

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ming Kei Holdings Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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## **Ming Kei Holdings Limited**

**明基控股有限公司\***

*(formerly known as Ming Kei Energy Holdings Limited 明基能源控股有限公司\*)  
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)  
(Stock Code: 8239)*

**(I) CONNECTED TRANSACTION – ISSUE OF CONVERTIBLE BONDS  
(II) PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE NEW SHARES  
AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES; AND  
(III) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT**

Financial adviser to the Company



**INCU Corporate Finance Limited**

**Independent financial adviser to the Independent Board Committee  
and Independent Shareholders of Ming Kei Holdings Limited**

**Nuada Limited**

*Corporate Finance Advisory*

A letter of advice from Nuada Limited to the Independent Board Committee and independent shareholders of the Company is set out on pages 22 to 31 of this circular. The recommendation of the independent board committee to the independent shareholders of the Company is set out on pages 20 to 21 of this circular.

A notice convening a SGM of the Company to be held at Room 3308, The Center, 99 Queen's Road Central, Hong Kong on Thursday, 25 March 2010 at 11:00 a.m. is set out on pages 42 to 46 of this circular. A form of proxy for use at the SGM is enclosed.

Whether or not you intend to attend and vote at the SGM, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

*This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for seven days from the date of its posting and the website of the Company at [www.mingkeiholdings.com](http://www.mingkeiholdings.com).*

## CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“AGM”	the annual general meeting of the Company held on 29 June 2009 at 11:00 a.m. to consider and, if thought fit, approve among other things, the proposed grant of the general mandates and the repurchase mandate
“Announcement”	the announcement of the Company dated 17 February 2010 in relation to among other things, the Subscription Agreement and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	any day (excluding a Saturday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Bye-laws”	the bye-laws of the Company
“CB Independent Shareholders”	Shareholders other than the Subscriber and Mr. Wong and those who are required to abstain from voting under the GEM Listing Rules and their respective associates (if any)
“Company”	Ming Kei Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued securities of which are listed on the GEM of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules

## DEFINITIONS

“Conversion Price”	the initial conversion price of HK\$1.67 per Conversion Share (subject to adjustments) of the Convertible Bonds
“Conversion Share(s)”	new Share(s) to be allotted and issued to the holder(s) of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the zero coupon convertible bonds with a three-year term in the principal amount of HK\$20,000,000
“Directors”	the director(s) of the Company from time to time
“Existing General Mandate”	the general mandate granted at the AGM to the Directors to allot, issue and deal with 10,560,000 new Shares, being 20% of the issued share capital of the Company as at 29 June 2009, the date of the AGM
“Existing Repurchase Mandate”	the general mandate granted at the AGM to the Directors to repurchase 5,280,000 Shares, being 10% of the issued share capital of the Company as at 29 June 2009, the date of the AGM
“Existing Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme to subscribe up to 5,280,000 Shares, representing 10% of the issued share capital as at 30 April 2008, being the date the Existing Scheme Mandate Limit was granted
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate Independent Shareholders”	Shareholders other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates and those who are required to abstain from voting under the GEM Listing Rules
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

## DEFINITIONS

“Independent Board Committee”	a committee of the Board comprising all the three independent non-executive Directors of the Company, taking into account the recommendations from Nuada, constituted to advise (i) the CB Independent Shareholders as to the Subscription Agreement and transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares); and (ii) the General Mandate Independent Shareholders as to whether the terms of the proposed grant of the New General Mandate are fair and reasonable so far as the General Mandate Independent Shareholders are concerned
“Latest Practicable Date”	8 March 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Maturity Date”	the third anniversary from the date of issue of the Convertible Bonds
“Mr. Wong”	Mr. Wong Wai Sing, a non-executive Director and a Substantial Shareholder
“New General Mandate”	the general mandate proposed to be granted to the Directors at the SGM to allot, issue and deal with new Shares of not exceeding 20% of the issued share capital of the Company as at the date of the passing of the relevant ordinary resolution by the General Mandate Independent Shareholders
“New Repurchase Mandate”	the general mandate proposed to be granted to the Directors at the SGM to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of the relevant ordinary resolution by the Shareholders

## DEFINITIONS

“Nuada”	Nuada Limited, a licensed corporation permitted to carry on business in type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser to the Independent Board Committee and (i) the CB Independent Shareholders in relation to the Subscription Agreement and transactions contemplated thereunder; and (ii) the General Mandate Independent Shareholders in relation to the proposed grant of New General Mandate
“Options”	options granted by the Company to Participants to subscribe for Shares pursuant to the Share Option Scheme
“Participant(s)”	(i) employees of the Company (any full-time or part-time) or any of its subsidiaries; (ii) directors (any executive directors or non-executive directors or independent non-executive directors) of the Company or any of its subsidiaries; (iii) any adviser, consultant, supplier, distributor, contractor, agent, business partner, promoter, service provider or customer of the Company or any of its subsidiaries
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note”	the zero coupon promissory note in the principal amount of HK\$40,000,000 issued by the Company to the Subscriber
“Scheme Mandate Limit”	the 10% limit on grant of Options by the Company under the Share Option Scheme and any other share option scheme(s) of the Company
“SFO”	the Hong Kong Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

## DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held for considering and, if thought fit, approve, among other matters, (i) the Subscription Agreement and transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares); (ii) the proposed grant of the New General Mandate; (iii) the proposed grant of the New Repurchase Mandate; and (iv) the proposed refreshment of the Scheme Mandate Limit
“Share Option Scheme”	the share option scheme conditionally adopted by the Company pursuant to the written resolution of the Company on 26 October 2002
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ming Kei International Holding Co. Limited (明基國際集團有限公司), a company incorporated in Hong Kong with limited liability, a Substantial Shareholder, which is wholly and beneficially owned by Mr. Wong
“Subscription”	the subscription of the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 17 February 2010 entered into between the Company and the Subscriber in respect of the subscription of the Convertible Bonds
“Substantial Shareholder”	has the meaning ascribed thereto in the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

## DEFINITIONS

“Warrant(s)”	an aggregate of 10,560,000 non-listed warrants issued by the Company at the Warrant Issue Price, each entitles the holder thereof to subscribe for one new Shares at the Warrant Subscription Price of HK\$1.31 (subject to adjustments) at any time during a period of 18 months commencing from the date of issue of the warrants pursuant to the Warrant Placing Agreements
“Warrant Issue Price”	HK\$0.19 per unit of Warrant issued pursuant to the Warrant Placing
“Warrant Placing”	private placing of the Warrants at the Warrant Issue Price pursuant to the Warrant Placing Agreements
“Warrant Placing Agreements”	the warrant placing agreements entered into between the Warrant Subscribers and the Company dated 29 December 2009
“Warrant Subscribers”	together Pulsar Securities Limited, Cypress Bright Limited and Key Talent Limited, all are companies incorporated in the British Virgin Islands with limited liability
“Warrant Subscription Price”	HK\$1.31 (subject to adjustments) per unit of Warrant issued pursuant to the Warrant Placing
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“%”	per cent.



