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Ming Kei Holdings Limited
明基控股有限公司*

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8239)

**MEMORANDUM OF UNDERSTANDING
IN RESPECT OF POSSIBLE ACQUISITION OF
THE ENTIRE INTEREST IN
INITIAL GARDEN LIMITED**

Financial adviser to the Company



INCUB Corporate Finance Limited

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

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

The Board announces that on 25 February 2011 (after trading hours), Starry Gold, an indirect wholly-owned subsidiary of the Company, entered into the non-legally binding MOU with the Vendors and Mr. Kan, as guarantor in relation to the Possible Acquisition. A refundable deposit of HK\$4,000,000 has been paid by the Group to Mr. Kan, being the nominee of the Zenon pursuant to the MOU.

Upon completion of the Reorganization, the Target Group will include the Mining Company and will be principally engaged in mining, exploitation and sale of talc in the PRC and upon completion of the Possible Acquisition, the Target Group will have already obtained the mining exploitation permit for the Mine which is situated at Hubei Province, the PRC by the time of completion.

* For identification purposes only

The Board wishes to emphasize that no 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 proceed. 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.

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

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

The Board announces that Starry Gold, an indirect wholly-owned subsidiary of the Company, entered into the non-legally binding MOU with the Vendors in relation to the Possible Acquisition.

Date: 25 February 2011 (after trading hours)

Parties: The Purchaser: Starry Gold, an indirectly wholly-owned subsidiary of the Company;

The Vendors: Mr. Li; and
Zenon

The Guarantor: Mr. Kan, the ultimate beneficial owner of Zenon

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and Mr. Kan is an independent third party not connected with the Company and its connected person.

The Vendors first approached Mr. Wong, chairman of the Company and a non-executive Director, in person to discuss about the Possible Acquisition, some meeting and negotiation had been conducted but no agreement has been made. Mr. Wong then introduced the Vendors to the Board to carry on discussion and negotiation in the Possible Acquisition.

Major terms of the MOU

Under the MOU, it is proposed that Starry Gold will acquire the entire issued share capital of the Target from the Vendors.

Under the MOU, both Starry Gold and the Vendors will proceed to the negotiation for a legally-binding Formal Agreement on or before 1 May 2011 (or such later date to be agreed by the parties thereto).

Mr. Kan as the guarantor unconditionally and irrevocably undertakes to the Purchaser to procure the due and punctual performance by Zenon of all the obligations under the MOU and to indemnify the Purchaser against all liabilities and losses the Purchaser may suffer or incur in connection with any default or delay in the performance of obligations on the part of Zenon.

Exclusivity Period

Under the MOU, it is also agreed that the Vendors will not and will procure the Target will not during the Exclusivity Period negotiate with any party other than the Purchaser or its affiliates for the Possible Acquisition. Under the MOU, it is also intended that the Purchaser and the Vendors will also negotiate in good faith towards each other and enter into the Formal Agreement within the Exclusivity Period.

Due diligence

After the signing of the MOU, the Company shall be entitled to conduct a due diligence review on the Target Group.

Conditions precedent before entering into the Formal Agreement

The entering into of the Formal Agreement is conditional upon the renewal of the Mining Permit of the Mining Company on or before 1 May 2011, with an annual production capacity of approximately 80,000 tonnes and completion of the Reorganization.

Conditions precedent before completion of the Possible Acquisition

It is currently contemplated by the parties that completion of the Possible Acquisition is conditional upon, among other things the satisfaction of the following conditions:

- (1) the Purchaser being satisfied with the results of its legal, financial, technical, business and other due diligence review on the Target Group and the Mining Permit and other assets and rights held or controlled by the Target Group;
- (2) the Shareholders passing at a special general meeting of the Company an ordinary resolution approving the Formal Agreement and the transactions contemplated thereunder;
- (3) the obtaining of any and all corporate approvals and any approvals or consents from any and all governmental or regulatory authorities (including the Stock Exchange and/or the Hong Kong Securities and Futures Commission) required for the Possible Acquisition;
- (4) the obtaining of the PRC legal opinion (in form and substance satisfactory to the Purchaser) to be issued by a firm of PRC legal advisers acceptable to the Purchaser covering such matters which are relevant to the PRC legal aspects of the Formal Agreement and the transactions contemplated thereunder (including but not limited to the establishment and existence of Panya Ether, the PRC Company, the Mining Company, the Mine and the validity of the Mining Permit);

