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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)**

### **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION OF THE ENTIRE INTEREST IN UPPER RICH RESOURCES LIMITED**

**Financial adviser to the Company**



**INCUB CORPORATE FINANCE LIMITED**

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

Reference is made to the announcement of the Company dated 30 October 2007. The Board announces that on 18 July 2008 (after trading hour), Star Energy, an indirectly wholly-owned subsidiary of the Company, entered into the non-legally binding MOU with the Vendors in relation to the Possible Acquisition. A refundable deposit of HK\$21,500,000 has been paid by Star Energy to the Vendors upon the signing of the MOU. Subject to the due diligence to be conducted on the Target Group and the completion of the Reorganisation (which shall be conducted in such manner satisfactory to Star Energy), Star Energy will enter into Formal Agreement with the Vendors.

The Target is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. Upon completion of the Reorganisation, the Target will own 99% equity interests in the PRC Company. The PRC Company is a company engaged in coal mining and sales of coal, which has been granted a mining exploitation permit (採礦許可証) issued by the Department of Land and Resources of Guizhou Province (貴州省國土資源廳), such mining exploitation permit is valid until June 2018.

\* For identification purpose only

**The Board wishes to emphasise that no legal binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not be entered into. If the Possible Acquisition is materialised, it will constitute a notifiable transaction on the part of the Company. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

## **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION OF THE ENTIRE INTEREST IN UPPER RICH RESOURCES LIMITED**

This announcement is made by the Company and the Group pursuant to Rule 17.10 of the GEM Listing Rules.

Reference is made to the announcement of the Company dated 30 October 2007. The Board announces that Star Energy, an indirectly wholly-owned subsidiary of the Company, entered into the non-legally binding MOU with the Vendors in relation to the Possible Acquisition.

### **THE MOU**

Date: 18 July 2008

Parties: (i) Star Energy;  
(ii) Mr. Tse; and  
(iii) Ms. Ma

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors is a third party independent of the Company and its connected persons.

### **Major terms of the MOU**

Under the MOU, it is proposed that Star Energy will acquire the entire issued share capital of the Target. Under the MOU, it is also agreed that the Vendors will not, prior to the date falling 180 days from the date of the MOU or such other days as may be agreed by Star Energy and the Vendors, negotiate with any party other than Star Energy for the Possible Acquisition. Subject to the due diligence to be conducted on the Target Group and the completion of the Reorganisation (which shall be conducted in such manner satisfactory to Star Energy), Star Energy will enter into Formal Agreement with the Vendors.

### **Deposit**

Pursuant to the MOU, a refundable deposit of HK\$21,500,000 shall be paid by Star Energy to the Vendors within three Business Days upon signing of the MOU. In security of the payment of the Deposit by Star Energy, Mr. Tse and Ms. Ma shall pledge all their shares of the Target to Star Energy.

As at the date of this announcement, the Deposit has been paid by Star Energy to the Vendors upon the signing of the MOU and Mr. Tse and Ms. Ma have pledged all their shares of the Target to Star Energy.

The Directors (including the independent non-executive Directors) consider that the Deposit, as one of the terms and conditions of the MOU, in exchange for the Exclusivity Period as agreed by the Vendors from the date of the MOU up to the date falling 180 days after the date of the MOU or such other days as may be agreed by Star Energy and the Vendors, is determined and negotiated by the parties to the MOU on an arm's length basis and is fair and reasonable, under normal commercial terms and in the interests of the Company and the Shareholders as a whole.

If Star Energy, at its absolute discretion, is not satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target Group or decides not to proceed further in relation to the Possible Acquisition on or before the expiry of the Exclusivity Period or such other days as may be agreed by Star Energy and the Vendors, the Vendors shall return the Deposit without any accrued interest to Star Energy within three Business Days.

If the Formal Agreement has been entered into between Star Energy and the Vendors before the expiry of the Exclusivity Period or such other days as may be agreed by Star Energy and the Vendors, the Deposit shall be applied as a deposit and partial payment of the consideration for the Possible Acquisition in accordance with the terms and conditions of the Formal Agreement. If the consideration per the Formal Agreement is less than the Deposit, the Vendors, shall forthwith upon the signing of the Formal Agreement, refund such excess of the Deposit to Star Energy.

The consideration for the Possible Acquisition (including the method of payment) shall be subject to further negotiation between the parties, the due diligence to be conducted by Star Energy on the Target Group and the Reorganisation.

The MOU does not constitute legally-binding commitment in respect of the Possible Acquisition. The Possible Acquisition will be subject to the execution and completion of the Formal Agreement.

If the Formal Agreement is entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the GEM Listing Rules. In this regard, the Company will comply with the reporting, disclosure requirements and/or Shareholders' approval requirements (if required) under the GEM Listing Rules.

### **Information of the Target Group**

The Target is a company incorporated in the British Virgin Islands and is principally engaged in investment holding, the entire issued share capital of which is legal and beneficially owned as to 50% by Mr. Tse and as to 50% by Ms. Ma respectively.

