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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)

**PLACING OF EXISTING SHARES**  
**AND**  
**SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**



**KINGSTON SECURITIES LTD.**

On 1 February 2012 (after trading hours of the Stock Exchange), the Company entered into the conditional Placing and Subscription Agreement with the Placing Agent and the Subscriber for the Placing of up to an aggregate of 200,000,000 existing Placing Shares to the Placees at the Placing Price of HK\$0.06 per Placing Share and the Subscription of up to 200,000,000 new Subscription Shares by the Subscriber at the Subscription Price of HK\$0.06 per Subscription Share.

The Placing Shares represent, in aggregate, (i) approximately 3.47% of the existing issued share capital of the Company; and (ii) approximately 3.35% of the issued share capital of the Company as enlarged by the Subscription and the allotment and issue of the Subscription Shares as a result of the Subscription.

The maximum gross proceeds and net proceeds (after deducting the placing agent commission and other expenses incurred in the Placing and the Subscription) from the Subscription are expected to be HK\$12 million and approximately HK\$11.6 million, respectively. The Company intends to use the net proceeds from the Subscription for general working capital purposes of the Group.

## THE PLACING AND SUBSCRIPTION AGREEMENT

<b>Date</b>	:	1 February 2012 (after trading hours of the Stock Exchange)
<b>Issuer</b>	:	The Company
<b>Placing Agent</b>	:	Kingston Securities Limited, an Independent Third Party
<b>Subscriber</b>	:	Legend Win Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder (as defined under the Listing Rules)

The Placing Agent has been appointed to place the Placing Shares on a best effort basis and will receive a placing commission of 2.5% on the gross proceeds of the Placing. The placing commission was arrived at after arm's length negotiations between the Company, the Subscriber and the Placing Agent.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mrs. Chu Yuet Wah, the ultimate controlling shareholder of the Placing Agent, holding 2,880,000 Shares as at the date of the Placing and Subscription Agreement, each of the Placing Agent and its ultimate beneficial owners is an Independent Third Party.

Pursuant to the Placing and Subscription Agreement, the Subscriber agreed to place, through the Placing Agent, up to 200,000,000 Placing Shares to the Placees at a price of HK\$0.06 per Placing Share and the Subscriber will subscribe the Subscription Shares at a price of HK\$0.06 per Subscription Share. Details of the Placing and the Subscription are set out below.

### 1. Placing

#### *Placees*

The Placing Shares will be placed on a best effort basis to not less than six Placees which with their ultimate beneficial owners will be Independent Third Parties.

It is expected that none of the Placees will become substantial Shareholder immediately after the Placing.

#### *Placing Shares*

The 200,000,000 Placing Shares represent, in aggregate, (i) approximately 3.47% of the existing issued share capital of the Company; and (ii) approximately 3.35% of the issued share capital of the Company as enlarged by the Subscription and the allotment and issue of the Subscription Shares as a result of the Subscription.

The Placing Shares rank pari passu among themselves and with the other Shares in issue as at the date of this announcement.

### **Placing Price**

The Placing Price of HK\$0.06 per Placing Share represents:

- (i) a discount of approximately 15.49% to the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on 1 February 2012, being the date of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 14.53% to the average closing price of approximately HK\$0.0702 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing and Subscription Agreement.

The Placing Price was arrived at after arm's length negotiations among the Company, the Subscriber and the Placing Agent with reference to the prevailing market prices of the Shares. The Directors consider that the Placing Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The net Placing Price, after deduction of the relevant expenses, is approximately HK\$0.058 per Placing Share.

### ***Placing commission***

The Company shall pay to the Placing Agent the placing commission of 2.5% on the gross proceeds of the Placing and all reasonable costs, fees and expenses in relation to the preparation and completion of the Placing and Subscription Agreement.

### ***Completion of the Placing***

The Placing is unconditional and completion of the Placing will take place on 7 February 2012 (or such other date as may be agreed by the Subscriber and the Placing Agent).

