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If you have sold or transferred all your shares in Energy International Investments Holdings Limited, you should at once hand this circular, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

能源國際投資控股有限公司*

(Formerly known as Xian Yuen Titanium Resources Holdings Limited 森源鈦礦控股有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

EXCEEDED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS RELATING TO THE MASTER ELECTRICITY SUPPLY AGREEMENT

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

Quam  **華富嘉洛**
CAPITAL 企業融資

A notice convening an extraordinary general meeting of the Company to be held at Unit 1508, 15th Floor, the Center, 99 Queen's Road Central, Hong Kong on 10 March 2011 at 4:00 p.m. is set out on pages 18 to 19 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

22 February 2011

* For identification purpose only

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This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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DEFINITIONS

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

“Board”	the board of Directors
“Circular”	the circular of the Company dated 13 October 2010 in relation to the post-completion continuing connected transactions
“Company”	Energy International Investments Holdings Limited (formerly known as Xian Yuen Titanium Resources Holdings Limited), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 353)
“Director(s)”	director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be held at Unit 1508, 15th Floor, the Center, 99 Queen’s Road Central, Hong Kong on 10 March 2011 at 4:00 p.m. to approve, inter alia, the Master Agreement and the Revised Annual Caps
“Existing Annual Caps”	the existing annual caps for the transactions contemplated under the Master Agreement for the three years ending 31 December 2012 as approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 28 October 2010
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising of all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the Master Agreement and the Revised Annual Caps
“Independent Financial Adviser”	Quam Capital Limited, a licensed corporation to carry out type 6 regulated activities (advising on corporate finance) under the SFO and being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Master Agreement and the Revised Annual Caps
“Independent Shareholder(s)”	the shareholder(s) of the Company, other than the Related Parties and their respective associates (if holding shares in the capital of the Company at the EGM)
“Latest Practicable Date”	18 February 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	a master electricity supply agreement dated 15 September 2010 made between the Project Company and Zhongkai Group in relation to the sale and supply of electricity generated by the Project Company to Zhongkai Group and its subsidiaries
“Project Company”	山西中凱集團靈石熱電有限公司 (Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited), a sino-foreign equity joint venture enterprise established under the laws of the PRC and a subsidiary owned as to 60% by the Company
“PRC”	People’s Republic of China
“Related Parties”	Zhongkai Group and its subsidiaries
“Revised Annual Caps”	the revised annual caps for the transactions contemplated under the Master Agreement, namely, RMB40,000,000 for the year ended 31 December 2010, RMB48,000,000 for the year ending 31 December 2011, and RMB58,000,000 for the year ending 31 December 2012
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.01 each in the existing issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongkai Group”	山西中凱實業集團有限公司 (in English, for identification purpose only, Shanxi Zhongkai Industry Group Company Limited), a company incorporated under the laws of the PRC and a holder of 31.68% of the entire equity interest of the Project Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

LETTER FROM THE BOARD



ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

能源國際投資控股有限公司*

(Formerly known as Xian Yuen Titanium Resources Holdings Limited 森源鈦礦控股有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

Executive Directors

Mr. Law Fei Shing (*Chief Executive Officer*)

Mr. Chan Sung Wai

Mr. Chan Kwok Wing

Mr. Wang Donghai

Ms. Wang Meiyang

Mr. Yang Guangming

Registered Office

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Unit 1508, 15th Floor

The Center

99 Queen's Road Central

Hong Kong

22 February 2011

Independent non-executive Directors

Mr. Lum Pak Sum

Mr. Sun Tak Keung

Mr. Chow Pui Fung

To the Shareholders

Dear Sir/Madam,

EXCEEDED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS RELATING TO THE MASTER ELECTRICITY SUPPLY AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 21 January 2011 announcing that (i) the Existing Annual Caps in relation to the Master Agreement for the year ended 31 December 2010 has been exceeded, and (ii) the Company has proposed to revise the Existing Annual Caps in relation to the transactions under the Master Agreement for the year ending 31 December 2011 and the year ending 31 December 2012 to RMB48,000,000 and RMB58,000,000 respectively.

The purpose of this circular is to provide the Shareholders with, among other things, (i) information about the Master Agreement and the Revised Annual Caps; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Master Agreement and the Revised Annual Caps; (iii) the recommendation of the Independent Board Committee regarding the Master Agreement and the Revised Annual Caps to the Independent Shareholders; and (iv) a notice of the EGM for considering and, if thought fit, approving the Master Agreement and the Revised Annual Caps.