**Ming Kei Holdings Limited**  
**明基控股有限公司\***

*(formerly known as Ming Kei Energy Holdings Limited 明基能源控股有限公司\*)*  
*(incorporated in the Cayman Islands and continued in Bermuda with limited liability)*  
**(Stock Code: 8239)**

*Executive Directors:*

Mr. Tsang Ho Ka, Eugene (*Chief Executive Officer*)  
Ms. Yick Mi Ching Dawnibilly

*Non-executive Director:*

Mr. Wong Wai Sing (*Chairman*)

*Independent non-executive Directors:*

Mr. Sung Wai Tak, Herman  
Mr. Kwok Kam Tim  
Mr. Kinley Lincoln James Lloyd

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of  
business in Hong Kong:*

Room 3308  
The Center  
99 Queen's Road Central  
Central  
Hong Kong

10 March 2010

*To the Shareholders*

Dear Sir or Madam,

**(I) CONNECTED TRANSACTION – ISSUE OF CONVERTIBLE BONDS**  
**(II) PROPOSED REFRESHMENT OF GENERAL MANDATE**  
**TO ALLOT AND ISSUE NEW SHARES**  
**AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES; AND**  
**(III) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT**

**A. INTRODUCTION**

Reference is made to the Announcement, in which the Board announced that on 17 February 2010, the Company had entered into the Subscription Agreement with the Subscriber in respect of the subscription of the Convertible Bonds.

The purpose of this circular is to provide you with information regarding certain ordinary resolutions to be proposed at the SGM to be held on Room 3308, The Centre, 99 Queen's Road Central, Hong Kong on Thursday, 25 March 2010 at 11:00 a.m., to approve, among other matters, (i) ordinary resolution to approve the Subscription Agreement and

\* for identification purpose

## LETTER FROM THE BOARD

transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares); (ii) ordinary resolution to grant the New General Mandate; (iii) ordinary resolution to grant the New Repurchase Mandate; and (iv) ordinary resolution to refresh the Scheme Mandate Limit. And to set out the recommendation of the Independent Board Committee to (a) the CB Independent Shareholders as to the ordinary resolution (i) above; and (b) the General Mandate Independent Shareholders as to ordinary resolution (ii) above and the advice of Nuada in relation to the ordinary resolutions (i) and (ii) above.

### **B. ISSUE OF CONVERTIBLE BONDS**

On 17 February 2010 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe or procure subscription by its nominee(s) for Convertible Bonds in the principal amount of HK\$20,000,000 with the right to convert into 11,976,047 Conversion Shares at initial Conversion Price of HK\$1.67 (subject to adjustments) per Conversion Share. The subscription price payable by the Subscriber or procured by the Subscriber to be payable to its nominee(s) under the Subscription Agreement will be satisfied by setting off against the outstanding principal amount of the Promissory Note of HK\$20,000,000.

#### **The Convertible Bonds**

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

##### *Principal amount*

HK\$20,000,000

##### *Interest*

The Convertible Bonds shall carry no interest

##### *Maturity*

The third anniversary of the date of issue of the Convertible Bonds

##### *Denomination*

In multiples of HK\$1,000,000

##### *Form*

Registered form only

## LETTER FROM THE BOARD

### *Conversion price*

The initial Conversion Price of HK\$1.67 per Conversion Share represents (i) a discount of approximately 7.73% to the closing price of HK\$1.81 per Share as quoted on the Stock Exchange on 17 February 2010, being the day for the entering into of the Subscription Agreement; (ii) a discount of approximately 9.24% to the average of the closing prices per Share of HK\$1.84 for the last five trading days immediately before the entering into of the Subscription Agreement; and (iii) a discount of 7.73% to the closing price of HK\$1.81 on the Latest Practicable Date.

The Conversion Price is subject to adjustments for, among other matters, sub-division, consolidation or reclassification of new Shares, issue of Shares by way of capitalisation of profit or reserves, capital distribution, issue Shares for cash or issue consideration Shares at a price which is less than 80% of the market price, bonus issues, rights issues and other dilutive events, and repurchase of any Shares by the Company.

### *Conversion*

The holder(s) of the Convertible Bonds has/have the right to convert the whole or any part of the principal amount of the Convertible Bonds into Conversion Shares from time to time following the issue of the Convertible Bonds at the Conversion Price of HK\$1.67 per Conversion Share at integral multiples of HK\$1,000,000 save that if the outstanding principal amount of the relevant Convertible Bonds is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the relevant Convertible Bonds must be converted.

The conversion rights attaching to the Convertible Bonds shall only be exercisable to the extent that such conversion will not (i) result in the public float of the Company unable to meet the requirement under the GEM Listing Rules; or (ii) trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Bonds which exercised the conversion right and the party(ies) acting in concert (as defined under the Takeovers Code).

### *Ranking*

The Conversion Shares upon issue will rank pari passu in all respects among themselves and with all other Shares in issue on the date of such allotment and issue.

### *Redemption*

The Company shall redeem the Convertible Bonds which remain outstanding by 4:00 p.m. on the date immediately following three years after the first issue of the Convertible Bonds at 100% of the principal amount. The Company shall not redeem any outstanding Convertible Bonds prior to the Maturity Date.

## LETTER FROM THE BOARD

### *Transferability*

The Convertible Bonds may be transferred or assigned to any third party in whole multiples of HK\$1,000,000 (or such lesser amount as may represent the entire principal amount thereof) with prior written consent of the Company and prior approval of the Stock Exchange, if so required. The Company shall give notice to the Stock Exchange for any transfer of the Convertible Bonds and shall state whether any connected person of the Company is involved.

### *Voting*

The holder(s) of the Convertible Bonds will not be entitled to attend or vote at any meetings of the Company by reason only of being the holder(s) of the Convertible Bonds.

### *Events of default*

The Convertible Bonds will contain events of default provisions which provide that on the occurrence of certain events of default specified in the conditions of the Convertible Bonds (e.g. repayment overdue, insolvency and liquidation), each of the Bondholders shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Convertible Bonds.

### **The Conversion Shares**

Upon full conversion of the Convertible Bonds in the principal amount of HK\$20,000,000 by the holder(s) of the Convertible Bonds at the Conversion Price, a maximum of 11,976,047 Conversion Shares will be issued. The Conversion Shares will represent: (i) approximately 21.06% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 17.40% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares assuming the conversion rights attaching to the Convertible Bonds are exercised in full. The Conversion Price is determined between the Company and the Subscriber after arm's length negotiations with reference to the prevailing market price of the Shares.

No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

### **Conditions precedent**

Completion is conditional upon the fulfillment of the following conditions precedent:

- (i) the passing by the CB Independent Shareholders at a special general meeting of the Company to be convened and held, of the necessary resolutions to approve the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares to the holder(s) of the Convertible Bonds);

## LETTER FROM THE BOARD

- (ii) all necessary consents and approvals required to be obtained on the part of the Company and the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares.

