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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)

DISCLOSEABLE AND CONNECTED TRANSACTION INVOLVING ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN HONGKONG TALENT HOLDINGS LIMITED

Financial Adviser to the Company



INCUB Corporate Finance Limited

THE SALE AND PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 17 June 2009.

The Board announces that on 16 July 2009, after trading hours, Star Trading, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors pursuant to which, the Vendors have agreed to sell, and Star Trading, as purchaser has agreed to purchase: (i) the Sale Shares (as to 90 Sale Shares and 10 Sale Shares by Mr. Poon and Best Rise respectively, representing 90% and 10% of the total issued share capital of the Target as at the date of the Sale and Purchase Agreement); and (ii) the Sale Loan, for a total consideration of HK\$18,000,000 which shall be settled by Star Trading in cash.

Upon completion of the Sale and Purchase Agreement, the Company will hold indirectly 100% equity interests in the Target and the Target will become an indirect wholly owned subsidiary of the Company and its consolidated accounts will be consolidated with that of the Group.

The Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. The ultimate beneficial owner of Best Rise is Mr. Nelson Wong, a Director and a substantial Shareholder and accordingly Best Rise is a connected person of the Company. The Acquisition therefore also constitutes a connected

* For identification purposes only

transaction for the Company under Chapter 20 of the GEM Listing Rules. The Acquisition is subject to the reporting, announcement and the Independent Shareholders' approval requirements by way of poll under Chapter 20 of the GEM Listing Rules.

GENERAL

A circular will be despatched to the Shareholders as soon as practicable within 21 days after publication of this announcement, containing among other things, (i) details of the Acquisition, (ii) a letter from the Independent Board Committee containing its advice in respect of the Acquisition; (iii) a letter from an independent financial adviser to the Independent Board Committee and Independent Shareholders containing its advice in respect of the Acquisition; and (iv) a notice convening the EGM, in compliance with the GEM Listing Rules.

On 16 July 2009 (after trading hours), Star Trading entered into the Sale and Purchase Agreement with the Vendors, pursuant to which, Mr. Poon and Best Rise, as the Vendors, have agreed to sell, and Star Trading, as purchaser, has agreed to purchase: (i) the Sale Shares (as to 90 Sale Shares and 10 Sale Shares by Mr. Poon and Best Rise respectively, representing 90% and 10% of the total issued share capital of the Target as at the date of the Sale and Purchase Agreement); and (ii) the Sale Loan, for a total consideration of HK\$18,000,000 which shall be settled by Star Trading in cash. Further details of the Sale and Purchase Agreement are described below.

THE SALE AND PURCHASE AGREEMENT

Date: 16 July 2009 (after trading hours)

Parties:

The purchaser: Star Trading, an indirect wholly owned subsidiary of the Company;

The Vendors: (a) Mr. Poon, the legal and beneficial owner of 90% issued share capital of the Target; and
(b) Best Rise, the legal and beneficial owner of 10% issued share capital of the Target.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Poon is an Independent Third Party.

Best Rise is an investment holding company and a connected person of the Company as its ultimate beneficial owner, Mr. Nelson Wong is a Director and a substantial Shareholder.

Assets to be acquired

The Sale Shares represent the entire issued share capital of the Target as at the date of the Sale and Purchase Agreement.

As at the date of the Sale and Purchase Agreement, there was an aggregate outstanding shareholder's advance owed by the Target Group to one of the Vendors, Mr. Poon which amounted to approximately HK\$14.5 million. Such outstanding shareholder's advance is unsecured, interest free and has no fixed terms of repayment.

The principal asset of the Target is its interest in the PRC Subsidiary and 100% indirect attributable interests in the Property. The Property is a commercial property located in Shenzhen, the PRC, with a total gross floor area of approximately 321.35 sq. m..

Consideration

The Consideration of HK\$18,000,000 shall be settled by Star Trading in cash. A deposit of HK\$18,000,000 was paid to the Vendors upon signing of the MOU.

As security for the performance of the Vendors to repay the Deposit (if necessary), a guarantee, a share charge and an assignment of shareholder's loan have been executed by each of the Vendors and/or its beneficial shareholder in favour of Star Trading.

