversion Shares; and (c) approximately 25.23% of the issued share capital of the Company as enlarged by the issue of 785,200,000 Shares on full conversion of the GCL 2010 CB and the issue of the maximum of 2,745,098,038 Conversion Shares.

The aggregate nominal value of the maximum 2,745,098,038 Conversion Shares is HK\$274,509,803.80.

Conversion Price : The initial Conversion Price of HK\$0.255 (which is subject to adjustments upon occurrence of the Adjustment Events): (i) is equivalent to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the date of signing of the GCL CB Subscription Agreement and the CB Placing Agreement; and (ii) represents a premium of approximately 0.39% over the average closing price of HK\$0.254 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the GCL CB Subscription Agreement and the CB Placing Agreement.

- Adjustments Events : The Conversion Price will be subject to adjustments upon the occurrence of the following events (the “**Adjustment Events**”):
- (i) an alteration of the nominal amount of the Shares by reason of consolidation, subdivision, reclassification or otherwise;
 - (ii) an issue of Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve), other than Shares paid up out of profits or reserves and issued in lieu (in whole or in part) of a cash dividend, being a dividend which the Shareholders concerned would or could otherwise have received and which does not constitute a capital distribution (as such term is defined in the conditions of the Convertible Bonds);
 - (iii) a capital distribution (as such term is defined in the conditions of the Convertible Bonds) to Shareholders being made by the Company;
 - (iv) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 80% of the market price of the Shares;
 - (v) an issue of Shares being made wholly for cash at a price less than 80% of the market price of the Shares;
 - (vi) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for Shares, at a consideration per Share which is less than 80% of the market price of the Shares, or the conversion, exchange or subscription rights of any such securities (other than in accordance with the terms applicable thereto) are altered or modified so that the consideration per Share is less than 80% of the market price of the Shares;
 - (vii) an issue of Shares for the acquisition of asset at a total effective consideration per Share which is less than 80% of the market price of the Shares; and

(viii) an issue of any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares for the acquisition of asset at a total effective consideration initially receivable for such securities which is less than 80% of the market price of the Shares.

- Events of Default : If any of the following events (“**Events of Default**”) occurs, the Majority Bondholder will be entitled to give a notice in writing to the Company to require the Company to forthwith redeem the Convertible Bonds outstanding and held by the bondholders at the principal amount then outstanding together with interest of 3% per annum calculated from the date of issue of the bond up to and including the date of payment:
- (i) there is a failure by the Company to deliver the Conversion Shares pursuant to the conditions of the Convertible Bonds; or
 - (ii) the Company does not perform or comply with any one or more of its other obligations under the Convertible Bonds which default is incapable of remedy, or is not remedied within 15 days after notice requiring the same to be remedied is served by the Majority Bondholder on the Company; or
 - (iii) an order is made or an effective resolution passed for winding-up or dissolution of the Company, or the Company ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation.
- Transferability : The Convertible Bonds are freely transferable, provided that no transfer of the Convertible Bonds to any connected person (as defined in the Listing Rules) of the Company shall be made without the prior written consent of the Company.
- Redemption : Subject to the provisions of Events of Default, the Convertible Bonds may not be redeemed by the holder before the Maturity Date.

The Convertible Bonds may be redeemed in whole or part by the Company before the Maturity Date at the redemption price which is equivalent to the principal amount of the redeemed Convertible Bonds plus interest of 3% per annum calculated from the date of issue of the bond up to and including the date of redemption.

Unless the Company is required to redeem the Convertible Bonds pursuant to their terms as a result of the serving of default notice by the Majority Bondholder upon the occurrence of an Event of Default, or redeemed pursuant to the exercise of the Company's early redemption, or it becomes necessary for the Company to redeem all or part of the Convertible Bonds on the Maturity Date as conversion is prohibited by the Conversion Restrictions, all Convertible Bonds are automatically converted into Conversion Shares on the Maturity Date. For the avoidance of doubt, no interest shall be payable on any Convertible Bonds if they are eventually converted into Conversion Shares.

Voting : The Convertible Bonds shall not confer on the holders the right to vote at any general meetings of the Company.

Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

Ranking of the Conversion : The Conversion Shares will, when issued and allotted, rank
Shares pari passu in all respects among themselves and with all other fully paid Shares in issue.

Specific Mandates

The GCL Convertible Bonds under the GCL CB Subscription and the GCL Conversion Shares upon their conversion will be issued under the GCL Specific Mandate, which is subject to Independent Shareholders' approval at the EGM.

The Placing Convertible Bonds under the CB Placing and the Placing Conversion Shares upon their conversion will be issued under the Placing Specific Mandate, which is subject to Shareholders' approval at the EGM.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS AND THE USE OF PROCEEDS

The principal activity of the Company is investment holding. Its principal subsidiaries are engaged in the oil production and the leasing of oil and liquefied chemical terminal together with its storage and logistics facilities.

The Directors have considered various fund raising methods under the prevailing market conditions, and consider that the GCL CB Subscription provides the Company with certainty on the outcome of the fund-raising and signifies the support and confidence of the Company's substantial shareholder on the Group's future prospect, and that the CB Placing is intended to raise additional funding which is closer to the size of the Group's liabilities. Compared with rights issue or open offer of a comparable size of fund-raising, the timetable for the GCL CB Subscription and the CB Placing is expected to be shorter since there is no need to prepare and vet a prospectus for registration. Although debt financing may incur interest cost as compared to equity financing, the terms of the Convertible Bonds provide that no interest is payable if they are ultimately converted into Shares and that the bonds shall automatically convert into Shares on maturity (unless redeemed due to Events of Default, early redemption by the Company or conversion is restricted by Conversion Restrictions), thereby increasing the chance of conversion which will save interest cost and release the Company from the repayment obligations when the bonds mature in two-years' time.

As disclosed in the Company's Annual Report 2017, as at 31 December 2017, the Group recorded (a) total liabilities of HK\$1,623 million of which HK\$1,225 million were current liabilities due or falling due within twelve months; and (b) net current liabilities of HK\$1,076 million. The increase of liabilities is principally resulted from the construction of the port and storage facilities of the Group's oil and liquefied chemical terminal segment since the acquisition of the project in December 2015. The port and storage facilities are scheduled for commencement of full-scale commercial operation by the end of June 2018.

In February 2018, the Company completed a share placement raising net proceeds of approximately HK\$85.1 million, of which HK\$21.8 million was intended for general working capital of the Group and HK\$63.3 million was intended for repayment of debt and liabilities. As of the date of this announcement, out of the above placing proceeds, approximately HK\$30.3 million was already utilised for repayment of debt and liabilities, approximately HK\$23.5 million was set aside for interest payable on the 2015 CB, approximately HK\$5.1 million was utilised for rental expenses, staff salaries, professional fees and other operating expenses between February and May 2018, approximately HK\$5.2 million was set aside for accrued expenses, and the remaining HK\$21.0 million was set aside for general working capital and repayment of debt and liabilities. Despite the completion of the share placing mentioned above, the Group's overall level of total liabilities and current liabilities remained high. The Directors therefore consider that it is desirable to launch another fund-raising with significantly larger amount of intended net proceeds, thereby reducing the Group's liabilities to a more comfortable level.

The gross and net proceeds from the GCL CB Subscription are estimated to be HK\$200 million and approximately HK\$199 million, respectively. The net price for the GCL CB Subscription is approximately HK\$0.254 per GCL Conversion Share. The Company intends to use the net proceeds from the GCL CB Subscription for repayment of debt and liabilities.

Assuming the maximum principal amount of the Placing Convertible Bonds are successfully placed by the Placing Agent and based on the estimated expenses of the CB Placing in the amount of approximately HK\$12 million, the gross and net proceeds from the CB Placing are estimated to be HK\$500 million and approximately HK\$488 million, respectively. The net price for the CB Placing is approximately HK\$0.249 per Placing Conversion Share. The Company intends to use the net proceeds from the CB Placing as to approximately HK\$98 million for the repayment of the principal of the outstanding and unconverted 2015 CB which will mature in September 2018, as to approximately HK\$250 million for repayment of other debt and liabilities and as to approximately HK\$140 million for expansion and business development of the Group's existing business and/or financing any acquisition opportunities as and when they arise.

