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Ming Kei Energy Holdings Limited

明基能源控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8239)

MAJOR TRANSACTION DISPOSAL OF INTERESTS IN THE SUBSIDIARIES

Financial adviser to the Company



INCUB CORPORATE FINANCE LIMITED

MAJOR TRANSACTION

The Board wishes to announce that on 8 July 2008 (after trading hour), the Company, entered into a Disposal Agreement with the Purchaser for the disposal of the entire equity interests in Precious Logistics held by the Company and the Sale Loan for an aggregate consideration of HK\$1,500,000.

The Disposal constitutes a major transaction on the part of the Company under the GEM Listing Rules. The Disposal Agreement will be subject to Shareholders' approval at the EGM to be convened and held by the Company.

GENERAL

A circular containing, among other things, further details of the Disposal Agreement and the transactions contemplated thereunder, together with the notice of the EGM will be despatched to the Shareholders as soon as practicable and in accordance with the GEM Listing Rules.

* For identification purpose only

THE DISPOSAL AGREEMENT

Date: 8 July 2008

Parties: (1) Vendor : The Company
(2) Purchaser : Mr. Fu Hiu Lung

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is a manager and has extensive experience in the management of shipping industry in the PRC. Prior to the entering into of the Disposal Agreement, the Purchaser does not have interest in or business dealings/transaction with the Group.

During the past 12 months before the transaction, the Group have no transaction with the Purchaser and his associates.

Assets to be disposed of

(i) Precious Shares, representing the entire issued share capital of Precious Logistics, and (ii) the Sale Loan of approximately HK\$21 million as at 31 March 2008, as recorded in the consolidated management accounts of the Precious Group.

Consideration

The Disposal Consideration is HK\$1,500,000. The Disposal Consideration will be satisfied by cash in the following manner:

- (a) a sum of HK\$250,000 being the non-refundable deposit and partial payment of the Disposal shall be paid by the Purchaser to the Company within three Business Days after signing of the Disposal Agreement; and
- (b) the balance of the Disposal Consideration, HK\$1,250,000, shall be paid by the Purchaser to the Company on Completion.

As the Disposal Agreement is part and parcel of the Disposal, the Disposal Consideration for each Precious Share shall be equivalent.

The Disposal Consideration was arrived at after arm's length negotiation between the parties to the Disposal Agreement with reference to (i) the current status of the operation of the Precious Group as mentioned in the paragraphs "Reasons for and benefits of the Disposal" below; (ii) the audited net loss

after tax of approximately HK\$11,446,000 and HK\$3,366,000 for the years ended 31 March 2007 and 31 March 2008 respectively; (iii) the consolidated audited net assets value of the Group attributable to the Precious Group of approximately HK\$1,259,000 as at 31 March 2008 (which consists of the net liabilities position of the Precious Group of approximately HK\$19,942,000 and the advance from the Company of approximately HK\$21,201,000 to the Precious Group as at 31 March 2008 as shown in the consolidated management accounts of the Precious Group and approximate the related recoverable amounts of the Group's investment costs in Precious Logistics and the balances due from the Precious Group as included in the published accounts of the Company as at 31 March 2008); and (iv) the commercial benefits to be accrued to the Group from the Disposal including but not limited to better allocation of resources of the Group to the other investment opportunities, which are of better earning potential and to improve the Group's standard performance and Shareholders' return as a whole.

Based on the reasons above, the Board considers the Disposal Consideration to be fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Conditions

The Disposal Agreement is conditional upon the following conditions being satisfied on or before 30 September 2008 or such other date as the parties thereto may agree:

1. the passing by the Shareholders at the EGM of an ordinary resolution to approve the Disposal Agreement and the transactions contemplated thereunder;
2. all necessary consents, authorizations, licences and approvals (such as approval from the Board) required to be contained on the part of the Company in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained;
3. the representations and warranties given by the Purchaser as set out in the Disposal Agreement remain true and accurate in all respects; and
4. the representations and warranties given by the Company as set out in the Disposal Agreement remain true and accurate in all respects.

Condition (3) as set out above may be waived by the Company at any time before the completion of the Disposal Agreement by written notice to the Purchaser, whereas condition (4) as set out above may be waived by the Purchaser at any time before the completion of the Disposal Agreement by written notice to the Company. If the above conditions have not been satisfied on or before the 30 September 2008 or such other date as the Company and the Purchaser may agree, the Disposal Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder and the Company shall forfeit the deposit paid (and any interests accrued to it) pursuant to the terms and conditions set out in the Disposal Agreement.

Completion

Completion of the Disposal Agreement will take place within three Business Days after satisfaction of the above conditions or on such other date as may be agreed between the parties.

There is no restriction as to subsequent sale of the Precious Shares to be sold under the Disposal Agreement.

