

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

The Board announces that on 16 May 2012, Miracles USA and Better Sourcing agreed to renew the Service Agreement for a term of three (3) years which commenced from 1 January 2012.

As the entire issued share capital of Miracles USA is beneficially owned by Mr. Sanders, Miracles USA is an associate of Mr. Sanders. Miracles USA is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The Service Transactions contemplated under the Service Agreement (as renewed) constitute continuing connected transaction on the part of the Company under the Listing Rules. As the percentage ratios of the aforesaid continuing connected transaction are expected to be less than 5% on an annual basis, such transaction will be exempt from approval of the independent shareholders of the Company and subject to reporting, annual review and announcement requirements only.

INTRODUCTION

References are made to the announcement of the Company dated 2 November 2009 where the Company announced, among other things, that Miracles USA entered into an agreement with Better Sourcing for the provision of (i) marketing and promotion; and (ii) research and development of toys and gift products for a term of three (3) years from 1 January 2009 to 31 December 2011 and the related circular of the Company dated 23 November 2009.

As the foregoing agreement expired on 31 December 2011 and the parties intended and had continued to carry out the various transactions contemplated under such agreement in the ordinary and usual course of business of the Group, the Board announces that on 16 May 2012, Miracles USA and Better Sourcing agreed to renew the Service Agreement for a term of three (3) years which commenced from 1 January 2012.

As the entire issued share capital of Miracles USA is beneficially owned by Mr. Sanders, Miracles USA is an associate of Mr. Sanders. Miracles USA is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The Service Transactions contemplated under the Service Agreement (as renewed) constitute continuing connected transaction on the part of the Company under the Listing Rules.

RENEWAL OF THE SERVICE AGREEMENT

Background and reason for the Service Transactions

Better Sourcing is principally engaged in the trading of toys and gift items. Miracles USA is principally engaged in the provision of the services relating to (i) marketing and promotion; and (ii) research and development of toys and gift products for Better Sourcing.

Mr. Sanders has over 20 years of experience in (i) the marketing and promotion; and (ii) research and development of toys and gift products mainly targeted for overseas customers. With the services offered by Mr. Sanders through Miracles USA, Better Sourcing will be able to design new products which suit the requirements of overseas customers so as to increase its revenue and profitability.

On 21 October 2009, Miracles USA entered into an agreement with Better Sourcing for the provision of (i) marketing and promotion; and (ii) research and development of toys and gift products for a term of three (3) years from 1 January 2009 to 31 December 2011.

The Service Agreement was entered into in the usual and ordinary course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than terms available from Independent Third Parties. The Directors consider that the Service Transactions will facilitate the (i) marketing and promotion; and (ii) research and development of the products of Better Sourcing. As such, the Directors consider that the Service Transactions (including the consideration payable thereunder) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Renewal

The Service Agreement has expired on 31 December 2011. On 16 May 2012, the parties have agreed to renew the Service Agreement for a term of three (3) years which commenced from 1 January 2012 for the provision of (i) marketing and promotion; and (ii) research and development of toys and gift products.

Pursuant to the Service Agreement (as renewed), the consideration for the Service Transactions to be provided by Miracles USA shall not exceed US\$20,000 (equivalent to approximately HK\$156,000) per month and the exact service fee payable to Miracles USA shall be determined by Miracles USA and Better Sourcing on a monthly basis based on the costs to be incurred by Miracles USA for the provision of the services. Better Sourcing has paid service fees of approximately US\$72,000 (equivalent to approximately HK\$562,000) during the period from 1 January to 30 April 2012.

The annual cap in the amount of HK\$1,872,000 for each of the three (3) years ending 31 December 2012, 31 December 2013 and 31 December 2014 is estimated by the Directors after taking into account the estimated amount of services to be provided by Miracles USA during the first four months ended 30 April 2012.

IMPLICATIONS UNDER THE LISTING RULES

The percentage ratios of the aforesaid continuing connected transaction contemplated under the Service Agreement (as renewed) are expected to be less than 5% on an annual basis and therefore such transaction will be exempt from approval of the independent shareholders of the Company and is subject to reporting, annual review and announcement requirements only.

VIEW OF THE DIRECTORS ON THE CONTINUING CONNECTED TRANSACTION

Having considered the information set out above in this announcement, the Directors (including independent non-executive Directors) are of the opinion that the terms of the Service Agreement (as renewed) are fair and reasonable, on normal commercial terms and are entered into in the usual and ordinary course of business and in the interests of the Company and its Shareholders as a whole.

APPROVAL BY THE BOARD

On 16 May 2012, the Board approved the terms of the Service Agreement (as renewed), the continuing connected transaction contained therein and the associated annual cap. None of the Directors has a material interest in the transactions contemplated under the Service Agreement (as renewed) and no Director was required to abstain from voting on the relevant board resolutions of the Company in relation to the approval of the Service Agreement (as renewed).

DEFINITIONS

“associate”	has the meaning ascribed to it in the Listing Rules
“Better Sourcing”	Better Sourcing Worldwide Limited, an indirect non-wholly owned subsidiary of the Company
“Board”	the board of Directors of the Company
“Company”	Kiu Hung Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules

“continuing connected transaction”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“independent shareholders”	has the meaning ascribed to it in the Listing Rules
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Miracles USA”	Miracles For Fun USA Inc., a company incorporated under the laws of the State of Florida, US which is entirely and beneficially owned by Mr. Sanders
“Mr. Sanders”	Mr. Gregg Sanders, a director of Better Sourcing who is interested in 49% of the issued share capital of Better Sourcing and is a connected person of the Company
“Service Agreement”	the agreement entered into between Miracles USA and Better Sourcing on 21 October 2009 for the provision of (i) marketing and promotion; and (ii) research and development services by Miracles USA to Better Sourcing
“Service Transactions”	the transactions entered into between Miracles USA and Better Sourcing under the Service Agreement
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	the United States of America
“US\$”	United States dollars, the lawful currency of the US
“%”	per cent.

Exchange rate used in this announcement between Hong Kong dollars and US dollars is HK\$7.8 = US\$1.

By order of the Board
Kiu Hung Energy Holdings Limited
 僑雄能源控股有限公司
Hui Kee Fung
Chairman

Hong Kong, 16 May 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.