If any of the above conditions are not fulfilled on or before 31 March 2010 or such other date as the Company and the Subscriber may agree, the Subscription Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Subscription Agreement save in respect of any antecedent breach of any obligation under the Subscription Agreement.

### **Completion**

Completion will take place on the day falling on the third Business Day after the conditions precedent of the Subscription Agreement are fulfilled.

### **INFORMATION ON THE SUBSCRIBER**

The Subscriber is a company incorporated in Hong Kong with limited liability and a Substantial Shareholder. Its ultimate beneficial owner, Mr. Wong, is a non-executive Director and a Substantial Shareholder. Accordingly, the Subscriber is a connected person of the Company.

### **REASONS FOR THE ISSUE OF CONVERTIBLE BONDS AND USE OF PROCEEDS**

The Group is principally engaged in investment holding and property investment in Hong Kong and the PRC and business of general trading in the PRC respectively.

As at the Latest Practicable Date, there is an outstanding Promissory Note of HK\$20,000,000. The Promissory Note will mature on 19 November 2010. Repayment of the Promissory Note by the issue of the Convertible Bonds, will (i) extend the time for repayment of the amount of HK\$20,000,000 without incurring any interest; (ii) reserve more financial resources of the Company for the funding of future investments when opportunities arise; and (iii) broaden the shareholders and capital base of the Company upon exercise of the conversion rights attaching to the Convertible Bonds, if any. Accordingly, the Directors are of the view that the issue of the Convertible Bonds to the Subscriber under the Subscription Agreement are in the interests of the Company and the Shareholders as a whole.

The Directors consider that the terms and conditions of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 56,865,000 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion, assuming there would not be any allotment and issue of new Shares or Share repurchase by the Company and after exercising in full of the conversion rights attaching to the Convertible Bonds based on the best knowledge, information and belief of the Directors:

Shareholders	As at the Latest Practicable Date		Immediately after full exercise of the conversion rights attaching to the Convertible Bonds (for illustration purposes only) (Note 3)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Subscriber – Ming Kei International Holding Co. Ltd (Note 1) (“Ming Kei”)	6,780,000	11.92	18,756,047	27.25
Mr. Wong (Note 1)	<u>3,252,000</u>	<u>5.72</u>	<u>3,252,000</u>	<u>4.72</u>
<i>Sub-total</i>	10,032,000	17.64	22,008,047	31.97
Lonestar Group Limited (Note 2)	200,000	0.35	200,000	0.29
Public Shareholders	<u>46,633,000</u>	<u>82.01</u>	<u>46,633,000</u>	<u>67.74</u>
Total	<u><u>56,865,000</u></u>	<u><u>100.00</u></u>	<u><u>68,841,047</u></u>	<u><u>100.00</u></u>

Note:

1. Ming Kei is wholly and beneficially owned by Mr. Wong, a non-executive Director and a sole executive director of Ming Kei. Therefore Mr. Wong is deemed to be interested in the shares of Ming Kei.
2. Lonestar is wholly and beneficially owned by Mr. Tsang Ho Ka, Eugene, an executive Director.
3. For illustration purpose only. Pursuant to the terms and conditions of the Convertible Bonds, holder(s) of the Convertible Bonds may exercise all or part of the conversion rights attaching to the Convertible Bonds provided that the issue of the relevant Conversion Shares to it/them will not (i) result in the public float of the Company unable to meet the requirement under the GEM Listing Rules or (ii) trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder(s) of the Convertible Bonds which exercised the conversion right and the party(ies) acting in concert as defined under the Takeovers Code.

## LETTER FROM THE BOARD

### FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following is the equity fund raising activity conducted by the Group in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
29 December 2009	Private placing of non-listed warrants	HK\$1.6 million	As general working capital of the Group	As general working capital of the Group

### GEM LISTING RULES IMPLICATION

The Subscriber is a company incorporated in Hong Kong which is wholly and beneficially owned by Mr. Wong. As at the Latest Practicable Date, the Subscriber and Mr. Wong hold an aggregate of 10,032,000 Shares, representing approximately 17.64% of the entire issued share capital of the Company. As the Subscriber and Mr. Wong are the Substantial Shareholders and thus, connected persons of the Company. The issue of the Convertible Bonds constitutes a non-exempted connected transaction on the part of the Company under the GEM Listing Rules and is subject to reporting, announcement and CB Independent Shareholders' approval requirements by way of poll under the GEM Listing Rules.

Pursuant to Chapter 20 of the GEM Listing Rules, the Subscriber, Mr. Wong and their respective associates are required to abstain from voting on the ordinary resolution approving the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and allotment and issue of the Conversion Shares) at the SGM. Save as aforesaid, no other Shareholders are required to abstain from voting in the SGM.

### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee which comprises Mr. Sung Wai Tak, Herman, Mr. Kwok Kam Tim and Mr. Kinley Lincoln James Lloyd, all being the independent non-executive Directors, has been established to advise the CB Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares).

Nuada Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the CB Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares).

The text of the letter from the Independent Board Committee is set out on pages 20 to 21 of this circular and the text of the letter from Nuada containing its advice is set out on pages 22 to 31 of this circular.

## LETTER FROM THE BOARD

### RECOMMENDATION

The Board having taken into account the advice of Nuada and the Independent Board Committee considers that the terms of the Subscription are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the CB Independent Shareholders to vote in favour of the ordinary resolution for approving the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares) as set out in the notice of the SGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 20 to 21 of this circular which contains its views in relation to Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares); and (ii) the letter from Nuada, which contains its advice to the Independent Board Committee and the CB Independent Shareholders in relation to Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares) and the principal factors and reasons considered by it in arriving at its opinions. The text of the letter from Nuada is set out on pages 22 to 31 of this circular.

### C. PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES AND REPURCHASE SHARES

Reference is made to the announcement dated 29 December 2009 and 15 January 2010 of the Company in relation to, among other things, the Warrant Placing. Pursuant to the terms of the Warrant Placing, the Company shall allot and issue 10,560,000 new Shares, at an issue price of HK\$0.19 per Share upon exercise of the Warrants, representing (a) approximately 20% of the then existing issued share capital of the Company on the date of the Warrant Placing Agreements; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the said Shares. The Warrant Placing was duly completed on 15 January 2010. Upon exercise in full of the subscription rights attaching to the Warrants, the issued share capital of the Company will be 67,425,000 Shares. As at the Latest Practicable Date, no subscription rights attaching to the Warrants have been exercised. On 24 February 2010, 4,065,000 Shares have been allotted and issued pursuant to exercise of the share options granted under the Share Option Scheme. As at the Latest Practicable Date, the issued share capital of the Company is 56,865,000 Shares.

### PROPOSED NEW GENERAL MANDATE

At the AGM, Shareholders approved, among other matters, an ordinary resolution to grant to the Directors the Existing General Mandate to issue not more than 10,560,000 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 52,800,000 Shares as at the date of passing of the relevant resolution.