- (5) the obtaining of the BVI legal opinion (in form and substance satisfactory to the Purchaser) to be issued by a firm of BVI legal advisers acceptable to the Purchaser covering such matters which are relevant to the BVI legal aspects of the Formal Agreement and the transactions contemplated thereunder (including but not limited to the incorporation and existence of Zenon and the Target, the enforceability in conducting, performing and entering into the Formal Agreement by Zenon);
- (6) the obtaining of the Hong Kong legal opinion (in form and substance satisfactory to the Purchaser) to be issued by a firm of Hong Kong legal advisers acceptable to the Purchaser covering such matters which are relevant to Hong Kong legal aspects of the Formal Agreement and the transactions contemplated thereunder (including but not limited to the incorporation and existence of Portson);
- (7) the obtaining of all approvals, consents, authorisations and licenses (so far as necessary) required to be obtained on the part of the Vendors in relation to the transactions contemplated thereunder, including but not limited to the approval from the necessary PRC authorities for the Mining Company;
- (8) the annual production capacity of the Mining Company shall be approximately 80,000 tonnes per annum (subject to confirmation) as indicated in the renewed Mining Permit;
- (9) the obtaining of sufficient external finance to the satisfaction of the Purchaser for the purpose of funding the possible acquisition of the Target Group; and
- (10) completion of the Reorganization.

Non legally-binding effect

Save for the clause on the payment and refund of the Deposit to the Purchaser and the Exclusivity Period, other major terms of the MOU do 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.

Deposit

The Deposit of HK\$4,000,000 was paid by the Group to Mr. Kan, being the nominee of Zenon forthwith upon the signing of the MOU.

In the event that legal binding Formal Agreement is entered into by the parties or, as the case may be, their respective nominees, both the Vendors and Starry Gold confirm that the Deposit together with interest accrued thereon shall be applied towards satisfying the consideration for the sale and purchase of the Sale Shares as specified in the legal binding Formal Agreement.

In the event that the legal binding Formal Agreement is not entered into by the parties or as the case may be, their respective nominees, on or before 1 May 2011 or such later date as the parties may mutually agree, the Deposit, together with interest accrued thereon, shall be refunded to Starry Gold within three Business Days from the said date.

The consideration for the Possible Acquisition (including the method of payment) shall be subject to further negotiation between the parties.

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

Information of the Target Group and the Mine

The Target is principally engaged in investment holding.

As at the date hereof, the Target is the legal and beneficial owner of the entire issued share and paid up capital of Portson which in turn, owns the entire registered capital of Panyu Ether, a wholly foreign owned enterprise in the PRC. Upon completion of the Reorganization, Panya Ether will be interested in the Mine through its direct holding of the PRC Company, which in turn, holds the entire equity interests of the Mining Company.

The Mining Company is a company incorporated in the PRC on 12 January 2007 with a registered and paid up capital of RMB5,000,000. The Mining Company is principally engaged in the business of operation and management of the talc mine.

The Mining Company currently holds a mining exploitation permit with the exploitation right in respect of the Mine, with mining site of approximately 3.22 km² situated at Chen Zhuang Village, Hu Jia Jian Town, Yuan County, Shiyan City, Hubei Province, the PRC (湖北省十堰市鄖縣胡家營鎮陳莊村). The effective period for the Mining Permit is from November 2006 to November 2009 with an approved capacity of 20,000 tonnes per annum. The Mining Company is in the process of applying for renewal of the Mining Permit. The successful renewal of the Mining Permit is one of the conditions to be fulfilled before proceeding to the entering into of the Formal Agreement.

Reasons for the Possible Acquisition

The Group is principally engaged in investment holding and property investment in Hong Kong and the PRC, business of general trading in PRC and business of coal trading between PRC and Indonesia respectively.

Starry Gold is an investment holding company and an indirect wholly-owned subsidiary of the Company.

The Mine contains commercial graded talc. Talc is a mineral widely used in many industries such as paper making, plastic, paint and coatings, rubber, food, electric cable, pharmaceuticals, cosmetics, ceramics, etc. With the rising income and spending power of people and more emphasis on the domestic-demand driven economic growth of the PRC, we believe that the demand of talc will be increased given its wide application for the production of various consumer products.