Upon signing of the Sale and Purchase Agreement, the Vendors and Star Trading entered into a deed of release to release the guarantee, share charge and the assignment of shareholder's loan entered into for security of the performance of the Vendors to repay the Deposit under the MOU. Simultaneously, the Vendors, Star Trading and the Company entered into a new guarantee, share charge and the assignment of shareholder's loan for security of the performance of the Vendors to repay the Deposit under the Sale and Purchase Agreement.

The Sale Loan owed by the Target Group to Mr. Poon will not be settled before the Completion but will be assigned by Mr. Poon to Star Trading on Completion, and the Consideration of HK\$18,000,000 was paid for the Acquisition of both the Sale Shares and the Sale Loan.

Source of Funding

The Consideration has been financed by the internal resources of the Group.

Basis of Consideration

The Consideration is determined at after arm's length negotiation between Star Trading and the Vendors with reference to (i) the market price and valuation of the Property (conducted by an independent valuer, Greater China Appraisal Limited, the Property is valued at RMB10,380,000 (equivalent to approximately HK\$11,800,000) by using the comparison method) where comparison based on market prices of comparable properties of similar size, character and location which determined by Greater China Appraisal Limited with reference to the market value of the Property and the comparable properties of similar size, character and location are analyzed and carefully weighted against all the respective advantages and disadvantages of each other comparable properties in order to arrive at an arm's length value. (ii) the unaudited consolidated total assets of the Target Group of approximately HK\$20 million as at 30 June 2009; (iii) the Group's future expansion and business plan in the PRC ; (iv) the Group's intention and business need to have its own place of business in Shenzhen; and (v)

the outstanding amount of Sale Loan of approximately HK\$14.5 million in aggregate as at the date of the Sale and Purchase Agreement; and (vi) the Directors (including the independent non-executive Directors) vision for the Group to expand its business in Shenzhen thereby enhancing the possible profitability of the Group. For details of the Target and its future prospect and business plan, please refer to the sections headed “INFORMATION ON THE TARGET GROUP” and “REASONS FOR THE ACQUISITION” below.

In view of the above, the Directors (excluding the independent non-executive Directors who would give their views on the terms of the Sale and Purchase Agreement after having been advised by the independent financial adviser, and Mr. Nelson Wong who given his interest in the transaction, has abstained from voting in approving the Acquisition and the transactions contemplated thereunder) consider the Consideration to be fair and reasonable.

Conditions precedent

Completion of the Acquisition is subject to, among other matters, the following conditions having been fulfilled or waived under the Sale and Purchase Agreement (as the case may be):

- (a) the satisfaction of Star Trading to the results of due diligence on the assets, liabilities, operation and other major business of the Target Group;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendors and Star Trading in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained;
- (c) the passing by the Independent Shareholders at the EGM approving the Sale and Purchase Agreement and the transactions contemplated hereunder; and
- (d) the warranties remaining true and accurate in all respects.

Pursuant to the Sale and Purchase Agreement, all conditions except condition (a) are not waivable by the parties.

Long stop date

The Sale and Purchase Agreement provides that should the satisfaction of all of its conditions, (if not waived by Star Trading), not occur on or before 24 August 2009 or such later date (the “**Long Stop Date**”) as Star Trading and the Vendors may agree, the Sale and Purchase Agreement shall terminate and neither Star Trading nor the Vendors shall have any liability thereunder other than antecedent breaches.

Completion

Completion of the Sale and Purchase Agreement shall take place on or before 4:00 p.m. within three Business Days after all the conditions of the Sale and Purchase Agreement having been fulfilled or waived or such later date as may be agreed between the Vendors and Star Trading.

Upon Completion, the share charge, assignment of shareholder's loan and the guarantee entered into between the Vendors, Star Trading and the Company as stated above as security for the performance of the Vendors to repay the Deposit under the Sale and Purchase Agreement will be released.