## LETTER FROM THE BOARD

In view of (i) the Existing General Mandate has been utilized fully as at the Latest Practicable Date; and (ii) the increase in the number of issued Shares after the AGM, the Directors believe that the refreshment of the Existing General Mandate will enhance the flexibility for the Group to raise funds by equity financing for further business development and to strengthen the capital base and financial position of the Company. Accordingly, the Directors consider that the approval of the grant of the New General Mandate is in the best interests of the Company and the Shareholders as a whole. The Board proposes to grant the New General Mandate to the Directors not exceeding 20% of the issued share capital of the Company at the SGM.

Subject to the passing of the proposed ordinary resolution for the approval of the refreshment of the Existing General Mandate and on the basis that no Shares will be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM, the New General Mandate will allow the Directors to be given unconditional general mandate to allot and issue up to a maximum of 11,373,000 Shares, representing 20% of the issued share capital of the Company at the SGM and assuming that no shares are issued or repurchased by the Company prior to the SGM.

### **PROPOSED NEW REPURCHASE MANDATE**

Since the AGM, the Existing Repurchase Mandate has not been refreshed and utilized as at the Latest Practicable Date.

In view of the increase in the number of issued Shares after the AGM, the Board proposes to grant the New Repurchase Mandate to the Directors not exceeding 10% of the issued share capital of the Company at the SGM.

Subject to the passing of the proposed ordinary resolution for the approval of the refreshment of the Existing Repurchase Mandate and on the basis that no Shares will be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM, the New Repurchase Mandate will allow the Directors to be given unconditional general mandate to allot and issue up to a maximum of 5,686,500 Shares, representing 10% of the issued share capital of the Company at the SGM.

An explanatory statement as required under Rule 13.08 of the GEM Listing Rules, giving certain information relating to the New Repurchase Mandate, is set out in the appendix to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions relating to the New Repurchase Mandate.

The New General Mandate and the New Repurchase Mandate will, if granted, remain effective until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of Bermuda or the Bye-laws to be held; or

## LETTER FROM THE BOARD

- (c) the date on which the relevant mandate is revoked or varied by an ordinary resolution of the Shareholders at a general meeting.

### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Sung Wai Tak, Herman, Mr. Kwok Kam Tim and Mr. Kinley Lincoln James Lloyd, all being independent non-executive Directors has been established to advise the Shareholders other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates as to the fairness and reasonableness of granting of the New General Mandate and whether it is in the interests of the Company and its Shareholders as a whole.

Nuada has been appointed as the independent financial adviser to advise the Independent Board Committee and the General Mandate Independent Shareholders in respect of the granting of the New General Mandate.

The Directors consider that the proposed refreshment of the Existing General Mandate and the proposed refreshment of the Existing Repurchase Mandate are all fair and reasonable and in the interests of the Company and the Shareholders and so recommend the General Mandate Independent Shareholders and the Shareholders to vote in favour of the respective ordinary resolutions to be proposed at the SGM.

Recommendations of the Independent Board Committee and the advice of Nuada are stated in the sections “Letter from the Independent Board Committee” on pages 20 to 21 of this circular and “Letter from Nuada” on pages 22 to 31 of this circular.

### GEM LISTING RULE IMPLICATIONS

Pursuant to Rule 17.42A of the GEM Listing Rules, the grant of the New General Mandate of the Company is subject to the approval of the General Mandate Independent Shareholders by way of poll at the SGM with the controlling shareholders of the Company and their associates or, where there are no controlling shareholders of the Company, Directors (excluding the independent non-executive Directors) and the chief executive and their respective associates abstain from voting in favour. As at the Latest Practicable Date, (i) the Company had no controlling Shareholder; (ii) Lonestar Group Limited, which is wholly and beneficially owed by Mr. Tsang Ho Ka, Eugene, an executive Director, held 200,000 Shares; and (iii) Mr. Wong, a non-executive Director, and the Subscriber, which is wholly and beneficially owned by Mr. Wong, in aggregate held 10,032,000 Shares. In this regard, Lonestar Group Limited, Mr. Tsang Ho Ka Eugene, Mr. Wong, the Subscriber and their respective associates shall abstain from voting in favour of the relevant resolutions for the grant of the New General Mandate at the SGM. Save as disclosed, to the best of the Directors’ knowledge, information and belief and having made all reasonable inquiries, no other Director beneficially held any Shares as at the Latest Practicable Date.

## LETTER FROM THE BOARD

### **D. PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT**

The Company conditionally adopted the Share Option Scheme by way of written resolution of the then Shareholders of the Company on 26 October 2002 whereby the Directors were authorized to grant Options to Participants.

The purpose of the Share Option Scheme is to enable the Company to grant Options to Participants as incentives or rewards for their contribution to the Group, and to encourage Participants to perform their best in achieving goals of the Group.

#### **The Existing Scheme Mandate Limit**

Pursuant to the ordinary resolution passed by the Shareholders on 30 April 2008, the Existing Scheme Mandate Limit was approved by a resolution of the Shareholders at the then extraordinary general meeting of the Company, so that the total number of Shares which may fall to be issued upon exercise of all Options to be granted under the Share Option Scheme or other schemes shall not exceed 5,280,000 Shares, being 10% of the issued share capital of the Company as at 30 April 2008.

#### **The Proposed Refreshment**

Pursuant to the GEM Listing Rules, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme or other schemes at any time will not exceed 30% of the Shares in issue from time to time. The Board undertakes that no Options shall be granted under the Share Option Scheme or any scheme(s) of the Company if this will result in the 30% limit being exceeded.

Also, according to the GEM Listing Rules, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme must not exceed the Existing Scheme Mandate Limit. At present, the Company has no other share option scheme apart from the Share Option Scheme. As at the Latest Practicable Date, there is no Options granted yet to be exercised under the Share Option Scheme.

Under the rules of the Share Option Scheme and subject to the GEM Listing Rules:

- (i) the number of Shares subject to Options that may be granted shall not exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme;
- (ii) the Company may seek Shareholders' approval to renew the Scheme Mandate Limit on the grant of Options under the Share Option Scheme as and when required. However, the Scheme Mandate Limit as renewed shall not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. Options previously granted under the Share Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to Shareholders in connection with the meeting at which their approval will be sought;

## LETTER FROM THE BOARD

- (iii) the Company will seek separate approval of the Shareholders in general meeting to grant Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought; and
- (iv) the overall limit on the number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme (after renewal of the Scheme Mandate Limit) and any other option schemes of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

As at the Latest Practicable Date, 4,065,000 Options had been granted and exercised in full under the Share Option Scheme, and therefore 1,215,000 Options are available for grant under the Share Option Scheme, equivalent to approximately of 21.37% of the maximum limit of Options granted under the Existing Scheme Mandate Limit. The Directors consider that the Company should refresh the Scheme Mandate Limit so that the Company could have more flexibility to provide incentives to Participants by way of granting Options to them. If the Scheme Mandate Limit is refreshed on the basis of 56,865,000 issued share capital of the Company at the SGM and assuming that no Shares are issued or repurchased by the Company prior to the SGM, the Scheme Mandate Limit will be refreshed to 5,686,500 Shares (being 10% of the issued share capital of the Company as at the date of the SGM in which the refreshed limit is approved) and the Company will be allowed to grant further Options under the Share Option Scheme of the Company carrying the right to subscribe for an aggregate of a maximum of 5,686,500 Shares.