The Directors consider that the Possible Acquisition, if materialize, represents an attractive investment opportunity of the Group as it will provide the Group with an additional income source and an opportunity to diversify the business of the Group. The Directors believe that the Possible Acquisition would further enhance the future growth of the Group and maximise returns to Shareholders.

Subject to the due diligence to be conducted by the Group on the Target Group, it is expected that the Possible Acquisition will be a good opportunity for the Group.

GENERAL

The Board wishes to emphasize that no 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 proceed. If the Possible Acquisition is materialized, 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, a Sunday and a public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	Ming Kei Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on GEM (stock code: 8239)
“connected persons”	has the meaning ascribed thereto in the GEM Listing Rules
“Deposit”	HK\$4,000,000 being the refundable deposit paid by the Group under the MOU to Mr. Kan, being the ultimate beneficial owner of Zenon
“Director(s)”	the director(s) of the Company (including the independent non-executive directors) from time to time
“Exclusivity Period”	the period from the date of the MOU to 1 May 2011 (or such other date as the parties may mutually agreed in writing), in which the Vendors will not negotiate with any party other than the Purchaser 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Mine”	a talc mine situated at Chen Zhuang Village, Hu Jia Jian Town, Yuan County, Shiyan City, Hubei Province, the PRC
“Mining Company”	the PRC company holding the Mining Permit in the Mine
“Mining Permit”	the mining permit holds by the Mining Company which is in the process of applying for renewal
“MOU”	the non-legally binding memorandum of understanding dated 25 February 2011 entered into between Starry Gold, the Vendors and Mr. Kan setting out the preliminary understanding in relation to the Possible Acquisition
“Mr. Kan”	Mr. Kan Kok Wai 簡國威, a Hong Kong citizen, beneficially interested in the entire equity interests in Zenon and the guarantor under the MOU
“Mr. Li”	Mr. Li, Man Keung Edwin 李民強, a Hong Kong citizen, beneficially interested in 55% equity interests in the Target and one of the vendors under the MOU
“Mr. Wong”	Mr. Wong Wai Sing, a non-executive Director and chairman of the Company
“Panya Ether”	Panyu Ether Environmental Protection Building Materials Co. Ltd. (廣州番禺以太環保建材有限公司) a wholly owned subsidiary of the HK Company
“Portson”	Portson Holdings Limited, a company incorporated in Hong Kong and a subsidiary of the Target
“Possible Acquisition”	the possible acquisition by the Group from the Vendors of the entire issued share capital of the Target as contemplated in the MOU
“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 Company”	after completion of the Reorganization, the subsidiary established in the PRC, wholly and beneficially owned by Panya Ether
“Reorganization”	the reorganisation of the Target Group to be conducted prior to the entering into of the Formal Agreement, which involve, (i) Panya Ether becoming be the legal and beneficial owner of the entire registered and paid up capital of the PRC Company; (ii) the PRC Company will be the legal and beneficial owner of the entire registered and paid up capital of the Mining Company
“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
“Starry Gold” or “Purchaser”	Starry Gold Resources Investment Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company and the purchaser under the MOU
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Initial Garden Limited, a company incorporated in the British Virgin Islands with limited liability, the shares of which is wholly owned by the Vendors as to 55% by Mr. Li and 45% by Zenon
“Target Group”	together, the Target, Portson, Panya Ether, the PRC Company and the Mining Company upon completion of the Reorganization
“Vendors”	together, Mr. Li and Zenon
“Zenon”	Zenon International Limited, a company incorporated in the British Virgin Islands with limited liability, the shares of which is wholly owned by Mr. Kan and it is beneficially interested in 45% equity interests in the Target and one of the vendors under the MOU
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“km ² ”	kilometers square

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

Hong Kong, 25 February 2011

As at the date of this announcement, the executive Directors are Ms. Yick Mi Ching, Dawnibilly and Mr. Tsang Ho Ka, Eugene, the non-executive Director is Mr. Wong Wai Sing and the independent non-executive Directors are Mr. Sung Wai Tak, Herman, Mr. Kwok Kam Tim and Mr. Kinley Lincoln James Lloyd.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 the information contained in this announcement 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 herein or this announcement misleading.

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.mingkeiholdings.com.