* For identification purpose only

LETTER FROM THE BOARD

BACKGROUND INFORMATION

As disclosed in the Circular, the Project Company and Zhongkai Group entered into the Master Agreement on 15 September 2010 in relation to the sale and supply of electricity generated by the Project Company to the Related Parties. In this respect, Independent Shareholders' approval was obtained by the Company at the extraordinary general meeting held on 28 October 2010 in respect of the Master Agreement and the following Existing Annual Caps for the three years ending 31 December 2012:

Amounts in RMB (Unaudited)				
For the period from 10 August 2010 to 28 October 2010	For the period from 29 October 2010 to 31 December 2010	For the year ending 31 December 2010	For the year ending 31 December 2011	For the year ending 31 December 2012
2,526,000	6,754,000	33,340,000	33,460,000	36,960,000

EXCESS OF EXISTING ANNUAL CAPS

During the preparation of the annual financial statements of the Company for the year ended 31 December 2010, it came to the attention of the Board that the total amount paid by the Related Parties for the electricity supplied and sold by the Group under the Master Agreement during the year ended 31 December 2010 was approximately RMB40,000,000. The total amount paid by the Related Parties to the Group for the year ended 31 December 2010 pursuant to the Master Agreement thus exceeded the 2010 cap stated in the Circular, namely RMB33,340,000, by an amount of approximately RMB6,660,000.

In determining the Existing Annual Caps under the Master Agreement, the Board has taken into account for reference, among other things, the historical transaction amounts of the transactions between the Project Company and each of the Related Parties prior to completion of a sale and purchase agreement dated 5 November 2009 in relation to the entire issued share capital of Sunlight Rise Limited. However, as the Related Parties had acquired more electricity from the Group towards the end of 2010, the total amount paid by the Related Parties to the Group in 2010 was more than estimated, and thereby exceeding the cap for the year ended 31 December 2010.

REVISIONS TO THE EXISTING ANNUAL CAPS

With the continued development in the business of the Project Company and based on the internal estimates of the demand and the operating conditions of the Project Company, the Company notes that the Existing Annual Caps for the two years ending 31 December 2012 as set out in the Circular will not be sufficient for the Group's business, and therefore proposes that the Existing Annual Caps for the year ending 31 December 2011 and the year ending 31 December 2012 in relation to the transactions under the Master Agreement be revised to RMB48,000,000 and RMB58,000,000 respectively.

LETTER FROM THE BOARD

The Existing Annual Caps and the Revised Annual Caps for the transactions under the Master Agreement proposed by the Company for the three years ending 31 December 2012 are as follows:

Amounts in RMB (Unaudited)					
For the year ended 31 December 2010		For the year ending 31 December 2011		For the year ending 31 December 2012	
Existing cap	Revised cap	Existing cap	Revised cap	Existing cap	Revised cap
33,340,000	40,000,000	33,460,000	48,000,000	36,960,000	58,000,000

REASONS FOR EXCEEDING THE 2010 CAP AND REVISING THE 2011 AND 2012 CAPS

The exceeding of the 2010 cap is primarily due to the significant growth in the sales volume of the electricity generated by the Project Company to one of the Related Parties who underwent a large scale of repair work to the whole factory in the second half of 2010. The Project Company has under-estimated the demand of electricity from this Related Party when determining the Existing Annual Caps under the Master Agreement.

The reason for the revision of the 2011 cap and 2012 cap is primarily due to the forecast recently conducted by the Company on the expected growth of the business of the Project Company for the coming two years. As previously disclosed by the Company, in order to cope with the expected increase in market demand for both electricity and heat, the Project Company has intended to increase the production capacity of its power plant. The Company expects the Project Company to continue its well developing trend in the two years ending 31 December 2012 and the output and sales volume of the heat and electricity generated by the Project Company to grow, resulting in the increase in the value of the transactions under the Master Agreement.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with Rule 14A.36 of the Listing Rules, if an annual cap is exceeded in respect of a given transaction, the Company will have to re-comply with Chapter 14A of the Listing Rules. In the circumstances, the Company will re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the continuing connected transactions under the Master Agreement.

As one of the applicable percentage ratios (other than the profits ratio) is, on an annual basis calculated with reference to the Revised Annual Caps for the transactions under the Master Agreement for each of the three years ending 31 December 2012, more than 25%, the transactions under the Master Agreement and the Revised Annual Caps will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

THE EGM

A notice convening the EGM to be held at Unit 1508, 15th Floor, the Center, 99 Queen's Road Central, Hong Kong on 10 March 2011 at 4:00 p.m. is set out on pages 18 to 19 in this circular.

