

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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)

**PLACING OF EXISTING SHARES AND
TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

PLACING AGENT



**PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

On 22 October 2009 (after trading hours), the Company entered into the Placing Agreement with Legend Win and the Placing Agent pursuant to which (1) the Placing Agent agreed to place, on a fully underwritten basis the Placing Shares comprising 100,000,000 existing Shares at the Placing Price of HK\$0.281 per Placing Share on behalf of Legend Win to not less than six places (failing which, itself to subscribe for); and (2) Legend Win will subscribe for the Subscription Shares comprising 100,000,000 new Shares, being the same number of the Placing Shares, at the Placing Price.

The Placing is unconditional. The Subscription is conditional upon, among other things, (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares (as the case may be); and (ii) the completion of the Placing. An application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares are to be issued under the General Mandate.

The Placing Price was arrived at after arm's length negotiations between the Company, Legend Win and the Placing Agent. The Directors consider that the Placing Price, the terms of the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Shares represent approximately 2.43% of the existing issued share capital of the Company and the Subscription Shares represent approximately 2.37% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The net proceeds of the Subscription will be approximately HK\$27 million. The Directors intend to apply approximately HK\$16 million for repayment of the Group's borrowings, approximately HK\$3 million as capital expenditure for the Group's coal energy business and approximately HK\$8 million as general working capital of the Group.

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

THE PLACING AGREEMENT

Date: 22 October 2009

Parties:

- (1) Issuer: the Company
- (2) Placing agent: the Placing Agent
- (3) Subscriber: Legend Win

Pursuant to the Placing Agreement, the Placing Agent agreed to place, on a fully underwritten basis, the Placing Shares comprising 100,000,000 existing Shares at the Placing Price of HK\$0.281 per Placing Share on behalf of Legend Win to not less than six places (failing which, itself to subscribe for) and Legend Win will subscribe for the Subscription Shares comprising 100,000,000 new Shares, being the same number of the Placing Shares actually placed by the Placing Agent, at the Placing Price.

A. THE PLACING

Information on Legend Win

Legend Win is a substantial shareholder (as defined under the Listing Rules) of the Company and is the beneficial owner of 767,500,000 Shares representing approximately 18.65% of the existing issued share capital of the Company as at the date of this announcement. The entire issued share capital of Legend Win is beneficially owned by Mr. Hui Kee Fung, an executive Director, Mr. Hui Ki Yau and Madam Hui Hung Tan, Teresa, who were formerly executive Directors. As such, Legend Win is also a connected person.

Information on the Placing Agent

The Placing Agent has been appointed to place, on a fully underwritten basis, the Placing Shares. The Placing Agent is a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Each of the Placing Agent and its ultimate beneficial owner is third party independent of the Company and its connected persons.

Information on the Placees

The Placing Shares shall be placed to the Placees not less than six Placees which will be independent individual, corporate and/or institutional investors, who and whose ultimate beneficial owners shall be Independent Third Parties. The placees and their ultimate beneficial owners shall also be third parties independent of Legend Win and its connected persons. It is not expected that any individual placee will become a substantial shareholder of the Company immediately after completion of the Placing and the Subscription. If any of the placees will become a substantial shareholder of the Company after the completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

The number of Placing Shares shall be 100,000,000 Shares. The Placing Shares represent approximately 2.43% of the existing issued share capital of the Company and approximately 2.37% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Placing Price

The Placing Price represents:

- (i) a discount of approximately 19.71% to the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on 22 October 2009, being the date of entering into the Placing Agreement;
- (ii) a discount of approximately 19.71% to the average of the closing prices of HK\$0.35 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 22 October 2009;
- (iii) a discount of approximately 12.50% to the average of the closing prices of HK\$0.32 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to 22 October 2009; and

- (iv) a premium of approximately 155.45% over the latest published audited net asset value per Share of approximately HK\$0.11 as shown in the Group' audited consolidated financial statements for the financial year ended 31 December 2008 (on the basis of 4,116,036,800 total existing issued Shares as at the date of this announcement).

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent having considered the net asset value per Share as at 31 December 2008 based on a total of 4,116,036,800 issued Shares as at the date of this announcement. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Placing commission payable to the Placing Agent

The placing commission for the Placing Agreement is calculated as 2.5% of the amount equal to the Placing Price. The placing commission for the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing commission charged by other placing agents. The Directors consider that the placing commission is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Rights

The Placing Shares will be sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid after the date of the Placing Agreement.

Conditions of the Placing

The Placing is unconditional.

Completion

Completion of the Placing is expected to take place on or before 29 October 2009. The Placing Price to be paid by the Placing Agent to Legend Win shall be paid to the Company (as directed by Legend Win) directly as the deposit to the Subscription on or before 29 October 2009 or by the Placing Agent to make or procure the making of the payments, equivalent to HK\$28,100,000 to the Company, such payments shall serve as the refundable deposit of the Subscription in Hong Kong dollars of the Placing Price of 100,000,000 Placing Shares which have been placed by the Placing Agent pursuant to the Placing Agreement (less the amounts the placing commission).

