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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)**

**MAJOR TRANSACTION**  
**IN RESPECT OF THE ACQUISITION OF**  
**THE ENTIRE ISSUED SHARE CAPITAL OF**  
**FOREMOST STAR INVESTMENTS LIMITED**

**MAJOR TRANSACTION**

**THE AGREEMENT**

On 24 May 2012 (after trading hours), Star International, an indirectly wholly owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which Star International has agreed to acquire the Sale Shares and the Sale Loan from the Vendor for a consideration of HK\$88,000,000, which shall be payable by the Purchaser to the Vendor as to (i) HK\$20,000,000 in cash upon the signing of the Agreement; and (ii) the balance of the Consideration being HK\$68,000,000 in cash at Completion.

Upon completion of the Agreement, the Company will hold indirectly 100% equity interests in the Target Group and the Target Group will become the wholly owned subsidiaries of the Company and their accounts will be consolidated with that of the Group.

\* *For identification purposes only*

## **GEM LISTING RULES IMPLICATIONS**

As the relevant percentage ratios for the Acquisition calculated under Rule 19.07 of the GEM Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under the GEM Listing Rules.

The SGM will be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

A circular will be despatched to the Shareholders, containing among other things, (i) details of the Acquisition, (ii) a valuation report of the Property to be issued by a firm of independent valuers and (iii) a notice convening the SGM, in compliance with the GEM Listing Rules, on or before 8 June 2012.

## **THE AGREEMENT**

Date: 24 May 2012 (after trading hours)

Parties:

Purchaser: Star International

Vendor: the Vendor

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

### **Assets to be acquired**

Pursuant to the Agreement, Star International has agreed to acquire and the Vendor has agreed to sell, the Sale Shares and the Sale Loan. The Sale Shares represent the entire issued share capital of the Target.

The Target Subsidiary is legally and beneficially interested in the Property which is a commercial property located in Tuen Mun, Hong Kong with the total gross floor area of approximately 18,294 sq. feet. Immediately, after Reorganisation, the Target Subsidiary will become a wholly owned subsidiary of the Target.

## Consideration

The Consideration shall be satisfied by Star International in the following manner:

1. the deposit in the sum of HK\$20,000,000 shall be paid to the Vendor upon the signing of the Agreement; and
2. subject to the adjustment stated below, the balance of the Consideration being HK\$68,000,000 shall be paid to the Vendor at Completion.

The Consideration shall be adjusted in accordance with the following formula:

$$X = Y - Z$$

Where:

X	=	the sum to be deducted from the Consideration (the “ <b>Deduction</b> ”)
Y	=	the Consideration
Z	=	the Valuation

provided that the sum of the Deduction shall not be more than HK\$8,800,000 (being 10% of the Consideration). There should not be any adjustments to the Consideration if “X” shall be zero or fall to be a negative figure.

If the sum of the Deduction shall be more than HK\$8,800,000 (i.e. more than 10% of the Consideration), the Vendor and Star International shall negotiate in good faith with each other the amount of the Consideration to be adjusted and in the event that the Vendor and Star International fail to agree on the adjusted Consideration within three Business Days from the date of issue of the valuation report of the Property (or such other date as may be mutually agreed by the Vendor and Star International), the Agreement shall forthwith be terminated and in which event the Vendor shall forthwith refund the deposit paid by Star International, with interest of 3% per annum calculated based on the actual number of days elapsed and on a basis of a 365-day year, to Star International and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

The Consideration was arrived at after arm’s length negotiations between the parties to the Agreement with reference to the indicative valuation of the Property issued by an independent valuer, Asia Asset Limited. According to such indicative valuation, the Property was valued at HK\$118,000,000 based on a open market value basis which is defined as “the amount for which an asset could be exchanged, or a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm’s length transaction.”