The terms of the CB Placing Agreement (including the placing commission) and the Placing Convertible Bonds (including the Conversion Price, the interest rate and the Maturity Date) were determined after arm's length negotiations between the Company and the Placing Agent with reference to the historical trading prices and liquidity of the Shares, the Group's financial position, market interest rates of unsecured loans, market rates of placing commission and the terms of other corporate bonds issued by listed companies in Hong Kong of similar size. The terms of the GCL CB Subscription Agreement and the GCL Convertible Bonds (including the Conversion Price, the interest rate and the Maturity Date) were determined after arm's length negotiations between the Company and GCL by reference to the terms of the Placing Convertible Bonds. Notwithstanding the potential dilution effect which may arise from the conversion of the Convertible Bonds, having considered that the fund-raising offer a good opportunity for the Company to raise a significant amount of additional funding to improve the financial position of the Group, the Directors are of the view that the GCL CB Subscription Agreement, the CB Placing Agreement and the terms of the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The independent non-executive Directors are of the view that the CB Placing Agreement and the terms of the Placing Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Regarding the fairness and reasonableness of the terms of the GCL CB Subscription, the independent non-executive Directors will defer the expression of their views pending the obtaining of the advice of the Independent Financial Adviser. The recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser will be contained in the circular to be dispatched to the Shareholders in due course regarding these transactions and the holding of the EGM.

Mr. Cao and Mr. Yu abstained in voting at Board level in respect of the GCL CB Subscription, due to their shareholding interest in GCL which is regarded as a material interest in the transaction. Mr. Lan Yongqiang abstained in voting at Board level in respect of the GCL CB Subscription, due to his directorship in GCL which is regarded to be a perceived conflict of interest in the transaction.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Equity fund raising exercise	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
22 January 2018	Placing of up to 609,940,000 new Shares at the placing price of HK\$0.143 per Share under general mandate, which was completed on 14 February 2018.	HK\$85.1 million	<p>(a) as to HK\$21.8 million for general working capital of the Group; and</p> <p>(b) as to HK\$63.3 million for repayment of debt and liabilities.</p>	<p>(a) approximately HK\$30.3 million was already utilised for repayment of debt and liabilities;</p> <p>(b) approximately HK\$23.5 million was set aside for interest payable on the 2015 CB;</p> <p>(c) approximately HK\$5.1 million was utilised for rental expenses, staff salaries, professional fees and other operating expenses between February and May 2018;</p> <p>(d) approximately HK\$5.2 million was set aside for accrued expenses; and</p> <p>(e) the remaining HK\$21.0 million was set aside for general working capital and repayment of debt and liabilities.</p>

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after the full conversion of the GCL 2010 CB; (iii) immediately after the full conversion of the GCL 2010 CB and the allotment and issue of all the GCL Conversion Shares upon full exercise of conversion rights attaching to the GCL Convertible Bonds; (iv) immediately after the full conversion of the GCL 2010 CB and the allotment and issue of all the Placing Conversion Shares upon full exercise of conversion rights attaching to the maximum principal amount of the Placing Convertible Bonds; and (v) immediately after the full conversion of the GCL 2010 CB and the allotment and issue of all the Conversion Shares upon full exercise of conversion rights attaching to the maximum principal amount of the Convertible Bonds (comprising both the GCL Convertible Bonds and the Placing Convertible Bonds), in each case assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the relevant Convertible Bonds (save and except the full conversion of the GCL 2010 CB by 10 August 2018):

	As at the date of this announcement		Immediately after full conversion of the GCL 2010 CB		Immediately after full conversion of the GCL 2010 CB and the GCL Convertible Bonds		Immediately after full conversion of the GCL 2010 CB and the maximum Placing Convertible Bonds		Immediately after full conversion of the GCL 2010 CB and the GCL Convertible Bonds and the maximum Placing Convertible Bonds	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Giant Crystal Limited	584,800,000	13.79	1,370,000,000	27.25	2,154,313,725	37.07	1,370,000,000	19.61	2,154,313,725	27.72
			(Note 1)		(Note 2)					
CB Placees	–	–	–	–	–	–	1,960,784,313	28.06	1,960,784,313	25.23
Public shareholders	3,657,123,073	86.21	3,657,123,073	72.75	3,657,123,073	62.93	3,657,123,073	52.33	3,657,123,073	47.05
Total	4,241,923,073	100.00	5,027,123,073	100.00	5,811,436,798	100.00	6,987,907,386	100.00	7,772,221,111	100.00