Upon completion of the Reorganisation, the Target will own 99% equity interests in the PRC Company. The PRC Company is a company engaged in coal mining and sales of coal, which has been granted a mining exploitation permit (採礦許可証) issued by the Department of Land and Resources of Guizhou Province (貴州省國土資源廳), such mining exploitation permit is valid until June 2018.

### **Reasons for the Possible Acquisition**

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

In November 2007, the Group acquired 100% shareholding interest of Ming Kei Kai Yuen Investment Company Limited of which its subsidiaries are engaged in the operation of coal mines in Xinjiang Uygur Autonomous Region of the PRC. Through such acquisition, the Group has commenced the mining, sale and distribution of coal business in the PRC.

On 8 July 2008, the Company entered into a disposal agreement with a purchaser for the disposal of the entire equity interest in Precious Logistics. Precious Logistics and its subsidiaries are principally engaged in coordinating various logistics services in sea, road and air freight forwarding and other related logistics services. The Disposal is subject to the Shareholders' approval at an extraordinary general meeting to be convened and held by the Company. After the completion of the disposal, the Group will focus solely on its existing principal business of mining, sale and distribution of coals in the PRC.

Subject to the due diligence to be conducted by Star Energy on the Target Group and the completion of the Reorganisation, the Directors expected that the Possible Acquisition if materialized will be a good opportunity for the Group to further strength its business in the coal mining industry in the PRC. Taking into account of the following factors (i) the prospect of the coal mining industry in the PRC; (ii) the continuous robust growth of the economy in the PRC, and (iii) the unsustainable nature of the mineral resources, the Board is of the view that the terms and conditions of the Possible Acquisition are fair and reasonable and the Possible Acquisition is in the interests of the Company and the Shareholders as a whole.

**The Board wishes to emphasize that no legal binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not be entered into. If the Possible Acquisition is materialised, it will constitute a notifiable transaction on the part of the Company. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“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
“Company”	Ming Kei Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“connected persons”	has the meaning ascribed to it in the GEM Listing Rules
“Deposit”	HK\$21,500,000 being the refundable deposit paid by the Group under the MOU for the Possible Acquisition

“Director(s)”	the director(s) of the Company from time to time
“Disposal”	the proposed disposal of Precious Logistics and its subsidiaries, which are principally engaged in coordinating various logistics services in sea, road and air freight forwarding and other related logistics services, as announced by the Company on 8 July 2008
“Exclusivity Period”	the period from the date of the MOU to the date falling 180 days from the date of the MOU or such other days as may be agreed by Star Energy and the Vendors, which the Vendors will not negotiate with any party other than Star Energy for the Possible Acquisition
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
“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 from time to time
“Guizhou Ming Ye”	貴州明業礦業諮詢有限公司 (Guizhou Ming Ye Mining Consultation Company Limited)*, a company established in the PRC, an indirect wholly-owned subsidiary of the Target
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“MOU”	the non-legally binding memorandum of understanding dated 18 July 2008 entered into between Star Energy and the Vendors setting out the preliminary understanding in relation to the Possible Acquisition
“Mr. Tse”	Mr. Tse Shui Cheung, a Hong Kong citizen, one of the Vendors
“Ms. Ma”	Ms. Ma Wun, a Hong Kong citizen, one of the Vendors
“Possible Acquisition”	the possible acquisition by the Group from the Vendors of the issued share capital of the Target or the possible investment by Star Energy in the issued share capital of the Target as contemplated in the MOU
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Company”	普定縣東光煤礦有限公司 (Puding Xian Dong Guang Coal Mining Company Limited)*, a company established in the PRC, it is granted a mining exploitation permit (採礦許可証) issued by the Department of Land and Resources of Guizhou Province (貴州省國土資源廳) which is valid until June 2018

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“Precious Logistics”	Precious Logistics Limited, a company incorporated in the British Virgin Islands and a direct wholly owned subsidiary of the Company
“Reorganisation”	the reorganisation to be conducted by the Target, such that the Target will become the ultimate beneficial owner of the PRC Company
“Shareholders”	holders of the Shares of the Company from time to time
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Star Energy”	Star Energy International Investment Company Limited, a company incorporated in the British Virgin Islands and an indirectly wholly-owned subsidiary of the Company and the purchaser under the Possible Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Upper Rich Resources Limited, a company incorporated in the British Virgin Islands, the issued share capital of which is owned as to 50% by Mr. Tse and as to 50% by Ms. Ma respectively
“Target Group”	means after the Reorganisation, the Target, Trump Pine, Guizhou Ming Ye and the PRC Company
“Trump Pine”	Trump Pine Investment Limited a company established in Hong Kong, an indirectly wholly-owned subsidiary of the Target
“Vendor(s)”	Mr. Tse and Ms. Ma, together, vendors of the Possible Acquisition
“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, 18 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.*

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*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](http://www.mingkeienergy.com).*