The proposed renewal of the Scheme Mandate Limit will be conditional upon the GEM Listing Committee granting the listing of, and the permission to deal in, such number of Shares, representing 10% of the Shares in issue as at the date of the SGM, which may fall to be allotted and issued pursuant to the exercise of Options granted under the renewed Scheme Mandate Limit.

In this regard, the Company will seek approval from the Shareholders in the SGM for refreshment of the Scheme Mandate Limit. Application will be made to the Stock Exchange for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of the Options granted under the Share Option Scheme up to the renewed Scheme Mandate Limit.

The Directors consider that the renewal of the Scheme Mandate Limit is in the best interests of the Company and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other selected Participants under the Share Option Scheme. The renewal of the Scheme Mandate Limit is in line with the purpose of the Share Option Scheme.

An ordinary resolution will be proposed at the SGM to approve the refreshment of the Existing Scheme Mandate Limit in the terms as set out in the notice of the SGM. In order that the Company could continue to grant Options to selected Participants as incentives or rewards for their contribution to the Company, the Directors recommend that Shareholders vote in favour of this ordinary resolution.

## LETTER FROM THE BOARD

### E. SPECIAL GENERAL MEETING

The SGM will be convened at which ordinary resolutions will be proposed to seek approval by (i) the CB Independent Shareholders of, among other things, the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and allotment and issue of the Conversion Shares); (ii) the General Mandate Independent Shareholders of granting the New General Mandate; (iii) the Shareholders to grant the New Repurchase Mandate; and (iv) the Shareholders to refresh the Scheme Mandate Limit.

A notice convening the SGM of the Company to be held at Room 3308, The Center, 99 Queen's Road Central, Hong Kong on Thursday, 25 March 2010 at 11:00 a.m. is set out on pages 42 to 46 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

### F. FURTHER INFORMATION

Your attention is also drawn to the additional information as set out in the appendices to this circular.

By order of the Board  
**Ming Kei Holdings Limited**  
**Mr. Tsang Ho Ka, Eugene**  
*Chief Executive Officer and Executive Director*



**Ming Kei Holdings Limited**  
**明基控股有限公司\***

*(formerly known as Ming Kei Energy Holdings Limited 明基能源控股有限公司\*)*  
*(incorporated in the Cayman Islands and continued in Bermuda with limited liability)*  
**(Stock Code: 8239)**

10 March 2010

*To the CB Independent Shareholders and  
The General Mandate Independent Shareholders*

Dear Sirs or Madams,

**(I) CONNECTED TRANSACTION – ISSUE OF CONVERTIBLE BONDS; AND  
(II) PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE NEW SHARES**

We refer to the circular of the Company dated 10 March 2010 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the (i) CB Independent Shareholders in connection with the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares); and (ii) the General Mandate Independent Shareholders in connection with the proposed grant of New General Mandate. Nuada Limited (“**Nuada**”) has been appointed as the independent financial adviser to advise us in this respect.

Details of the advice from Nuada, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 22 to 31 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 7 to 19 of the Circular and the additional information set out in the appendices of the Circular.

Having considered the terms of the Subscription, the principal reasons and factors considered by, and the advice of Nuada, we are of the opinion that the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares) are on normal commercial terms and the terms of the Subscription Agreement are fair and reasonable so far as the CB Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend

\* *for identification purpose*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

the CB Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares).

Having considered the principal reasons and factors considered by, and the advice of Nuada, we are of the opinion that the terms of the proposed grant of New General Mandate are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the General Mandate Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the SGM to approve the proposed grant of New General Mandate.

Yours faithfully,  
Independent Board Committee of  
**Ming Kei Holdings Limited**

**Mr. Sung Wai Tak,  
Herman**  
*Independent non-executive  
Director*

**Mr. Kwok Kam Tim**  
*Independent non-executive  
Director*

**Mr. Kinley Lincoln  
James Lloyd**  
*Independent non-executive  
Director*

## LETTER FROM NUADA

*The following is the text of a letter of advice from Nuada Limited in connection with the terms of the Subscription Agreement and the grant of the New General Mandate which has been prepared for inclusion in this circular.*

**Nuada Limited**  
*Corporate Finance Advisory*

17th Floor, BLINK  
111 Bonham Strand  
Sheung Wan, Hong Kong

10 March 2010

To the Independent Board Committee,  
the CB Independent Shareholders and  
the General Mandate Independent Shareholders of  
Ming Kei Holdings Limited

Dear Sirs,

**CONNECTED TRANSACTION –  
ISSUE OF CONVERTIBLE BONDS  
AND  
PROPOSED REFRESHMENT OF THE GENERAL MANDATE  
TO ALLOT AND ISSUE SHARES**

### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and (i) the CB Independent Shareholders in respect of the Subscription Agreement in relation to the issue of the Convertible Bonds; and (ii) the General Mandate Independent Shareholders in respect of the grant of the New General Mandate, details of which are set out in the letter from the Board (the “**Board’s Letter**”) in the circular to the Shareholders dated 10 March 2010 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms used in this letter have the same meanings as those defined in the Circular.

As stated in the Board’s Letter, as the Subscriber and Mr. Wong are Substantial Shareholders and thus, connected persons of the Company, the issue of the Convertible Bonds constitutes a non-exempt connected transaction on the part of the Company under the GEM Listing Rules and is subject to reporting, announcement and CB Independent Shareholders’ approval requirements. Pursuant to Chapter 20 of the GEM Listing Rules, the Subscriber, Mr. Wong and their respective associates are required to abstain from voting on the resolution at the SGM to approve the issue of the Convertible Bonds.

Pursuant to Rule 17.42A of the GEM Listing Rules, the grant of the New General Mandate of the Company is subject to the approval of the General Mandate Independent Shareholders by way of poll at the SGM with the controlling shareholders of the Company and their associates or, where there are no controlling shareholders of the Company, Directors (excluding the independent non-executive Directors) and the chief executive and their respective associates abstain from voting in favour. As at the Latest Practicable

## LETTER FROM NUADA

Date, (i) the Company had no controlling Shareholder; (ii) Lonestar Group Limited, which is wholly and beneficially owed by Mr. Tsang Ho Ka, Eugene, an executive Director, held 200,000 Shares; and (iii) Mr. Wong, a non-executive Director, and the Subscriber, which is wholly and beneficially owned by Mr. Wong, in aggregate held 10,032,000 Shares. In this regard, Lonestar Group Limited, Mr. Tsang Ho Ka Eugene, Mr. Wong and their respective associates shall abstain from voting in favour of the relevant resolutions for the grant of the New General Mandate at the SGM. Save as disclosed, to the best of the Directors' knowledge, information and belief and having made all reasonable inquiries, no other Director beneficially held any Shares as at the Latest Practicable Date.