As no Shareholder has any material interest in the Master Agreement, no Shareholder is required to abstain from voting in the EGM to approve the Master Agreement and the Revised Annual Caps.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instruction printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

VOTING ARRANGEMENTS

Under the Listing Rules, the Master Agreement and the Revised Annual Caps are subject to the approval of the Independent Shareholders. Any connected person with a material interest in the transaction, and any Shareholder with a material interest in the transaction and its associates (as defined in the Listing Rules), shall abstain from voting on the resolution approving the Master Agreement and the Revised Annual Caps. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders will be required to abstain from voting for the Master Agreement and the Revised Annual Caps at the EGM.

Pursuant to Rule 13.39 of the Listing Rules, any votes of the Shareholders at the general meeting must be taken by poll. Therefore, the resolution proposed at the EGM will be voted by poll.

RECOMMENDATION

Taking into consideration the reasons set out in the paragraphs headed "Reasons for exceeding the 2010 cap and revising the 2011 and 2012 caps" above, the Directors (including the independent non-executive Directors) consider that the Master Agreement and the Revised Annual Caps are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 7 to 8 of this circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Master Agreement and the Revised Annual Caps set out on pages 9 to 14, and the information set out in the Appendix to this circular.

By order of the board
Energy International Investments Holdings Limited
Law Fei Shing
Chief Executive Officer and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

能源國際投資控股有限公司*

(Formerly known as Xian Yuen Titanium Resources Holdings Limited 森源鈦礦控股有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

Executive Directors

Mr. Law Fei Shing (*Chief Executive Officer*)

Mr. Chan Sung Wai

Mr. Chan Kwok Wing

Mr. Wang Donghai

Ms. Wang Meiyang

Mr. Yang Guangming

Registered Office

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong*

Unit 1508, 15th Floor

The Center

99 Queen's Road Central

Hong Kong

Independent non-executive Directors

Mr. Lum Pak Sum

Mr. Sun Tak Keung

Mr. Chow Pui Fung

22 February 2011

To the Independent Shareholders

Dear Sir/Madam,

EXCEEDED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS RELATING TO THE MASTER ELECTRICITY SUPPLY AGREEMENT

We refer to the circular of the Company to the Shareholders dated 22 February 2011 (this “**circular**”), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as given to them in the section headed “Definitions” of this circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the Master Agreement and the Revised Annual Caps are (i) in the ordinary course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. Quam Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Master Agreement and the Revised Annual Caps.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser, as set out on pages 9 to 14 of this circular and the section headed “Letter from the Board” as set out on pages 3 to 6 of this circular.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of Independent Financial Adviser as stated in its letter of advice, we consider that the Master Agreement and the Revised Annual Caps are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve, among others, the Master Agreement and the Revised Annual Caps to be proposed at the EGM.

Yours faithfully
Independent Board Committee
Energy International Investments Holdings Limited

Mr. Lum Pak Sum
Independent
non-executive Director

Mr. Sun Tak Keung
Independent
non-executive Director

Mr. Chow Pui Fung
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Quam Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Master Agreement and the Revised Annual Caps.



Quam Capital Limited

A Member of The Quam Group

*To the Independent Board Committee and
the Independent Shareholders*

Unit 1508, 15th Floor
the Center
99 Queen's Road Central
Hong Kong

22 February 2011

Dear Sir or Madam,

EXCEEDED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS RELATING TO THE MASTER ELECTRICITY SUPPLY AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Master Agreement and the Revised Annual Caps. Details of the terms of the Master Agreement and the Revised Annual Caps are set out in the "Letter from the Board" contained in the circulars issued by the Company to the Shareholders dated 13 October 2010 (the "October Circular") and 22 February 2011 (the "Circular") respectively. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

Zhongkai Group, as a holder of 31.68% of the entire equity interest of the Project Company, and the Related Parties are connected persons of the Company under the Listing Rules. On 15 September 2010, the Project Company and Zhongkai Group entered into the Master Agreement in relation to the sale and supply of electricity generated by the Project Company to the Related Parties. Accordingly, pursuant to Chapter 14A of the Listing Rules, the aforesaid transactions between the Project Company and the Related Parties (the "Continuing Connected Transactions") constitute continuing connected transactions of the Company. As one of the applicable percentage ratios (other than the profits ratio) is, on an annual basis calculated with reference to the Revised Annual Caps for the Continuing Connected Transactions for each of the three years ending 31 December 2012, more than 25%, the Continuing Connected Transactions and the Revised Annual Caps are subject to the reporting, announcement, annual review as well as Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Besides, as set out in the "Letter from the Board" contained in the Circular, the 2010 cap for the Continuing Connected