## **2. Subscription**

### ***Subscription Shares***

Up to 200,000,000 Subscription Shares, which is equivalent to the actual number of Placing Shares to be placed under the Placing, will be subscribed by the Subscriber under the Placing and Subscription Agreement and represent, in aggregate, (i) approximately 3.47% of the existing issued share capital of the Company; and (ii) approximately 3.35% of the issued share capital of the Company as enlarged by the Subscription and the allotment and issue of the Subscription Shares as a result of the Subscription.

The Subscription Shares will rank pari passu among themselves and with the other Shares in issue as at the date of the allotment and issue of the Subscription Shares.

***General mandate to issue the Subscription Shares***

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 1,153,860,934 Shares. As at the date of this announcement, (i) no portion of the General Mandate was utilised; (ii) the Company has not allotted and issued any Shares pursuant to the General Mandate; and (iii) the General Mandate is sufficient for the allotment and issue of the Subscription Shares. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement.

***Subscription Price***

The Subscription Price of HK\$0.06 per Subscription Share:

- (i) represents a discount of approximately 15.49% to the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on 1 February 2012, being the date of the Placing and Subscription Agreement;
- (ii) represents a discount of approximately 14.53% to the average closing price of approximately HK\$0.0702 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing and Subscription Agreement; and
- (iii) is equal to the Placing Price.

The Subscription Price was arrived at after arm's length negotiations among the Company, the Subscriber and the Placing Agent with reference to the prevailing market prices. The Directors consider that the Subscription Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$0.058 per Subscription Share.

***Conditions precedent***

The Subscription is conditional upon the followings:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Subscription Shares; and
- (ii) the completion of the Placing pursuant to the Placing and Subscription Agreement.

In the event that the conditions of the Placing are not fulfilled on or before 14 February 2012 (or such other date as may be agreed between the parties to the Placing Agreement), the Placing and Subscription Agreement shall cease and neither the Company, the Subscriber nor the Placing Agent shall have any claim against the others under the Placing and Subscription Agreement in respect of the Subscription.

### ***Completion of the Subscription***

Completion of the Subscription will take place within the next Business Day (or such other date as may be agreed by the Company, the Subscriber and the Placing Agent) after the conditions of the Subscription have been fulfilled. The Subscription shall be completed on or before 15 February 2012, being 14 days from the date of the Placing and Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval by the independent Shareholders.

### ***Force majeure***

The Placing Agent may, in its absolute opinion, after consultation with the Company, terminate the Placing and Subscription Agreement by notice in writing to the Company at any time up to 10:00 a.m. on the date of completion of the Placing if:

- (1) there is any introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group; or
- (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Subscriber or the Company or the Placing Agent to proceed with the Placing; or

- (3) there is any material breach of the warranties, representations and undertakings given by the Company and/or the Subscriber in the Placing and Subscription Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (4) there is any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (5) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the absolute opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

Upon termination of the Placing and Subscription Agreement pursuant to the above mentioned force majeure factors, all liabilities of the parties thereto shall cease and no party of the Placing and Subscription Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing and Subscription Agreement save for any antecedent breach of any obligation under the Placing and Subscription Agreement.

#### ***Application for listing***

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

### **REASONS FOR THE PLACING AND THE SUBSCRIPTION**

The Group is principally engaged in manufacturing and trading of toys & gifts items and exploration and mining of natural resources. The Directors have considered various ways of raising funds to develop its businesses and consider that the Placing and the Subscription represent a suitable opportunity to raise capital for the Company and enlarge the equity and Shareholder base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the terms of the Placing and the Subscription (including but not limited to the Placing Price, the Subscription Price and the placing agent commission of 2.5%) are fair and reasonable based on the current market conditions, and the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

## USE OF PROCEEDS

The maximum gross proceeds and net proceeds (after deducting the placing agent commission and other expenses incurred in the Placing and the Subscription) from the Subscription are expected to be HK\$12 million and approximately HK\$11.6 million, respectively. The Company intends to use the net proceeds from the Subscription for general working capital purposes of the Group.