The Independent Board Committee has been formed to advise (i) the CB Independent Shareholders as to whether the Subscription Agreement is fair and reasonable, on normal commercial terms and in the interests of the Company and the CB Independent Shareholders as a whole; and (ii) the General Mandate Independent Shareholders as to whether the grant of the New General Mandate is fair and reasonable and in the interests of the Company and the General Mandate Independent Shareholders as a whole.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee, the CB Independent Shareholders and the General Mandate Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and the Directors. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company and the Directors and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be so as at the date hereof.

The Directors collectively and severally accept full responsibility for the accuracy of the information contained in the Circular. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information to satisfy ourselves that we have reasonable basis to assess the fairness and reasonableness of the Subscription Agreement and the grant of the New General Mandate in order to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to form a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided, nor have we carried out any in-depth investigation into the business, affairs and prospects of the Group or the markets in which it operate.

## LETTER FROM NUADA

We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, the Subscription Agreement. We have further assumed that all material governmental, regulatory or other consents, rights, waivers, authorisations, licenses, clearances and approvals necessary for the effectiveness and implementation of the Subscription Agreement have been or will be obtained and will not be withdrawn without any adverse effect on the Group, the assets and liabilities of the Group or the contemplated benefits to the Group as derived from the Subscription Agreement.

Our opinion is necessarily based upon the financial, economic (including exchange rates and interest rates), market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the Subscription Agreement and the grant of the New General Mandate. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

The principal factors and reasons we have taken into account in giving our advice to the Independent Board Committee, and the CB Independent Shareholders and the General Mandate Independent Shareholder respectively are set out below:

#### **Issue of the Convertible Bonds**

##### *Background and reasons for the issue of the Convertible Bonds*

The Group is principally engaged in investment holding and property investment in Hong Kong and the PRC and business of general trading in the PRC respectively. On 17 February 2010, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe or procure subscription by its nominee(s) for the Convertible Bonds in the principal amount of HK\$20,000,000 with the rights to convert into 11,976,047 Conversion Shares at the initial Conversion Price of HK\$1.67 (subject to adjustments) per Conversion Share. The subscription price payable by the Subscriber or procured by the Subscriber to be payable by its nominee(s) under the Subscription Agreement will be satisfied by setting off against the outstanding principal amount of the Promissory Note of HK\$20,000,000. The Promissory Note will be due in November 2010.

As mentioned by the Board's Letter, repayment of the Promissory Note by the issue of the Convertible Bonds will (i) extend the time for repayment of the amount HK\$20,000,000 without incurring any interest; (ii) reserve more financial resources of the Company for the funding of future investments when opportunities arises; and (iii) broaden the capital base of the Company upon exercise of the conversion rights attaching to the Convertible Bonds, if any.

## LETTER FROM NUADA

In view of the imminent maturity of the Promissory Note, we are of the view that the issue of the Convertible Bonds with a term of three years would enable the Company to extend repayment of the amount HK\$20,000,000, and thus maintaining its liquidity level. In addition, any conversion of the Convertible Bonds into Conversion Shares would release the Company from the repayment obligations and broaden the capital base of the Company.

### *Principal terms of the Convertible Bonds*

The Convertible Bonds in the principal amount of HK\$20,000,000 with a term of three years shall carry no interest. The Convertible Bonds are convertible into Conversion Shares at the initial Conversion Price of HK\$1.67 per Conversion Share. The Conversion Price represents (i) a discount of approximately 7.73% to the closing price of HK\$1.81 per Share as quoted on the Stock Exchange on 17 February 2010, being the date of the Subscription Agreement (the “**Agreement Date**”); and (ii) a discount of approximately 9.24% to the average of the closing prices per Share of HK\$1.84 for the last five trading days immediately before the Agreement Date.

In assessing the fairness and reasonableness of the initial Conversion Price, we have attempted to make reference to the subscriptions/placings of convertible bonds with fixed initial conversion price announced by other companies listed on the Stock Exchange during the three-months period prior to the Agreement Date (the “**CB Comparables**”), a comprehensive list of which are set out below:

Date of initial announcement	Company name	Stock code	Initial conversion price	Interest	Premium/(Discount) represented by initial conversion price over/to the reference closing price of shares on/prior to the date of the relevant agreement as referred to in the relevant initial announcement in respect of the CB Comparables respectively (Approximately)	Premium/(Discount) represented by initial conversion price over/to the reference 5-day average closing price of shares as referred to in the relevant initial announcement in respect of the CB Comparables respectively (Approximately)
20 January 2010	Tack Hsin Holdings Limited	611	HK\$0.50	Nil	(76.19)%	(76.42)%
14 January 2010	Sparkle Roll Group Limited	970	HK\$0.55	Nil	(16.67)%	(18.88)%
12 January 2010	Hidili Industry International Development Limited	1393	HK\$12.58	1.5%	30.00%	24.70%
11 January 2010	PME Group Limited	379	HK\$0.03	Nil	(92.40)%	(91.10)%
8 January 2010	Poly Development Holdings Limited	1141	HK\$0.62	1.0%	(18.42)%	(19.48)%

## LETTER FROM NUADA

Date of initial announcement	Company name	Stock code	Initial conversion price	Interest	Premium/(Discount) represented by initial conversion price over/to the reference closing price of shares on/prior to the date of the relevant agreement as referred to in the relevant initial announcement in respect of the CB Comparables respectively (Approximately)	Premium/(Discount) represented by initial conversion price over/to the reference 5-day average closing price of shares as referred to in the relevant initial announcement in respect of the CB Comparables respectively (Approximately)
7 January 2010	Armitage Technologies Holding Limited	8213	HK\$0.065	3.0%	(54.55)%	(53.90)%
4 January 2010	SMI Corporation Limited	198	HK\$0.295	1.0%	(3.28)%	(0.67)%
8 December 2009	China Precious Metal Resources Holdings Co., Ltd.	1194	HK\$0.750	Nil	(16.67)%	(11.35)%
8 December 2009	Wing On Travel (Holdings) Limited	1189	HK\$0.180	2.0%	(78.57)%	(78.47)%
4 December 2009	Natural Dairy (NZ) Holdings Limited (Type 1)	462	HK\$1.000	3.0%	36.99%	38.89%
4 December 2009	Natural Dairy (NZ) Holdings Limited (Type 2)	462	HK\$0.700	Nil	(4.11)%	(2.78)%
30 November 2009	Eforce Holdings Limited	943	HK\$0.098	Nil	(46.74)%	(38.75)%

As illustrated in the table above, the premium/discount represented by initial conversion price over/to (i) the reference closing price of shares on/prior to the relevant agreement as referred to in the relevant initial announcement in respect of the CB Comparables respectively ranged from a premium of approximately 36.99% to a discount of approximately 92.40%; with an average discount of approximately 28.38%; and (ii) the reference 5-day average closing price of shares as referred to in the relevant initial announcement in respect of the CB Comparables respectively ranged from a premium of approximately 38.89% to a discount of approximately 91.10%, with an average discount of 27.35% (the “**Ranges**”). Accordingly, the discount represented by the initial Conversion Price to the closing price of the Shares as quoted on the Stock Exchange on the Agreement Date and the average of the closing prices of the Shares for the last five trading days immediately before the Agreement Date are within the Ranges and below the average discount of such Ranges. As such, we consider that the initial Conversion Price is on normal commercial terms and fair and reasonable.