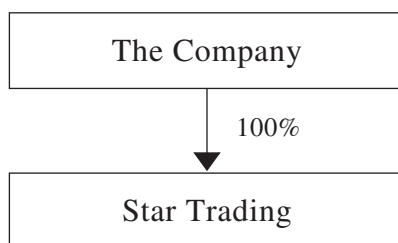
If the conditions set out above have not been satisfied (or as the case may be, waived by Star Trading) on or before the Long Stop Date, or such later date as the Vendors and Star Trading may agree or following the fulfillment (or waiver) of the conditions as stated in the Sale and Purchase Agreement, the Vendors and Star Trading shall fail to complete the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement; the Vendors shall forthwith return to Star Trading the Deposit paid by Star Trading, without interest and the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligation and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Upon completion of the Sale and Purchase Agreement, the Company will hold indirectly 100% equity interests in the Target and the Target will become an indirect wholly owned subsidiary of the Company with its consolidated accounts being consolidated with that of the Group.

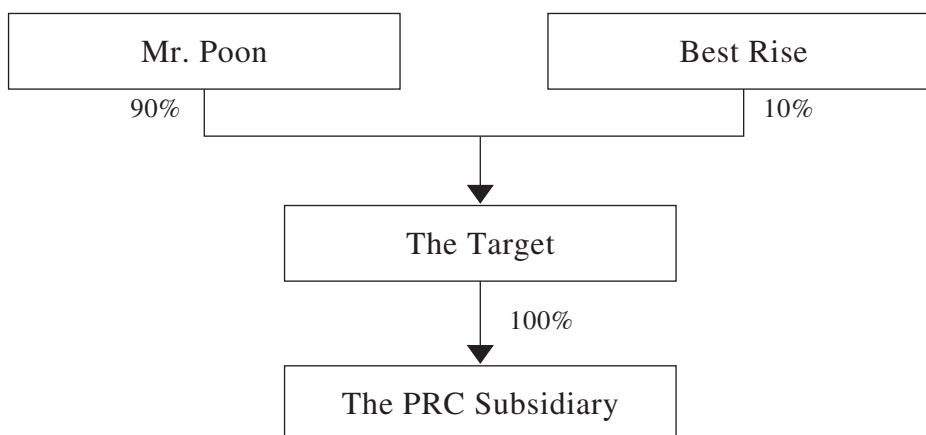
Group Structure

The diagram below shows separately the structure of the Group immediately before and after completion of the Acquisition:

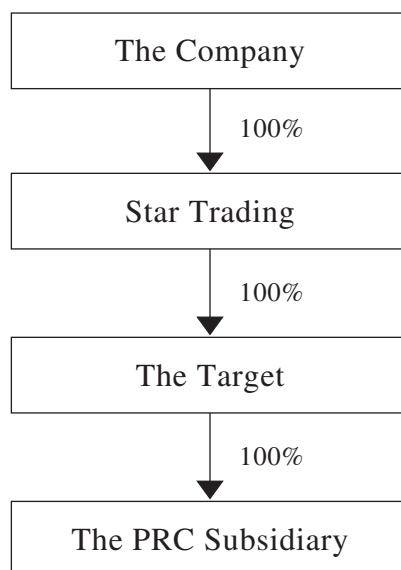
Immediately before completion of the Acquisition:



Existing structure of the Target Group immediately before the Completion:



Immediately after completion of the Acquisition:



INFORMATION ON THE VENDORS

Mr. Poon is a Hong Kong citizen and is an Independent Third Party.

Best Rise, is a company incorporated in Hong Kong with limited liability, an investment holding company. Its ultimate beneficial owner, Mr. Nelson Wong an executive Director and a substantial Shareholder. Accordingly, Best Rise is a connected person of the Company.

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in Hong Kong on 7 May 2007 with limited liability.

The principal asset of the Target is its interest in the PRC Subsidiary and 100% indirect attributable interests in the Property. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Property is a commercial property located in Shenzhen, the PRC, with a total gross floor area of approximately 321.35 sq. m.. The Property was acquired by the PRC Subsidiary on 23 November 2007.

Set out below is a summary of key financial data of the Target Group, which has been prepared based on the generally accepted accounting principles in Hong Kong.