## Conditions

Completion shall be conditional upon:

- (a) Star International being satisfied with the results of the due diligence review (including but not limited to tax, financial and legal due diligence) of the Target Group;
- (b) the passing of (an) ordinary resolution(s) by the Shareholders at the SGM approving the Agreement and the transactions contemplated thereunder;
- (c) all necessary consents, authorizations, licences and approvals required to be obtained on the part of the Vendor in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (d) the warranties provided by Star International under the Agreement remaining true and accurate in all respects;
- (e) the warranties provided by the Vendor under the Agreement remaining true and accurate in all respects;
- (f) the completion of the Reorganisation;
- (g) the obtaining of a valuation report (in form and substance satisfactory to Star International) from a firm of independent professional valuers appointed by Star International showing the Valuation to be not less than HK\$88,000,000;
- (h) the completion of the Fund Raising Exercise; and
- (i) the entering into of the Tenancy Agreement.

The Vendor may at any time by notice in writing to Star International waive condition (d). Star International may at any time by notice in writing to the Vendor waive conditions (a) and (g). Conditions (b), (c), (e), (f), (h) and (i) are incapable of being waived by either party. If the conditions set out above have not been satisfied (or as the case may be, waived by the parties) on or before 4:00 p.m. on 30 September 2012, or such later date as the parties may agree, the Vendor shall forthwith refund to Star International the deposit paid by Star International, with interest of 3% per annum calculated based on the actual number of days elapsed and on the basis of a 365-day year and the Agreement shall cease and determine.

## **Completion**

Completion shall take place at 4:00 p.m. on any day falling within three Business Days after all the conditions set out above have been fulfilled or waived at the principal place of business of Star International in Hong Kong or such other time and place as the parties may mutually agree. At completion, the balance of the Consideration being HK\$68,000,000 (or the adjusted consideration) shall be paid by Star International to the Vendor in cash which will be funded by the Fund Raising Exercise.

Upon completion of the Agreement, the Company will indirectly hold 100% equity interests in the Target Group and the Target Group will become the wholly owned subsidiaries of the Company and their accounts will be consolidated with that of the Group.

## **Forfeiture and refund of deposit**

If Completion does not take place as a result of the sole default of Star International, the Vendor may forthwith determinate the Agreement by giving notice of termination in writing to Star International to such effect, in which event the Vendor shall forthwith be entitled to forfeit HK\$8,800,000 being part of the deposit paid by Star International and shall forthwith refund the remaining amount of such deposit of HK\$11,200,000 to Star International and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

If Completion does not take place otherwise than as a result of the sole default of Star International, Star International may forthwith terminate the Agreement by giving notice of termination in writing to the Vendor to such effect, in which event the Vendor shall forthwith refund the deposit paid by Star International, with interest of 3% per annum calculated based on the actual number of days elapsed and on the basis of a 365-day year, to Star International and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

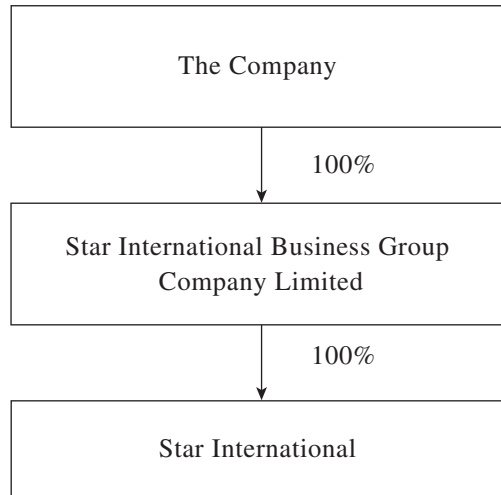
## **Costs**

Each party to the Agreement shall bear its own costs and expenses (including but not limited to legal fees and agent fees) incurred in connection with the preparation, negotiation, execution and performance of the Agreement and all documents incidental or relating to Completion.