## LETTER FROM NUADA

### *Potential dilution on shareholdings of the Company*

Reference is made to the shareholding structure of the Company as stated in the section headed "Shareholding structure" in the Board's Letter. For illustration purposes only, assuming there would not be any allotment and issue of new Shares or Share repurchase by the Company and after exercising in full of the conversion rights attaching to the Convertible bonds at the initial Conversion Price, the shareholdings of the Subscriber and Mr. Wong, the sole beneficial owner and the sole executive director of the Subscriber and a non-executive Director, in the Company would be increased from approximately 17.64% as at the Latest Practicable Date to approximately 31.97% immediately after full exercise of the conversion rights attaching to the Convertible Bonds, while the shareholdings of the existing public Shareholders would be decreased from approximately 82.01% as at the Latest Practicable Date to approximately 67.74% immediately after full exercise of the conversion rights attaching to the Convertible Bonds. In addition, pursuant to the terms and conditions of the Convertible Bonds, holder(s) of the Convertible Bonds may exercise all or part of the conversion rights attaching to the Convertible Bonds provided that the issue of the relevant Conversion Shares to it/them will not result in (i) the public float of the Company unable to meet the requirement under the GEM Listing Rules or (ii) trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holders of the Convertible Bonds which exercised the conversion rights and the party(ies) acting in concert as defined under the Takeovers Code.

Notwithstanding the potential dilution effect on the shareholdings of the Company upon exercising of the conversion rights attaching to the Convertible Bonds, taking into account (i) the issue of the Convertible Bonds with a term of three years would enable the Company to extend repayment of an amount of HK\$20,000,000, which shall fall due in November 2010 under the Promissory Note, and thus maintaining its liquidity level; (ii) any conversion of the Convertible Bonds into Conversion Shares would release the Company from the repayment obligations and broaden the capital base of the Company; (iii) the Convertible Bonds would not incur any interest burden to the Company; and (iv) the discount represented by the initial Conversion Price to the closing price of the Shares as quoted on the Stock Exchange on the Agreement Date and the average of the closing prices of the Shares for the last five trading days immediately before the Agreement Date are within the Ranges and below the average of such Ranges as detailed above, we consider that the issue of the Convertible Bonds is in the interests of the Company and the Shareholders as a whole, and the terms of the Convertible Bonds are on normal commercial terms and fair and reasonable so far as the CB Independent Shareholders are concerned.

### **Grant of the New General Mandate**

#### *Background*

At the annual general meeting of the Company held on 29 June 2009 (the "AGM"), the Directors were granted the existing general mandate to allot and issue up to 10,560,000 Shares (adjusted for the capital reorganisation of the Company effective on 21 December 2009), representing 20% of the aggregate nominal amount of the issued share capital of the Company then in issue (the "Existing General Mandate"). As at the Latest Practicable

## LETTER FROM NUADA

Date, the Existing General Mandate had been fully utilised in connection with the private placing of non-listed warrants of the Company announced on 29 December 2009 (the “**Warrants Placing**”). Save for the Warrants Placing, the Company had not conducted any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date. The Directors propose to seek the approval of the General Mandate Independent Shareholders at the SGM for the grant of the New General Mandate to maintain the financial flexibility necessary for the future investment and business development of the Group.

The Company had an aggregate of 56,865,000 Shares in issue as at the Latest Practicable Date. Subject to the passing of the ordinary resolutions for the approval of the New General Mandate and assuming that no Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed to allot and issue up to 11,373,000 Shares under the New General Mandate.

### *Reasons for the grant of the New General Mandate*

As advised by the Company, the Directors consider that equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. Notwithstanding that there is no immediate funding need for the Group’s current operations and that there is currently no concrete proposal presented by potential investors for investment in Shares, given the Existing General Mandate had been fully utilised, the Board consider that the refreshment of the Existing General Mandate is necessary so that should future funding needs arise or attractive terms for investment in Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly. Accordingly, the Directors consider that the approval of the grant of the New General Mandate is in the best interests of the Company and the Shareholders as a whole.

### *Business of the Group and flexibility in financing alternatives*

The Group is principally engaged in investment holding and property investment in Hong Kong and the PRC and business of general trading in the PRC respectively. As stated in the quarterly report 2009/2010 of the Company, in view of the recent economic performance in Hong Kong, in particular, the quick rebound of the property market, the Group believes that future prospect of the property market in Hong Kong is promising, and in view of the recent economic performance globally, in particular, the quick rebound of the security market in Hong Kong and the PRC, the Directors believe that future prospect of the security market in Hong Kong and the PRC is promising. In October 2009, the Group engaged into a new business of general trading in the PRC. In view of the recent announced by the PRC government of the strategies in boosting up internal customers’ demand and encouraging of domestic consuming spending, hence the Directors believe that the future prospect of the general trading in the PRC is promising due to the PRC’s government policy. Given that, should any investment opportunities arise that would require the issuance of new Shares and a specific mandate has to be sought, the Directors are uncertain as to whether the requisite approval from Shareholders or independent Shareholders, as the case may be, could be obtained in a timely manner. In addition, the

## LETTER FROM NUADA

New General Mandate offers an opportunity for the Directors to capture a favourable equity market condition to raise funds by issuing new Shares. Notwithstanding the fact that the Group had no immediate funding need for its current operations and there is currently no concrete proposal presented by potential investors for investment in Shares, the Directors believe that the New General Mandate would offer the Group greater flexibility to capture investment opportunities which may arise at any time and require prompt investment decision by the Group. The Directors also consider that the New General Mandate would provide the Company with the maximum flexibility to raise additional capital for any future investment or as working capital of the Group if necessary.

In light of the fact that the Existing General Mandate had been fully utilised, we are of the opinion that the New General Mandate would provide the Company with the necessary flexibility essential for fulfilling any possible funding needs for future investment and business development decisions in a timely manner. As such, we are of the view that the grant of the New General Mandate will be in the interests of the Company and the Shareholders as a whole.

### *Other financing alternative*

The Board considers equity financing to be an important avenue of resources for the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future investment and/or business development. While sufficient for its present requirements, there is no certainty that such cash resources will be adequate or other financing alternatives will be available for appropriate investment that may be identified by the Company in the future. The Directors consider that equity financing such as issuance of new Shares may be an appropriate mean to fund investments and provide additional working capital for future development and expansion of the Group.

We consider that the grant of the New General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity financing. As such, we are of the view that the grant of the New General Mandate will be in the interest of the Company and the Shareholders as a whole.

### *Potential dilution on shareholdings of the Company*

Set out below is a table showing the shareholding structure of the Company as at the Latest Practicable Date, and, for illustrative purpose, the potential dilution effect upon full utilisation of the New General Mandate, assuming no other Shares are issued and/or repurchased by the Company prior to the date of the SGM.