Notes:

- GCL is 100% legally and beneficially owned by Cosmic Shine International Limited, which is in turn legally and beneficially owned as to 50% by Mr. Cao and as to the other 50% by Mr. Yu, both being executive Directors of the Company. As at the date of this announcement, GCL is interested in 584,800,000 Shares (representing 13.79% of the total issued share capital of the Company) and GCL 2010 CB in the principal amount of HK\$628,160,000 (carrying right to convert into 785,200,000 Shares by 10 August 2018). The Company was notified by GCL that it intends to fully convert the GCL 2010 CB before 10 August 2018.
- Conversion of the Convertible Bonds is limited by the Conversion Restrictions, such that no bondholder may convert the Convertible Bonds to an extent which would trigger the mandatory offer obligation under the Takeovers Code. Therefore, GCL will not be able to convert the GCL Convertible Bonds to an extent which causes its voting right in the Company to exceed 30%. The shareholding number and percentage of GCL here are for illustration purpose only.

IMPLICATIONS UNDER THE LISTING RULES

GCL is a substantial shareholder of the Company which is ultimately owned and controlled by Mr. Cao and Mr. Yu, both being executive Directors of the Company. Accordingly, the entering into of the GCL CB Subscription Agreement constitutes a connected transaction for the Company under the Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements pursuant to the Listing Rules.

The GCL Convertible Bonds under the GCL CB Subscription and the GCL Conversion Shares upon their conversion will be issued under the GCL Specific Mandate, which is subject to Independent Shareholders' approval at the EGM.

The Placing Convertible Bonds under the CB Placing and the Placing Conversion Shares upon their conversion will be issued under the Placing Specific Mandate, which is subject to Shareholders' approval at the EGM.

EGM

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the GCL CB Subscription Agreement and the CB Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandates.

In accordance with the Listing Rules, GCL, Mr. Cao, Mr. Yu and their respective associates will be required to abstain from voting on the resolution(s) in respect of the GCL CB Subscription at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lee Hoi Yan, Mr. Wang Jinghua and Mr. Fung Nam Shan, has been established to advise the Independent Shareholders regarding the terms of the GCL CB Subscription Agreement. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other matters, (i) further information on the GCL CB Subscription Agreement and the CB Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandates; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the terms of the GCL CB Subscription Agreement; (iii) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the GCL CB Subscription Agreement; and (iv) the notice of the EGM, is expected to be dispatched to the Shareholders on or before 6 July 2018.

WARNING

SHAREHOLDERS AND/OR POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT COMPLETION OF THE GCL CB SUBSCRIPTION AGREEMENT AND THE CB PLACING AGREEMENT IS CONDITIONAL UPON THE SATISFACTION OF CERTAIN CONDITIONS PRECEDENT AND THEREFORE MAY OR MAY NOT PROCEED. SHAREHOLDERS AND/OR POTENTIAL INVESTORS OF THE COMPANY SHOULD THEREFORE EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

DEFINITIONS

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

“2015 CB”	the 3-years, 5% p.a. convertible bonds issued by the Company in September 2015 maturing in September 2018
“associates”	having the meaning ascribed to it under the Takeovers Code or the Listing Rules (as appropriate)
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which banks in Hong Kong are open for business
“CB Placees”	any independent individual, professional or institutional investors whom the Placing Agent and/or any of its sub-placing agent(s) have procured to subscribe for any of the Convertible Bonds under the CB Placing
“CB Placing”	the placing of the Placing Convertible Bonds (on best effort basis) on the terms and subject to the conditions of the CB Placing Agreement
“CB Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 14 June 2018 in relation to the CB Placing (on best effort basis)
“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
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Conversion Period”	the period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date
“Conversion Price”	HK\$0.255 per Conversion Shares, subject to adjustments and the terms and conditions of the Convertible Bonds
“Conversion Shares”	collectively, the GCL Conversion Shares and the Placing Conversion Shares, or (where the context requires) any part of them