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Transactions was exceeded. Pursuant to the Rule 14A.36 of the Listing Rules, if an annual cap is exceeded in respect of a given transaction, the Company will have to re-comply with Chapter 14A of the Listing Rules. In the circumstance, the Company will re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the Continuing Connected Transactions. Accordingly, the Company will convene the EGM to seek approval from the Independent Shareholders on the Master Agreement and the Revised Annual Caps.

Messrs. Lum Pak Sum, Sun Tak Keung, and Chow Pui Fung, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the Master Agreement and Revised Annual Caps are within the Group's ordinary and usual course of business based on normal commercial terms and the Master Agreement together with the Revised Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and to advise the Independent Shareholders as to whether to vote in favour of the Master Agreement and the adoption of the Revised Annual Caps. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard.

Quam Capital Limited is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give independent advice in respect of the Master Agreement and the Revised Annual Caps.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular, the information supplied by the Group and its advisers, the opinions expressed by and the representations of the Directors and the management of the Group, and our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement in the Circular misleading and that all information or representations regarding the Group, the Related Parties, the Master Agreement, the Continuing Connected Transactions, and the Revised Annual Caps provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM.

We consider that we have reviewed the relevant information currently available to reach an informed view regarding the Master Agreement and the Revised Annual Caps and to justify our reliance on the accuracy of the information provided to us and those contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinions expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company and Zhongkai Group or any of their respective subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Master Agreement and the Revised Annual Caps, we have taken into consideration the following principal factors and reasons:

Background to and reasons for the Master Agreement and the Revised Annual Caps

The Group is principally engaged in (a) the trading of a wide range of carpets; (b) the operation of a combined heat and electricity generation plant; and (c) development and production of petroleum resources. On 15 September 2010, the Project Company and Zhongkai Group entered into the Master Agreement in relation to the sale and supply of electricity generated by the Project Company to the Related Parties. The approval from Independent Shareholders was obtained at the extraordinary general meeting held on 28 October 2010 (the "October EGM") in respect of the Master Agreement and the Existing Annual Caps.

During the preparation of the annual financial statements of the Company for the year ended 31 December 2010, it came to the attention of the Board that the total amount paid by the Related Parties for the electricity supplied and sold by the Group under the Master Agreement during the year ended 31 December 2010 was approximately RMB40,000,000. The total amount paid by the Related Parties to the Group for the year ended 31 December 2010 pursuant to the Master Agreement thus exceeded the 2010 cap stated in the October Circular, namely RMB33,340,000, by an amount of approximately RMB6,660,000.

In determining the Existing Annual Caps under the Master Agreement, the Board has taken into account for reference, among other things, the historical transaction amounts of the transactions between the Project Company and each of the Related Parties prior to completion of a sale and purchase agreement dated 5 November 2009 in relation to the entire issued share capital of Sunlight Rise Limited. However, as the Related Parties had acquired more electricity from the Group towards the end of 2010, the total amount paid by the Related Parties to the Group in 2010 was more than estimated, and thereby exceeding the cap for the year ended 31 December 2010.

As stated in the announcement of the Company dated 19 November 2010, the capacity of the Project Company's power plant will be expanded to cope with the increase in demand for both electricity and heat in Lingshi County. The total sales of electricity to the Related Parties have increased by approximately 9% from the year ended 31 December 2009 to the year ended 31 December 2010. The Company anticipates that with the development of the Group's power plant business and the expected increase in future demand for electricity from Related Parties, the Existing Annual Caps for the two years ending 31 December 2012 as set out in the October Circular will not be sufficient for the Group's business. In order to cope with the expected growth of the business of the Project Company for the coming two years, the Company proposes to increase the Existing Annual Caps for the two years ending 31 December 2012 in relation to the Continuing Connected Transactions to RMB48,000,000 and RMB58,000,000 respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the above, and particularly (i) that the Continuing Connected Transactions are revenue generating in nature and are in line with the expansion plan of the Project Company, and (ii) that the proposal of revision of the Existing Annual Caps is driven by the increased demand and the expected increase in future demand from the Related Parties, we are of the view that the Master Agreement and the Revised Annual Caps are in the ordinary and usual course of the Group's business and in the interests of the Company and the Shareholders as a whole.