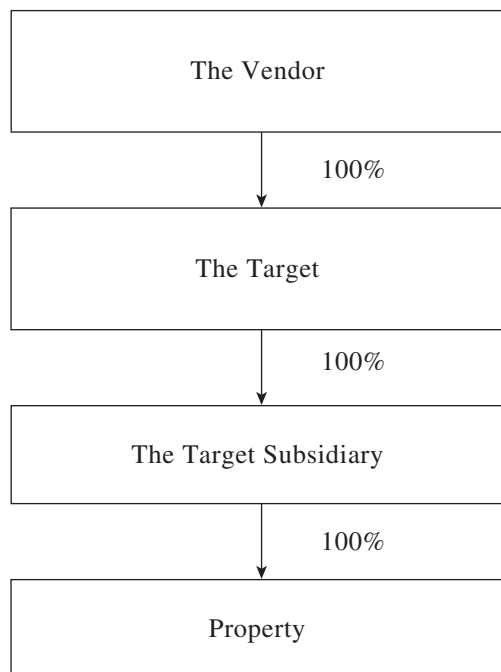
## GROUP STRUCTURE

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

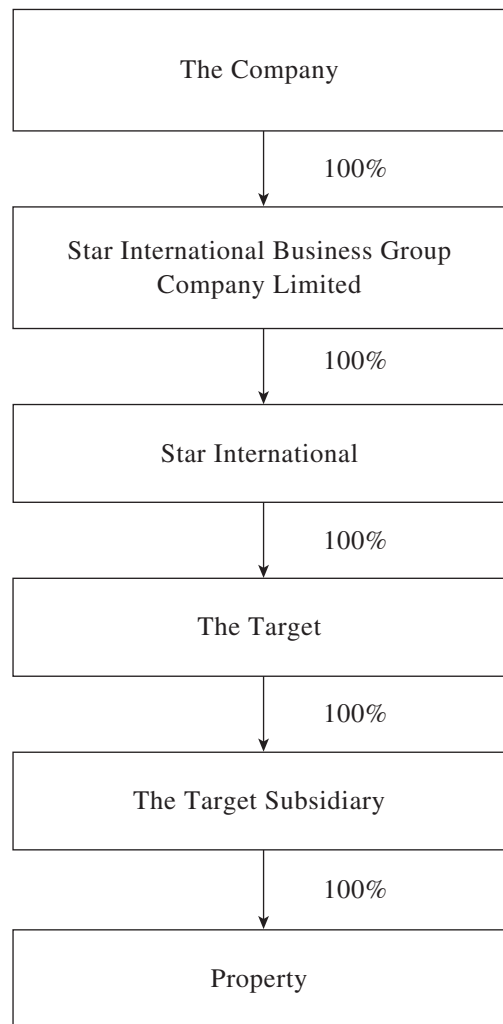
Immediately before Completion:



The structure of the Target Group immediately before the Completion but after the Reorganisation:



Immediately after Completion:



### **INFORMATION ON THE VENDOR**

The Vendor is a citizen of the PRC and is not a connected person of the Company and is an Independent Third Party.

### **INFORMATION ON THE TARGET GROUP**

The Target was incorporated in the British Virgin Islands on 20 September 2011 and is principally engaged in investment holding.

The Target Subsidiary was incorporated in Hong Kong on 20 February 2004 and is principally engaged in property holding.

After Reorganisation, the Target Subsidiary will become a wholly owned subsidiary of the Target.

The principal asset of the Target Subsidiary is its interest in the Property. To the best knowledge and belief of the Directors, the Property is a commercial property located in Tuen Mun, Hong Kong with the total gross floor area of approximately 18,294 sq. feet.

The Target has not commenced any business operations since its incorporation and recorded no loss and profit since its incorporation up to the date hereof.

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

	<b>For the year ended 31 December 2011 HK\$ (unaudited)</b>	<b>For the year ended 31 December 2010 HK\$ (audited)</b>
<b>Results</b>		
Turnover	–	1,140,000
Loss before and after tax	1,153,693	49,205
	<b>As at 31 December 2011 HK\$ (unaudited)</b>	<b>As at 31 December 2010 HK\$ (audited)</b>
<b>Assets and liabilities</b>		
Total assets	23,971,139	24,624,688
Net assets/(liabilities)	(3,103,487)	(1,949,794)

## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in investment holding in the PRC and business of coal trading business between the PRC and Indonesia respectively.

Reference is made to the Company's circular dated 18 April 2012. The Group has completed the disposal of an office unit in the Xinjiang, PRC for a consideration of HK\$15,740,000 as the Directors (including the independent non-executive Directors) considered that it was a good opportunity for the Group to realize the said property investment in light of the downturn of the property market in the PRC as a result of the control and regulatory measures against the property market by the PRC government.