	For the year ended 31 December 2008 <i>HK\$'000</i> (unaudited)	For the period from 7 May 2007 (date of incorporation) to 31 December 2007 <i>HK\$'000</i> (unaudited)
Results		
Turnover	–	–
Loss before and after tax	1,125	457
	As at 31 December 2008 <i>HK\$'000</i> (unaudited)	As at 31 December 2007 <i>HK\$'000</i> (unaudited)
Assets and liabilities		
Total assets	5,840	6,817
Net assets/(liabilities) (after deduction of the Sale Loan at respective balance sheet dates)	(777)	348

Based on the unaudited consolidated management accounts of the Target Group as of 30 June 2009, the Target Group has unaudited consolidated total assets and unaudited consolidated net assets (taking into account the professional valuation of the Property and after deduction of the Sale Loan) of approximately HK\$20,211,000 and HK\$5,680,000 respectively at 30 June 2009, and derived no turnover and unaudited consolidated loss before and after tax of approximately HK\$1,087,000 during the six months period ended 30 June 2009.

The original purchase costs of the 90% and 10% issued share capital of the Target by each of Mr. Poon and Best Rise were HK\$90 and HK\$10 respectively. The original purchase cost of the Property by the PRC Subsidiary on 23 November 2007 was RMB3,964,521 (equivalent to approximately HK\$4,504,000).

REASONS FOR THE ACQUISITION

Star Trading is an investment holding company. The Group is principally engaged in mining, sale and distribution of coals in the PRC. Subsequent to the completion of the very substantial disposal of 51% equity interests in Star Fortune International Investment Company Limited on 3 July 2009, the Group is also engaged in investment holding and property investment.

At present, the Group is leasing its office in Shenzhen, the PRC. The Directors (including the independent non-executive Directors) intend to use the Property as the principal office of the Group in Shenzhen. The Acquisition will enable the Group: (a) to have its own place of business in Shenzhen thereby avoiding any increase in rental expenses from leasing of property in a long run; and (b) to enjoy the possible capital appreciation of the Property.

In view of the above, the Directors (excluding the independent non-executive Directors who would give their views on the terms of the Acquisition after having been advised by the independent financial adviser, and Mr. Nelson Wong who, given his interest in the transaction, has abstained from voting in approving the Sale and Purchase Agreement and the transactions contemplated thereunder) consider the Acquisition to be fair and reasonable and that the Sale and Purchase Agreement is on normal commercial terms and its terms are fair and reasonable and the entering into of the Sale and Purchase Agreement is in the interests of the Group and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION

The Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. The ultimate beneficial owner of Best Rise is Mr. Nelson Wong, a Director and a substantial Shareholder and accordingly Best Rise is a connected person of the Company. The Acquisition therefore also constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. The Acquisition is subject to the reporting, announcement and the Independent Shareholders' approval requirements by way of poll under Chapter 20 of the GEM Listing Rules.

Approval of the Independent Shareholders by way of poll is proposed to be sought at the EGM in respect of the Acquisition and the transactions contemplated thereunder.

Mr. Poon, Best Rise and Mr. Nelson Wong shall abstain from voting for the relevant resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. As at the date of this announcement, Mr. Poon and his associate do not have any interest in the Company and Mr. Nelson Wong and his associates are, in aggregate, interested in 501,610,000 Shares representing approximately 19% of the total issued Shares of 2,640,000,000 Shares and are required to abstain from voting for the resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the forthcoming EGM. Save as disclosed, no other Shareholders have material interest in the Acquisition and the transactions contemplated thereunder and are required to abstain from voting in respect of the approval of Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) will be established to advise the Independent Shareholders as to whether the terms of the Acquisition and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser to advise the Independent Board Committee and the Independent Shareholders will be appointed accordingly. None of the independent non-executive Directors have any material interest in the Acquisition.