The net proceeds being raised per Share upon completion of the Placing and the Subscription will be approximately HK\$0.058 per Share.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has no fund raising activities in the past 12 months immediately preceding the date of this announcement.

## CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Placing and the Subscription are as follows:

Shareholders	Existing shareholding (as at the date of this announcement)		Shareholding immediately after the Placing but before the Subscription		Shareholding immediately after the Placing and the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The Subscriber (Note 1)	767,500,000	13.30%	567,500,000	9.83%	767,500,000	12.86%
Yu Won Kong, Dennis (Note 2)	525,036,821	9.10%	525,036,821	9.10%	525,036,821	8.80%
Ho Siu Lan, Sandy (Note 2)	14,500,000	0.25%	14,500,000	0.25%	14,500,000	0.24%
<i>Public Shareholders</i>						
The Placees	–	–	200,000,000	3.47%	200,000,000	3.35%
Other public Shareholders	<u>4,462,267,851</u>	<u>77.35%</u>	<u>4,462,267,851</u>	<u>77.35%</u>	<u>4,462,267,851</u>	<u>74.75%</u>
<b>Total</b>	<u><u>5,769,304,672</u></u>	<u><u>100.00%</u></u>	<u><u>5,769,304,672</u></u>	<u><u>100.00%</u></u>	<u><u>5,969,304,672</u></u>	<u><u>100.00%</u></u>

*Notes:*

1. The Shares are held by Legend Win Profits Limited, a company incorporated in the British Virgin Islands. The issued share capital of Legend Win Profits Limited is beneficially owned by Hui Kee Fung and Hui's K. K. Foundation Limited as to 38.95% and 5.26%, respectively. Hui's K. K. Foundation Limited is a company incorporated in Hong Kong, limited by guarantee and does not have a share capital. Hui Kee Fung is a registered member and director of Hui's K. K. Foundation Limited.
2. Ho Siu Lan, Sandy is the spouse of Yu Wong Kong, Dennis, an executive Director.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

<b>“associates”</b>	has the meaning ascribed to this term under the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Business Day”</b>	any day (not being Saturdays, Sunday, days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 9:00 a.m. or public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
<b>“Company”</b>	Kiu Hung Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on main board of the Stock Exchange
<b>“connected person(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Directors”</b>	directors of the Company
<b>“General Mandate”</b>	the general mandate granted to the Directors to allot, issue and deal with Shares at the annual general meeting of the Company held on 26 May 2011
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Third Party(ies)”</b>	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, 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 of the Company in accordance with the Listing Rules



<b>“Listing Committee”</b>	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Placees”</b>	any professional, institutional or other investors procured by or on behalf of the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing and Subscription Agreement
<b>“Placing”</b>	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees pursuant to the Placing and Subscription Agreement
<b>“Placing Agent”</b>	Kingston Securities Limited, the Placing Agent and a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance in Hong Kong
<b>“Placing and Subscription Agreement”</b>	the agreement dated 1 February 2012 and entered into among the Company, the Placing Agent and the Subscriber in respect of the Placing and the Subscription
<b>“Placing Price”</b>	the placing price of HK\$0.06 per Placing Share
<b>“Placing Shares”</b>	up to an aggregate of 200,000,000 existing Shares to be placed by the Placing Agent on behalf of the Subscriber under the Placing
<b>“PRC”</b>	the People’s Republic of China
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.02 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscriber”</b>	Legend Win Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder
<b>“Subscription”</b>	the subscription of the Subscription Shares by the Subscriber at the Subscription Price pursuant to the Placing and Subscription Agreement

“ <b>Subscription Price</b> ”	HK\$0.06 per Subscription Share
“ <b>Subscription Shares</b> ”	up to 200,000,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the terms and conditions of the Placing and Subscription Agreement, the exact number of the Subscription Shares will be equal to the number of the Placing Shares actually placed by the Placing Agent
“ <b>HK\$</b> ”	Hong Kong dollars, the lawful currency of Hong Kong
“ <b>%</b> ”	per cent.

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

Hong Kong, 1 February 2012

*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. Jin Peihuang.*