B. THE SUBSCRIPTION

The issuer

The Company

Legend Win

Legend Win is a substantial shareholder (as defined under the Listing Rules) of the Company and is the beneficial owner of 767,500,000 Shares representing approximately 18.64% of the existing issued share capital of the Company as at the date of this announcement. The entire issued share capital of Legend Win is owned by Mr. Hui Kee Fung, an executive Director, Mr. Hui Ki Yau and Madam Hui Hung Tan, Teresa, who both were formerly executive Director. As such, Legend Win is also a connected person.

Number of Subscription Shares

Immediately after completion of the Placing, the shareholding of Legend Win will be reduced to 667,500,000 Shares, representing approximately 16.22% of the existing issued share capital of the Company before completion of the Subscription. The Subscription will then increase the shareholding of Legend Win to 767,500,000 Shares, representing approximately 18.20% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The subscription price is HK\$0.281 per Subscription Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse Legend Win all costs and expenses incurred by Legend Win in respect of the Placing because it is the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$0.27 per Share.

The aggregate nominal value of the Subscription Shares is HK\$2,000,000.

Rights

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate. Under the General Mandate, up to 823,151,960 Shares may be issued by the Company. As at the date of this announcement, none of the General Mandate granted to the Directors has been utilised. The 100,000,000 Subscription Shares to be allotted and issued will utilise approximately 12.15% of the General Mandate. There shall be sufficient general mandate for the present purpose.

The Company has also on 20 October 2009 entered into five conditional subscription agreements with five subscribers pursuant to which the Company has agreed to issue to the subscribers an aggregate of 200,000,000 Warrants entitling the holder of such Warrants to subscribe for an aggregate of 200,000,000 Shares. The new Shares to be allotted and issued pursuant to the exercise of the Warrants will be allotted and issued under the General Mandate, utilising approximately 24.30% of the General Mandate. Details of the proposed issue of Warrants have been disclosed in the announcement dated 20 October 2009 by the Company.

Conditions of the Subscription

The Subscription is conditional upon the following conditions having been fulfilled by 4 November 2009 (or such later date as may be agreed between the Company and Legend Win):

- (1) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in the Subscription Shares;
- (2) completion of the Placing in accordance with the terms of the Placing Agreement; and
- (3) all other necessary consents and approvals as may be required in respect of the Subscription and the transactions contemplated hereunder relating to the Subscription having been obtained.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company nor Legend Win shall have any obligations and liabilities under the Subscription and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

Completion of the Subscription

Completion of the Subscription will take place on the Business Day following the fulfillment of all the conditions of the Subscription. The Subscription must be completed on or before 5 November 2009, being 14 days from the date of the Placing 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 of the independent Shareholders.

Application for listing

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

REASONS FOR THE PLACING

The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital for the future business development of the Group by way of the Placing as it will broaden the capital and shareholder base of the Company, thereby increasing the liquidity of the Shares. The gross proceeds of the Subscription will be approximately HK\$28 million and the net proceeds of the Subscription, after deduction of the placing commission and other related expenses, of approximately HK\$1 million will be approximately HK\$27 million. The Directors intend to apply approximately HK\$16 million for repayment of the Group's borrowings, approximately HK\$3 million as capital expenditure for the Group's coal energy business and approximately HK\$8 million as general working capital of the Group.

The Directors consider that the Placing Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company, Legend Win and the Placing Agent and that the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

C. FUND RAISING ACTIVITY IN PAST 12 MONTHS

The following is the equity fund raising activities conducted by the Group in the past 12 months immediately preceding the date of this announcement:

| Date of announcement | Event | Net proceeds (approximately) | Intended use of proceeds as announced | Actual use of proceeds |
|----------------------|--|------------------------------|---|---|
| 20 October 2009 | Issue of 200,000,000 non-listed warrants <i>(Note: not yet completed)</i> | HK\$400,000 | As general working capital for the Group | – |
| 30 November 2008 | Top-up placing of 32,000,000 Shares | HK\$8.3 million | As general working capital for the Group's coal energy business | As general working capital for the Group's coal energy business |
| 30 November 2008 | Top-up placing of 38,000,000 Shares | HK\$9.9 million | As general working capital for the Group's coal energy business | As general working capital for the Group's coal energy business |
| 30 November 2008 | Placing of 37,000,000 new Shares | HK\$9.9 million | As general working capital for the Group's coal energy business | As general working capital for the Group's coal energy business |

D. CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 4,116,036,800 Shares in issue.

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing but prior to completion of the Subscription; (iii) immediately after completion of the Placing and the Subscription; and (iv) immediately after completion of the Placing, the Subscription and full exercise of the 200,000,000 Warrants are as follows:

| Name of Shareholders | As at the date of this announcement | | Immediately after completion of the Placing but prior to completion of the Subscription | | Immediately after completion of the Placing and the Subscription | | Immediately after completion of the Placing, the Subscription and full exercise of the 200,000,000 Warrants | |
|--------------------------------|-------------------------------------|--------------------|---|--------------------|--|--------------------|---|--------------------|
| | <i>Number of</i> | | <i>Number of</i> | | <i>Number of</i> | | <i>Number of</i> | |
| | <i>Shares</i> | <i>Approx. %</i> | <i>Shares</i> | <i>Approx. %</i> | <i>Shares</i> | <i>Approx. %</i> | <i>Shares</i> | <i>Approx. %</i> |
| Legend Win | 767,500,000 | 18.65% | 667,500,000 | 16.22% | 767,500,000 | 18.20% | 767,500,000 | 17.38% |
| Ruan Yuan | 530,000,000 | 12.88% | 530,000,000 | 12.88% | 530,000,000 | 12.57% | 530,000,000 | 12.00% |
| Yu Won Kong, Dennis | 479,500,000 | 11.65% | 479,500,000 | 11.65% | 479,500,000 | 11.37% | 479,500,000 | 10.86% |
| Kau Man Wai, Leslie | 261,870,000 | 6.36% | 261,870,000 | 6.36% | 261,870,000 | 6.21% | 261,870,000 | 5.93% |
| <i>Public shareholders</i> | | | | | | | | |
| The Places | - | - | 100,000,000 | 2.43% | 100,000,000 | 2.37% | 100,000,000 | 2.26% |
| Warrant holder (<i>Note</i>) | - | - | - | - | - | - | 200,000,000 | 4.53% |
| Other public shareholders | <u>2,077,166,800</u> | <u>50.46%</u> | <u>2,077,166,800</u> | <u>50.46%</u> | <u>2,077,166,800</u> | <u>49.27%</u> | <u>2,077,166,800</u> | <u>47.04%</u> |
| Total | <u>4,116,036,800</u> | <u>100%</u> | <u>4,116,036,800</u> | <u>100%</u> | <u>4,216,036,800</u> | <u>100%</u> | <u>4,416,036,800</u> | <u>100%</u> |

Note: The issue of the Warrants is subject to fulfillment of certain conditions precedents and further details relating to the proposed issue of Warrants have been disclosed in the announcement dated 20 October 2009 by the Company.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

| | |
|--------------------------------|--|
| “Board” | the board of Directors |
| “Business Day” | any day (not being a Saturday, Sunday and public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours |
| “Company” | Kiu Hung Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange |
| “connected persons” | has the meanings as ascribed thereto under the Listing Rules |
| “Directors” | the directors of the Company |
| “General Mandate” | the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 June 2009, pursuant to which a maximum of 823,151,960 new Shares might fall to be allotted and issued |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | independent third parties who are not connected person(s) (as defined in the Listing Rules) of the Company and are independent of and not connected with the Company and directors, chief executive, management shareholders, significant shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates |

| | |
|---------------------|---|
| “Legend Win” | Legend Win Profits Limited, a company incorporated in the British Virgin Islands and a substantial shareholder (as defined under the Listing Rules) of the Company, which is interested in approximately 18.65% of the entire issued share capital of the Company immediately before the completion of the Placing and the Subscription and the issued shares of which is owned as to 38.95%, 32.63%, 23.16% and 5.26% by Hui Kee Fung, an executive Director, Hui Ki Yau and Hui Hung Tan, Teresa (both were formerly executive Director) and Hui’s K.K. Foundation Limited respectively and a connected person of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Placees” | any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement |
| “Placing” | the placing of the Placing Shares by the Placing Agent on behalf of Subscriber pursuant to the Placing Agreement |
| “Placing Agent” | Yardley Securities Limited, a licensed corporation for type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) |
| “Placing Agreement” | the placing and subscription agreement dated 22 October 2009 and entered into between the Company, Legend Win and the Placing Agent in respect of the Placing and the Subscription |
| “Placing Price” | the placing price of HK\$0.281 per Placing Share, for the Placing |
| “Placing Shares” | 100,000,000 Shares which are beneficially owned by Legend Win and will be placed by the Placing Agent on its behalf on a fully underwritten basis pursuant to the Placing Agreement |
| “Share(s)” | ordinary share(s) of HK\$0.02 each in the capital of the Company |
| “Shareholders” | holders of the issued Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

| | |
|-----------------------|--|
| “Subscription” | the subscription for the Subscription Shares by Subscriber pursuant to the Placing Agreement |
| “Subscription Shares” | 100,000,000 new Shares for which Legend Win has conditionally agreed to subscribe pursuant to the Placing Agreement |
| “Warrants” | the unlisted warrants proposed to be issued by the Company, each of which entitles the holder thereof to subscribe for one new Share |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

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

Hong Kong, 22 October 2009

As at the date of this announcement, the Board comprises three executive Directors, Mr. Hui Kee Fung, Mr. Yu Won Kong, Dennis and Mr. Guo Tianjue and three independent non-executive Directors, Mr. Peng Guanghui, Mr. Lam Siu Lun, Simon and Mr. Zhang Xianmin.