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Kiu Hung Energy Holdings Limited
僑雄能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00381)

**TERMINATION OF
VERY SUBSTANTIAL ACQUISITION INVOLVING ISSUE OF
CONSIDERATION SHARES AND CONVERTIBLE NOTES**

Reference is made to the Company's announcement dated 17 March 2010 in which the Board announced that on 24 February 2010, the Purchaser and the Vendor entered into the Acquisition Agreement (as supplemented by a supplemental agreement dated 3 March 2010) at a total consideration for not more than HK\$1,439,100,000.

The Board announces that on 30 September 2010, the Purchaser and the Vendor entered into the Termination Agreement to terminate the Acquisition. The Board considers that the termination of the Acquisition will not have any material adverse impact on the existing business, operation or financial position of the Group.

This announcement is made by Kiu Hung Energy Holdings Limited (the "**Company**") pursuant to Rule 13.09 and Rule 14.36 of the Listing Rules.

Reference is made to the Company's announcement dated 17 March 2010 (the "**Announcement**") in which the Board announced that on 24 February 2010, the Purchaser, Strong Master Holdings Limited, a wholly owned subsidiary of the Company and the Vendor entered into the Acquisition Agreement (as supplemented by a supplemental agreement dated 3 March 2010) at a total consideration for not more than HK\$1,439,100,000. The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Terms used in this announcement shall have the same meanings as defined in the Announcement, unless the context requires otherwise.

Pursuant to the Acquisition Agreement, the Completion is subject to and conditional upon, inter alia, each of the three exploration licences in respect of the Mines having been converted/transformed into a mining licence and all mining licences of the Mines having been granted to the Target Group. However, pursuant to article 56 of the Minerals Law of Mongolia, the Mongolian Government has issued a notice dated 28 September 2010 to the Vendor to stop all the exploration works of the Mines because of environmental concerns. As a result, the three exploration licences in respect of the Mines will not be able to be converted into mining licences. As it is expected that the aforesaid condition will not be fulfilled, on 30 September 2010, the Purchaser and the Vendor entered into a termination agreement (the “**Termination Agreement**”) pursuant to which the parties agreed to terminate the Acquisition with effect from the date thereof. Pursuant to the Termination Agreement, save for and except the First Deposit of HK\$1,550,000 has to be repaid by the Vendor to the Purchaser within 60 calendar days from the date of the Termination Agreement, the Purchaser and the Vendor shall be released from all obligations and liabilities under the Acquisition Agreement, and none of the parties shall have any claims against the others.

The Board considers that the termination of the Acquisition will not have any material adverse impact on the existing business, operation or financial position of the Group.

By Order of the Board
Kiu Hung Energy Holdings Limited
Hui Kee Fung
Chairman

Hong Kong, 30 September 2010

As at the date of this announcement, the Board comprises four executive directors, Mr. Hui Kee Fung, Mr. Yu Won Kong, Dennis, Mr. Guo Tianjue and Mr. Lam Kit Sun and three independent non-executive directors, Mr. Lam Siu Lun, Simon, Mr. Zhang Xianmin and Mr. Mohammed Ibrahim Munshi.