Before the Completion, Precious Logistics and the Precious Group are wholly-owned subsidiaries of the Company. After the Completion, Precious Logistics and the Precious Group will cease to be subsidiaries of the Company, and upon Completion, the Company will no longer have any interests in Precious Logistics and the Precious Group, which currently engages in the logistics business.

INFORMATION ON THE PRECIOUS GROUP

As at the date of this announcement, Precious Logistics is a company incorporated in BVI and is wholly and beneficially owned by the Company and is an investment holding company.

The Precious Group is principally engaged in coordinating various logistics services in sea, road and air freight forwarding and other related logistics services such as customs declaration and clearance, purchasing insurance policies on behalf of customers, repackaging and storage.

The financial information of the Precious Group for the two financial years ended 31 March 2007 and 2008 are as follows:

	Year ended 31 March	
	2007	2008
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	33,444	16,068
Loss before tax	(8,298)	(3,366)
Net loss after tax	(11,446)	(3,366)
Net liabilities	(16,576)	(19,942)
Advance from the Company to the Precious Group	N/A	(21,201)
Net assets to be disposed	N/A	1,259

For the years ended 31 March 2007 and 2008, (i) the audited turnover for the Precious Group were approximately HK\$33.44 million and approximately HK\$16.07 million respectively; (ii) the audited loss before tax for the Precious Group were approximately HK\$8.30 million and approximately HK\$3.37 million respectively; and (iii) the audited net loss after tax for the Precious Group were approximately HK\$11.45 million and approximately HK\$3.37 million respectively.

The decrease in audited net loss after tax of the Precious Group for the two recent financial years were mainly due to stricter costs control and the reduction in the turnover contributed by the logistics services during the year ended 31 March 2008.

The audited net liabilities of the Precious Group as at 31 March 2007 and 31 March 2008 were approximately HK\$16.58 million and HK\$19.94 million respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in mining, sale and distribution of coals in the PRC and it is also engaged in coordinating various logistics services for its customers.

As stated in the annual report of the Company for the year ended 31 March 2008, the logistics environment in Hong Kong continuously experienced a tough year due to the entry of more new competitors into the market and the pricing for services provided are under pressure. The Group views the prospects of the logistics' business as challenging as the Group is aware of the intense competition in the logistics industry, with the entry of new competitors into the market, the pricing for services provided are under pressure and hence the Group is trying its best efforts to work on various measures to either gradually increase the prices charged for its services by introducing some value-added services to its customers or negotiate a lower fee with its various services providers.

Pursuant to a management review of the business environment and the comparative landscape for the Group's logistics business, taking into the account the recurring losses suffered in the logistics divisions under the Precious Group and the limited prospect and considering the competitive and challenging business environment in the logistics industry, the logistics business under the Precious Group is not expected to have significant future growth nor positive contribution to the financial results of the Group.

For the financial year ended 31 March 2008, the Precious Group recorded a decrease in the turnover for the logistics services provided by approximately of 51.96% compared to the previous corresponding year mainly due to intense competition in the logistics industry which lead to the tremendous decrease of turnover for the logistics services provided.

As stated in the annual report of the Company for the year ended 31 March 2008, the business environment of coal mine industry is continuously improving due to the continuous robust growth of the economy and driven by an increasing growth of energy demand in the PRC due to unsustainable nature of the mineral resources, the Company is optimistic of the prospects of the coal mining industry in the PRC. For the financial year ended 31 March 2008, the existing business of engaging in mining, sale and distribution of coals in the PRC has contributed approximately of 68.58% of the Group's turnover.

In view of the fact that: (i) the Disposal Consideration represents a premium over the audited net assets of the Group attributable to the Precious Group as at 31 March 2008 and a Disposal gain of approximately HK\$0.04 million generated from the Disposal as stated in the paragraph "Financial effect of the Disposal" below; (ii) such Disposal gain represents an instant return to the Shareholders upon the Completion; (iii) the Disposal will be able to release the Group from any future financial commitments or further investments as mentioned above; (iv) the Disposal Consideration will be settled by cash; and (v) the Board considers that the Disposal provides a good opportunity for the Company to realise its investment in the Precious Group given the present situation and any future financial commitments or further investments of the Group in connection with the operation of the Precious Group will be released. Accordingly, financial resources of the Group will be enhanced and better allocated to investment opportunities which will be of higher profitability to the Group and to improve the Group's standard performance and Shareholders' return as a whole.

After Completion, the Group will focus on its existing principal business of mining, sale and distribution of coals in the PRC. The Board confirms that the Disposal will not have any material adverse effect to the other existing principal business of the Group.