Principal terms of the Master Agreement

As advised by the management of the Company, the terms of the Master Agreement and the sub-electricity supply agreement entered into between the Project Company and the Related Parties have not been changed since the October EGM. Under the Master Agreement, the principal terms include, among other things, (i) that the selling prices for the Continuing Connected Transactions to be entered during the term of the Master Agreement will be determined between the relevant parties on an arm's length basis with reference to the prevailing market price and the tariffs set by the provincial price control bureau of the PRC; and (ii) that the Zhongkai Group has agreed to, and agreed to procure its subsidiaries to, fully settle the price payable by the Related Parties within 7 business days from the date of receipt of the bill issued by the Project Company. Based on the information provided by the Company, we noted that the tariffs set by provincial price control bureau of the PRC and the selling prices of the Continuing Connected Transactions have not been changed since the October EGM to the Latest Practicable Date and the credit records of the payments from the Related Parties with respect of the Continuing Connected Transactions have not deteriorated as of the Latest Practicable Date since the October EGM.

In light of the foregoing, we are of the opinion that the terms of the Master Agreement are fair and reasonable under the current conditions of the Group and the Related Parties so far as the Company and the Independent Shareholders are concerned, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Revised Annual Caps

The table below sets forth the Existing Annual Caps and the Revised Annual Caps for the Continuing Connected Transactions proposed by the Company for the three years ending 31 December 2012:

Amounts in RMB (Unaudited)					
For the year ended 31 December 2010		For the year ending 31 December 2011		For the year ending 31 December 2012	
Existing cap	Revised cap	Existing cap	Revised cap	Existing cap	Revised cap
33,340,000	40,000,000	33,460,000	48,000,000	36,960,000	58,000,000

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Basis of determination

We noted that in determining the Revised Annual Caps, the Board has taken into account the following principal factors:

- (i) the historical transaction amounts of the transactions between the Project Company and each of the Related Parties;
- (ii) no major fluctuation in the tariffs since 2009 prescribed by the provincial price control bureau of the Shanxi Province is expected; and
- (iii) the estimated growth of the transaction volume taking into account of the anticipated increase in the amount of electricity to be generated by the Project Company.

In our assessment of the reasonableness and fairness and the Revised Annual Caps, we have discussed with the management of the Company on the above factors and the underlying principal assumptions and bases considered in the determination of the Revised Annual Caps. We are advised that there is no material change in the underlying principal assumptions and bases in the determination of the Revised Annual Caps. The revision of annual caps is to reflect the expected growth of the business of the Project Company. We concur with the view of the Board that it will be reasonable and in the interests of both the Company and the Shareholders to set the Revised Annual Caps at the proposed levels, after reviewing the breakdown of expected income to be derived from the Continuing Connected Transactions as estimated by the management of the Company for each of the three years ending 31 December 2012 and taking into consideration the following:

- (i) the excess of 2010 cap was due to the increase of electricity demand from the Related Parties and the selling price of Continuing Connected Transactions has not been changed since the October EGM, after reviewing the invoices issued to the Related Parties by the Project Company; and
- (ii) the estimated growth in demand for electricity for the two years ending 31 December 2012 from the two related parties with the highest historical transaction volume, namely 山西中凱集團靈石能源開發有限公司 (in English, for identification purpose only, Shanxi Zhong Kai Group Lingshi Power Company Limited) and 山西中凱集團靈石巨源石墨化有限公司 (in English, for identification purpose only, Shanxi Zhong Kai Lingshi Juyuan Shimohua Limited), after the significant repair and improvement works carried out in 2010 and to be carried out in 2011 respectively.

Having considered the above, we are of the view that the Revised Annual Caps were set by the Board after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of both the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- the nature of the Continuing Connected Transactions and the core business of the Company;
- that the Continuing Connected Transactions are revenue generating in nature;
- that the terms of the Master Agreement entered into between the Project Company and the Related Parties have not been changed since the October EGM and the relevant terms are fair and reasonable under the current conditions of the Project Company and the Related Parties; and
- that the Revised Annual Caps have been set by the Board after due and careful consideration, at levels which will be in the interests of both the Company and the Shareholders,

we consider that the Master Agreement is within the ordinary and usual course of the Group's business based on normal commercial terms and the terms and conditions thereof together with the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Master Agreement and the adoption of the Revised Annual Caps.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Gary Mui
Executive Director

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS**Interest of Directors**

As at the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors or proposed Director was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Service contracts

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

Interests in other competing business

Each of the Directors has confirmed that he/she and their respective associates (as defined under the Listing Rules) do not have any interests in a business apart from the Group's business which directly competes with and will have material adverse impact on the Group.

Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2009, being the date to which the latest published audited consolidated accounts of the Group were made up.

Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

3. EXPERTS AND CONSENTS

The Independent Financial Adviser is licensed under the SFO for type 6 regulated activities (advising on corporate finance) as defined under the SFO. Its letter of advice to the Independent Board Committee and the Independent Shareholders dated as of the date of this circular was given for the purpose of incorporation herein.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with copy of its letter and the reference to its name and its advice included in this circular in the form and context in which they respectively appear.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser did not possess any direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2009, being the date to which the latest published audited consolidated accounts of the Group were made up.

4. MATERIAL CHANGES

The Company is an investment holding company and its subsidiaries are principally engaged in (a) the trading of a wide range of carpets; (b) the exploration and mining of mineral resources; (c) the operation of a combined heat and electricity generation plant; and (d) the development and production of petroleum resources. However, during the preparation of the interim results of the Group for the six months ended 30 June 2010, the Board, to its astonishment, found out that as from 31 January 2010 the exploration licence held by Qinghai Forest Source Mining Industry Developing Company Limited (“**Qinghai Subsidiary**”), an indirect wholly-owned subsidiary of the Company incorporated in the PRC, had been transferred to a company known as 內蒙古小紅山源森礦業有限公司 (in English, for identification purpose only, Inner Mongolia Xian Hong Shan Yuen Xian Mining Industry Company Limited) without the Company’s knowledge, consent or approval. The Board has temporarily suspended its exploration and mining of mineral resources business since August 2010. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the loss of the exploration licence will affect the Group’s financial conditions. There will be a de-consolidation of goodwill, assets, liabilities and exchange reserve in the financial statements of the Qinghai Subsidiary which will result in a substantial loss in the Group.

Save as disclosed above, the Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2009, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. GENERAL

- (a) The secretary of the Company is Mr. Law Fei Shing, *AICPA, HKICPA (Practising)*.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The head office and principal place of business in Hong Kong is Unit 1508, 15th Floor, the Center, 99 Queen's Road Central, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Master Agreement will be available for inspection on any weekday (Saturdays and public holidays excepted) during 9:30 a.m. to 5.00 p.m. at the head office of the Company at Unit 1508, 15th Floor, the Center, 99 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the EGM.

NOTICE OF EGM



ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

能源國際投資控股有限公司*

(Formerly known as Xian Yuen Titanium Resources Holdings Limited 森源鈦礦控股有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Energy International Investments Holdings Limited (the “**Company**”) will be held at Unit 1508, 15th Floor, the Center, 99 Queen’s Road Central, Hong Kong on 10 March 2011 at 4:00 p.m. to consider and, if thought fit, pass the following resolution, with or without amendments, as ordinary resolution of the Company:

“**THAT**

- (1) the master electricity supply agreement (the “**Master Agreement**”) (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) dated 15 September 2010 entered into between 山西中凱集團靈石熱電有限公司 (Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited) (the “**Project Company**”) and 山西中凱實業集團有限公司 (in English, for identification purpose only, Shanxi Zhongkai Industry Group Company Limited) (“**Zhongkai Group**”) with respect to the continuing connected transactions entered and to be entered between the Project Company and Zhongkai Group and its subsidiaries and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (2) the directors of the Company be and are hereby authorised to sign and execute such documents and do all such acts and things incidental to the Master Agreement or they consider necessary, desirable, or expedient in connection with the implementation of or giving effect to the Master Agreement and the transactions contemplated thereunder; and
- (3) the Revised Annual Caps (as defined in the circular of the Company dated 22 February 2011 (the “**Circular**”), a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification) for the transactions contemplated under the Master Agreement for the three years ending 31 December 2012 as stated in the Circular, be and are hereby approved.”

By order of the board of directors of
Energy International Investments Holdings Limited
Law Fei Shing
Chief Executive Officer and Executive Director

Hong Kong, 22 February 2011

* For identification purpose only

NOTICE OF EGM

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
2. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy need not be a registered shareholder of the Company.
3. In order to be valid, the form of proxy must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. Where there are joint holders of any shares in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.