A circular will be despatched to the Shareholders as soon as practicable within 21 days after publication of this announcement, containing among other things, (i) details of the Acquisition, (ii) a letter from the Independent Board committee containing its advice and recommendation in respect of the Acquisition; (iii) a letter from an independent financial adviser to the Independent Board Committee and Independent Shareholders containing its advice to the Independent Board Committee and Independent Shareholders in respect of the Acquisition; and (iv) a notice convening the EGM, in compliance with the GEM Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition by Star Trading from the Vendors of the Sale Shares and the Sale Loan pursuant to the Sale and Purchase Agreement
“associates”	has the same meaning ascribed to such term under the GEM Listing Rules
“Best Rise”	Best Rise Asia Limited, a company incorporated in Hong Kong, with limited liability, one of the Vendors, is beneficially interested in 10% equity interests in the Target, the issued shares of which are beneficially and wholly owned by Mr. Nelson Wong, an executive Director and substantial Shareholder
“Board”	the board of Directors from time to time
“Business Day”	a day (other than a Saturday, a Sunday and a public) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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 GEM (stock code: 8239)
“Completion”	completion of the Sale and Purchase Agreement
“connected persons”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	the aggregate consideration of HK\$18,000,000 for the sale and purchase of the Sale Shares and the Sale Loan pursuant to the Sale and Purchase Agreement

“Deposit”	HK\$18,000,000 being the refundable deposit paid by the Group under the MOU for the Acquisition or under the Sale and Purchase Agreement for the Acquisition (as the case may be)
“Director(s)”	the director(s) of the Company (including the independent non-executive directors) from time to time
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, among other matters, the Sale and Purchase 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 from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Poon, Best Rise, Mr. Nelson Wong and their respective associates or others who are interested in the proposed Acquisition at the forthcoming EGM
“Independent Third Party(ies)”	any person(s) or company(s) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third party(ies) independent of and not connected with any director, chief executive or substantial shareholders or management shareholders of the Company or its subsidiaries or any of their respective associates
“MOU”	the non-legally binding memorandum of understanding dated 17 June 2009 (after trading hours) entered into between Star Trading and the Vendors setting out the preliminary understanding in relation to the possible acquisition
“Mr. Nelson Wong”	Mr. Wong Wai Sing, an executive Director, a substantial Shareholder and a connected person of the Company, the sole beneficial owner of Best Rise

“Mr. Poon”	Mr. Poon Chi Ho, a Hong Kong citizen, one of the Vendors, is beneficially interested in 90% equity interests in the Target, an Independent Third Party
“Property”	a commercial property legal and beneficially owned by the PRC Subsidiary, located at Room A, Floor 13, Noble Center, Fuzhong San Road, Futian District, Shenzhen, the PRC, with a total gross floor area of approximately 321.35 sq. m.
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Subsidiary”	明基富城科技(深圳)有限公司(transliterated as Ming Kei Fu Shing Technology (Shenzhen) Limited Company), a wholly owned foreign enterprise established in the PRC and is beneficially owned as to 100% by the Target, the legal and beneficial owner of the Property
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 16 July 2009 entered into between Star Trading as purchaser and the Vendors, as vendors for the sale and purchase of the Sale Shares and the Sale Loan
“Sale Loan”	outstanding shareholder’s advance in an aggregate amount of approximately HK\$14.5 million owed by the Target Group to one of the Vendors, Mr. Poon, as at the date of the Sale and Purchase Agreement, which is unsecured, interest free and has no fixed terms of repayment
“Sale Shares”	100 ordinary shares HK\$1.00 each of the Target, being the entire issued share capital of the Target (which is owned as to 90 shares by Mr. Poon and 10 shares by Best Rise)
“Shareholder(s)”	holders of the issued Shares from time to time
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Star Trading”	Star Trading International Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company, the purchaser to the Sale and Purchase Agreement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	HongKong Talent Holdings Limited 香港迪康集團有限公司 which is a company incorporated in Hong Kong with limited liability, the shares of which is owned as to 90% by Mr. Poon and 10% by Best Rise
“Target Group”	the Target and its subsidiaries
“Vendors”	together, Mr. Poon and Best Rise
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“%”	per cent.

By order of the Board of
Ming Kei Energy Holdings Limited
Mr. Tsang Ho Ka, Eugene
Chief Executive Officer and Executive Director

Hong Kong, 21 July 2009

As at the date of this announcement, the executive Directors are Ms. Yick Mi Ching Dawnibilly, Mr. Tsang Ho Ka, Eugene, Mr. Wong Wai Sing and Mr. Luk Yue Kan, and the independent non-executive Directors are Mr. Fung Ho Yin, Mr. Sung Wai Tak, Herman, 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.