The Directors (including independent non-executive Directors) are of the views that the terms and conditions of the Disposal Agreement and the transactions contemplated thereunder are entered into upon normal commercial terms following arm's length negotiations among the parties and the terms are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

It is preliminarily estimated that, upon Completion, the Group may, subject to the review and confirmation by the independent accountants, record a gain on Disposal of approximately HK\$41,000 which is based on (1) the Disposal Consideration of HK\$1,500,000, minus (2) audited net assets attributed to the Precious Group and to be disposed by the Group of HK\$1,259,000 as at 31 March 2008 (which consists of the net liabilities position of the Precious Group of approximately HK\$19,942,000 and the advance from the Company of approximately HK\$21,201,000 to the Precious Group as at 31 March 2008 as shown in the consolidated management accounts of the Precious Group and approximate the related recoverable amounts of the Group's investment costs in Precious Logistics and the balances due from Precious Group as included in the published accounts of the Company as at 31 March 2008), minus (3) expenses in relation to the Disposal to be incurred on the part of the Company of approximately HK\$200,000. The exact amount of the Disposal gain or loss as a result of the Disposal will be determinable upon Completion.

INTENDED USE OF PROCEEDS

The Board intends to apply the net proceeds of HK\$1,300,000 from the Disposal as general working capital for the Group (after paying off the expenses incurred for the Disposal which include documentation fee, printing fee and professional fees in relation to the Disposal on the part of the Company). After Completion, the Precious Group will no longer be the subsidiaries of the Company. The Directors (including the independent non-executive Directors) consider that it is fair and reasonable to dispose of business which incurred continuous losses throughout years.

GEM LISTING RULES IMPLICATION

The Disposal constitutes a major transaction on the part of the Company under the GEM Listing Rules. The Disposal Agreement will be subject to the Shareholders' approval at the EGM to be convened and held by the Company, no Shareholder is required to abstain from voting in the EGM.

A circular containing, among other things, further details of the Disposal Agreement and the transactions contemplated thereunder, together with the notice of the EGM will be despatched to the Shareholders as soon as practicable and in accordance with the GEM Listing Rules.

DEFINITIONS

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

“associates”	has the meaning associated thereto in the GEM Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong for general banking business
“BVI”	the British Virgin Islands
“Company”	Ming Kei Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“Completion”	the completion of the Disposal in accordance with the terms and conditions as set out on the Disposal Agreement
“connected persons”	has the meaning ascribed thereto in the GEM Listing Rules
“Directors”	the directors of the Company, including the independent non-executive directors of the Company from time to time
“Disposal”	the proposed disposal of the entire equity interests of Precious Logistics and the Sale Loan under the Disposal Agreement
“Disposal Agreement”	the conditional agreement dated 8 July 2008 entered into between the Company and the Purchaser in relation to the sale and purchase of the entire equity interests of Precious Logistics and the Sale Loan
“Disposal Consideration”	the aggregate consideration of HK\$1,500,000 for the sale of the entire equity interests of Precious Logistics and the Sale Loan pursuant to the Disposal Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held to approve, among other things, the Disposal Agreement and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries (which shall exclude, where the context requires, the Precious Group after Completion of the Disposal Agreement) from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any director, chief executive or substantial Shareholders of the Company and its subsidiaries or any of their respective associate
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the People’s Republic China and Taiwan
“Precious Group”	Precious Logistics, together with the Precious Subsidiaries
“Precious Logistics”	Precious Logistics Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Precious Share(s)”	10,000 issued ordinary shares of Precious Logistics at par value of US\$1.00 each, representing 100% of the equity interests in Precious Logistics held by the Company
“Precious Subsidiaries”	the three subsidiaries of Precious Logistics, including (i) Marine Power Company Limited (海運專業有限公司), a company incorporated in Hong Kong; (ii) Marine Power Company Limited (海運專業有限公司), a company incorporated in Samoa; and (iii) June (China Hong Kong) Transportation Limited (俊恩(中港)貨運有限公司), a company incorporated in Hong Kong
“Purchaser”	Mr. Fu Hiu Lung
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Precious Group to the Company on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion, which amounted to approximately HK\$21 million as at 31 March 2008, as recorded in the consolidated management accounts of the Precious Group. The Sale Loan was advance made by the Company to the Precious Group in prior years for financing its daily operations and used as general working capital
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares of the Company from time to time

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Ming Kei Energy Holdings Limited
Mr. Guo Xu
Chairman

Hong Kong, 8 July 2008

As at the date of this announcement, the executive Directors are Mr. Yeung Leung Kong, Mr. Cheung King Shan, Mr. Guo Xu, Mr. Li Hai and Mr. Li Qing and the independent non-executive Directors are Mr. Sung Wai Tak, Herman, Mr. Fung Ho Yin and Mr. Chung Ho Tung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at www.mingkeienergy.com.