The Property is located in Hong Kong and will generate steady rental income (reference is made to the Condition that the Tenancy Agreement will be entered into in the forms and substance acceptable to Star International before Completion). The Directors consider that there is a higher profit potential for quality properties in Hong Kong and taking into account the fair value of the Property, the rental income that it is enabled to generate and potential capital appreciation of the Property, the Directors (including the independent non-executive Directors) consider that the Acquisition and the transactions contemplated thereunder have been made on normal commercial terms and that such terms (including the Consideration) are fair and reasonable and that the Acquisition and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

## **FUTURE PLAN OF THE GROUP**

To finance the completion of the Acquisition, the Group is required to raise funds through the Fund Raising Exercise. Further announcement(s) will be made in respect thereof in compliance with the requirements of the GEM Listing Rules.

## **GEM LISTING RULES IMPLICATIONS**

As the relevant percentage ratios for the Acquisition calculated under Rule 19.07 of the GEM Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under the GEM Listing Rules.

The SGM will be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

A circular will be despatched to the Shareholders, containing among other things, (i) details of the Acquisition, (ii) a valuation report from an independent valuer and (iii) a notice convening the SGM, in compliance with the GEM Listing Rules, on or before 8 June 2012.

## **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 of the Sale Shares and the Sale Loan pursuant to the terms of the Agreement
“Agreement”	the sale and purchase agreement dated 24 May 2012 and entered into between Star International and the Vendor in respect of the Acquisition
“Board”	the board of Directors from time to time

“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Ming Kei Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the GEM
“Completion”	completion of the Agreement
“Conditions”	the conditions precedent to the completion of the Agreement
“Consideration”	the consideration of HK\$88,000,000 to be satisfied by Star International for the Acquisition
“Director(s)”	the director(s) of the Company from time to time
“Funding Raising Exercise”	equity funding raising exercise to be conducted by the Company by way of (including but not limited to) placement of new Shares, rights issue and open offer
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person or company 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 the Company and its connected persons
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	the commercial property located at Room 222, 2/F, Nan Fung Industrial City, Central Services Building, No. 18 Tin Hau Road, Tuen Mun, New Territories, which is legally and beneficially owned by the Target Subsidiary

“Reorganisation”	the reorganisation of the Target Group to be conducted prior to the Completion, which (i) the Target will be interested in the entire issued share capital of the Target Subsidiary; and (ii) the Target Subsidiary will be the legal and beneficial owner of the Property
“Sale Shares”	50,000 shares in the Target, representing the entire issued share capital of the Target
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target to the Vendor 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 as at the date of the Agreement, amounted to HK\$16,287,715
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Shareholders”	holders of the issued Shares
“Shares”	ordinary share(s) of HK\$0.01 each in issued share capital of the Company
“Star International”	Star International Business Development Company Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Foremost Star Investments Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly owned by the Vendor
“Target Group”	collectively the Target and the Target Subsidiary
“Target Subsidiary”	Calneva Capital Limited, a company incorporated in Hong Kong with limited liability, its entire issued share capital is currently wholly owned by the Vendor and will be wholly owned by the Target after the Reorganisation

“Tenancy Agreement”	the tenancy agreement to be entered into between the Target Subsidiary and China Tietong Data Center Limited (a tenant being procured by the Vendor) in relation to the Property before Completion, the form and substance of which shall be acceptable to Star International
“Valuation”	the value of the Property as shown in the valuation report prepared by an independent valuer which shall be prepared in compliance with the requirements of the GEM Listing Rules and such bases and assumptions as may be agreed by the Vendor and Star International
“Vendor”	Mr. Yuan Huafeng, a citizen of the PRC, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Ming Kei Holdings Limited**  
**Mr. Ho Pui Tin, Terence**  
*Executive Director and Chief Executive Officer*

Hong Kong, 24 May 2012

*As at the date of this announcement, the executive Directors are Dr., Sir Wong Wai Sing, Mr. Ho Pui Tin, Terence, Mr. Tsang Ho Ka, Eugene, Ms. Yick Mi Ching, Dawnibilly, and Mr. Chow Pak Wah, Oliver and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Ir. Edmund Kwok King Yan, Mr. Chan Kin Sang, Mr. Ho Kam Chuen, Alex and Mr. Ng Wing Hang.*

*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 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 at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication and on the website of the Company at <http://www.mingkeiholdings.com>.*