“Convertible Bonds”	collectively, the GCL Convertible Bonds and the Placing Convertible Bonds, or (where the context requires) any part of them
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held for the purpose of approving, amongst other things, the GCL CB Subscription Agreement and the CB Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandates
“GCL”	Giant Crystal Limited, a company incorporated in the British Virgin Islands with limited liability ultimately and beneficially owned as to 50% each by Mr. Cao and Mr. Yu and a substantial shareholder of the Company
“GCL 2010 CB”	the outstanding convertible bonds of the Company in the principal amount of HK\$628,160,000 currently held by GCL, carrying right to convert into 785,200,000 Shares by 10 August 2018
“GCL CB Subscription”	the subscription of the GCL Convertible Bonds by GCL on the terms and subject to the conditions of the GCL CB Subscription Agreement
“GCL CB Subscription Agreement”	the conditional subscription agreement entered into between the Company and GCL dated 14 June 2018 in relation to the subscription by GCL of the GCL Convertible Bonds
“GCL Conversion Shares”	the new Shares to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the GCL Convertible Bonds
“GCL Convertible Bonds”	the two-year, 3% p.a. convertible bonds proposed to be issued by the Company in the aggregate principal amount of HK\$200,000,000 under the GCL CB Subscription Agreement
“GCL Specific Mandate”	the authority to be sought from the Independent Shareholders at the EGM to authorize the Directors to issue the GCL Convertible Bonds under the GCL CB Subscription Agreement and to allot and issue the GCL Conversion Shares upon conversion of the GCL Convertible Bonds
“Group”	collectively, the Company and its subsidiaries

“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. Lee Hoi Yan, Mr. Wang Jinghua and Mr. Fung Nam Shan, which was established to make a recommendation regarding the terms of the GCL CB Subscription Agreement
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the GCL CB Subscription Agreement
“Independent Shareholders”	Shareholders other than (a) GCL, Mr. Cao, Mr. Yu and their respective associates, and (b) any other Shareholders who are required by the Listing Rules to abstain from voting in respect of the resolution(s) relating to the GCL CB Subscription Agreement and the GCL Specific Mandate at the EGM
“Independent Third Party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Majority Bondholder(s)”	a holder or a group of holders of Convertible Bonds in aggregate holding not less than 50% of the outstanding principal amount of the Convertible Bonds from time to time
“Maturity Date”	the day falling on the second anniversary of the date of issue of the Convertible Bonds or if such date is not a Business Day, the next Business Day
“Mr. Cao”	Mr. Cao Sheng, an executive Director of the Company
“Mr. Yu”	Mr. Yu Zhiyong, an executive Director of the Company
“Placing Agent”	Golden Rich Securities Limited, a licensed corporation licensed to carry on Type 1 (dealing in securities) regulated activities under the SFO

“Placing Conversion Shares”	the new Shares to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Placing Convertible Bonds
“Placing Convertible Bonds”	the two-year, 3% p.a. convertible bonds proposed to be issued by the Company in the aggregate principal amount of up to HK\$500,000,000, to be placed by the Placing Agent on best effort basis under the CB Placing Agreement
“Placing Specific Mandate”	the authority to be sought from the Shareholders at the EGM to authorize the Directors to issue the Placing Convertible Bonds under the CB Placing Agreement and to allot and issue the Placing Conversion Shares upon conversion of the Placing Convertible Bonds
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Specific Mandates”	collectively, the GCL Specific Mandate and the Placing Specific Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	having the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 14 June 2018

As at the date of this announcement, the executive directors of the Company are Mr. Lan Yongqiang (Chairman), Ms. Wang Meiyang, Mr. Chan Wai Cheung Admiral, Ms. Jin Yuping, Mr. Cao Sheng and Mr. Yu Zhiyong; and the independent non-executive directors of the Company are Mr. Lee Hoi Yan, Mr. Wang Jinghua and Mr. Fung Nam Shan.