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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)

**MEMORANDUM OF UNDERSTANDING RELATING TO
A POSSIBLE DISPOSAL**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board announces that on 4 December 2012 (after trading hours), Mingrunfeng, an indirectly wholly-owned subsidiary of the Company, entered into the MOU with the Purchaser in relation to the Possible Disposal with details set out below.

The Board wishes to emphasize that the Possible Disposal is subject to the signing of the Formal Agreement and the terms of the Possible Disposal are subject to further negotiation between the Parties. As at the date of this announcement, no legally binding agreement in relation to the Possible Disposal has been entered into. As such, the Possible Disposal may or may not proceed. The Possible Disposal, if materialized, may constitute a notifiable transaction of the Company pursuant to the Listing Rules. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company. Further announcement in respect of the Possible Disposal will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE DISPOSAL

The board of directors (“**Board**”) of Kiu Hung Energy Holdings Limited (“**Company**”) announces that on 4 December 2012 (after trading hours), 內蒙古銘潤峰能源有限公司 (Inner Mongolia Mingrunfeng Energy Co., Ltd.)* (“**Mingrunfeng**”), an indirectly wholly-owned subsidiary of the Company, entered into a non-legally-binding memorandum of understanding (“**MOU**”) with 錫林郭勒盟烏拉蓋河礦業有限公司 (Xilinguolemeng Wulagai River Mineral Company Limited)* (“**Purchaser**”) in relation to

the possible disposal (“**Possible Disposal**”) by Mingrunfeng of the exploration right (“**Target Right**”) in respect of 古爾班哈達煤礦 (Guerbanhada Coal Mine)* located in 錫林郭勒盟東烏珠穆沁旗 (Xilinguolemeng Dongwuzhumuqinqi)* of the Inner Mongolia Autonomous Region of the People’s Republic of China (“**PRC**”).

PRINCIPAL TERMS OF THE MOU

(a) Asset to be disposed of

Pursuant to the MOU, Mingrunfeng intends to sell, and the Purchaser intends to acquire from Mingrunfeng, the Target Right.

(b) Consideration

The consideration (“**Consideration**”) of the Possible Disposal is RMB50,000,000 (equivalent to approximately HK\$62,500,000) which shall be payable as follows:–

- (i) within 3 business days after the signing of a formal and legally binding agreement in respect of the sale and purchase of Target Right (“**Formal Agreement**”), RMB5,000,000 (equivalent to approximately HK\$6,250,000) shall be paid by the Purchaser to Mingrunfeng as a deposit; and
- (ii) within 5 business days after the transfer of Target Right to the Purchaser has been approved by the relevant administrative department(s) of the government of the PRC, RMB45,000,000 (equivalent to approximately HK\$56,250,000), being the remaining balance of the Consideration, shall be paid by the Purchaser to Mingrunfeng, and the deposit paid shall be applied as partial payment of the Consideration.

(c) Termination of the MOU

If the parties to the MOU (“**Parties**”) for any reasons fail to make and sign the Formal Agreement before 31 March 2013, any of the Parties has the right to serve a written notice to the other Party to terminate the MOU with immediate effect.

(d) Binding effect

Save for the provisions relating to confidentiality, binding effect, costs and expenses, applicable law, entirety of agreement, lapse of MOU and counterparts, the MOU is not legally binding on the Parties.

(e) Lapse of the MOU

The MOU shall lapse automatically as from the date of signing of the Formal Agreement by the Parties.

The Board wishes to emphasize that the Possible Disposal is subject to the signing of the Formal Agreement and the terms of the Possible Disposal are subject to further negotiation between the Parties. As at the date of this announcement, no legally binding agreement in relation to the Possible Disposal has been entered into. As such, the Possible Disposal may or may not proceed. The Possible Disposal, if materialized, may constitute a notifiable transaction of the Company pursuant to the Listing Rules. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company. Further announcement in respect of the Possible Disposal will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

For illustration purposes only, amounts denominated in Renminbi in this announcement have been translated into Hong Kong dollars at an exchange rate of at RMB1 = HK\$1.25.

** For identification purposes only*

By order of the Board
Kiu Hung Energy Holdings Limited
Yu Won Kong, Dennis
Chief Executive Officer

Hong Kong, 4 December 2012

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