<b>LETTER FROM NUADA</b>
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	<b>As at the Latest Practicable Date</b>		<b>Upon full utilisation of the New General Mandate</b>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
The Subscriber ( <i>Note 1</i> )	6,780,000	11.92	6,780,000	9.94
Mr. Wong ( <i>Note 1</i> )	<u>3,252,000</u>	<u>5.72</u>	<u>3,252,000</u>	<u>4.77</u>
<i>Sub-total</i>	10,032,000	17.64	10,032,000	14.71
Lonestar Group Limited ( <i>Note 2</i> )	200,000	0.35	200,000	0.29
Public Shareholders	46,633,000	82.01	46,633,000	68.34
Shares to be issued under the New General Mandate	<u>–</u>	<u>–</u>	<u>11,373,000</u>	<u>16.66</u>
<b>Total</b>	<b><u>56,865,000</u></b>	<b><u>100.00</u></b>	<b><u>68,238,000</u></b>	<b><u>100.00</u></b>

*Notes:*

1. The Subscriber is wholly and beneficially owned by Mr. Wong, a non-executive Director and a sole executive director of the Subscriber. Therefore, Mr. Wong is deemed to be interested in the shares of the Subscriber.
2. Lonestar Group Limited is wholly and beneficially owned by Mr. Tsang Ho Ka, Eugene, an executive Director.

As illustrated in the table above, the aggregate shareholding of the existing public Shareholders will decrease from approximately 82.01% as at the Latest Practicable Date to approximately 68.34% upon full utilization of the New General Mandate, assuming no other Shares are issued and/or repurchased by the Company prior to the date of the SGM. Taking into account the benefits of the New General Mandate as discussed above and the fact that the shareholdings of all Shareholders will be diluted proportionately, we consider such dilution or potential dilution effect of shareholdings of the Shareholders to be acceptable.

## LETTER FROM NUADA

### RECOMMENDATION

Taking into account the principal factors and reasons mentioned above, we are of the view that (i) the issue of the Convertible Bonds is in the interests of the Company and the Shareholders as a whole and the terms of the Convertible Bonds are fair and reasonable and on normal commercial terms; and (ii) the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole and fair and reasonable. We, therefore, advise (i) the CB Independent Shareholders and the Independent Board Committee to recommend the CB Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder; and (ii) the General Mandate Independent Shareholders and the Independent Board Committee to recommend the General Mandate Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the grant of the New General Mandate.

Yours faithfully,  
For and on behalf of  
**Nuada Limited**  
**Po Chan**  
*Executive Director*

This Appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide the requisite information to you for your consideration of the New Repurchase Mandate.

## **1. GEM LISTING RULES**

The GEM Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder or management shareholder of the Company or any of its subsidiaries or their respective associates and a connected person is prohibited from knowingly selling his/her/its securities to the Company.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the New Repurchase Mandate is passed.

## **2. SHAREHOLDERS’ APPROVAL**

All proposed repurchases of securities by a company with a primary listing on the GEM must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction.

## **3. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 56,865,000 Shares.

Subject to the passing of the proposed resolution for the approval of the New Repurchase Mandate and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and prior to the SGM, the Company will be allowed to repurchase a maximum of 5,686,500 Shares, representing 10% of the issued share capital of the Company as at the SGM.

## **4. THE REPURCHASE PROPOSAL**

The ordinary resolution set out as resolution 3 of the SGM notice relates to the granting of an unconditional New Repurchase Mandate to the Directors to repurchase, on GEM or any other stock exchange on which the Shares may be listed and recognized by The Securities and Futures Commission of Hong Kong, Shares up to a maximum of 10% of the issued share capital of the Company at the date of the passing of the ordinary resolution.

Subject to the passing of the ordinary resolution granting the New Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the SGM, the Company will be allowed to repurchase a maximum of 5,686,500 Shares during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of Bermuda or the Bye-laws to be held; or (iii) the date on which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

#### **5. REASONS FOR REPURCHASES**

Although the Directors have no present intention of repurchasing the Shares, they believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchase may, depending on the market conditions and funding arrangement at the time, lead to an enhancement of the net assets value of the Company and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

#### **6. FUNDING OF REPURCHASES**

Repurchases made pursuant to the New Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum and Bye-laws and the applicable laws and regulations of the Bermuda. Any repurchases must be made out of funds of the Company legally permitted to be utilized in this connection, including out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorized by its Bye-laws subject to the Companies Act 1981 of Bermuda, out of capital. Any premium payable on a repurchase over the par value of the Shares to be purchased must be provided for out of the profits of the Company or out of the Company's share premium account or if so authorized by its Bye-laws and subject to the provisions of the Companies Act 1981 of Bermuda, out of capital.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the latest annual report of the Company for the year ended 31 March 2009) in the event that the New Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the New Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time as and appropriate for the Company.

## 7. SHARE PRICES

The monthly highest and lowest prices at which the Shares have been traded on GEM during the 12 months immediately preceding the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2009</b>		
March	12.00	9.10
April	11.65	9.05
May	13.00	9.55
June	12.20	8.80
July	9.80	4.80
August	5.75	3.00
September	5.20	3.05
October	4.00	2.60
November	4.55	3.00
December	3.80	1.65
<b>2010</b>		
January	2.34	1.83
February	2.18	1.75
March (up to and including the Latest Practicable Date)	1.90	1.77

## 8. GENERAL INFORMATION

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the New Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws and regulations of Bermuda and the Bye-laws.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company, if the New Repurchase Mandate is approved at the SGM and exercised.

The Company has not been notified by any connected person (as defined in the GEM Listing Rules) that such a person has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the New Repurchase Mandate is approved by the Shareholders.

## 9. HONG KONG CODE ON TAKEOVERS AND MERGERS

If, as a result of repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Shares then in issue:

Name	Number of Shares	Approximate percentage of shareholding (%)
Ming Kei International Holding Company Limited (" <b>Ming Kei</b> ") ( <i>Note</i> )	6,780,000 (L)	11.92
Mr. Wong Wai Sing (" <b>Mr. Wong</b> ") ( <i>Note</i> )	3,252,000 (L)	5.72

(L) denotes long position

*Note:* Ming Kei is wholly and beneficially owned by Mr. Wong, a non-executive director of Ming Kei. Therefore Mr. Wong is deemed to be interested in the Shares in which Ming Kei is interested.

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the New Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

Name	Number of Shares	Approximate percentage of shareholding (%)
Ming Kei	6,780,000 (L)	13.25
Mr. Wong	3,252,000 (L)	6.35

(L) denotes long position

The Directors have no intention to exercise any of the New Repurchase Mandate to such an extent that will result in a requirement of Ming Kei or Mr. Wong and parties acting in concert with any of them to make a mandatory offer under the Takeovers Code.

Save as disclosed above, the Directors are currently not aware of any consequences which will arise under the Takeovers Code as a result of any repurchase made pursuant to the New Repurchase Mandate. In addition, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

#### 10. SHARE REPURCHASED BY THE COMPANY

No Shares have been repurchased by the Company, whether on GEM or otherwise, in the last six months preceding the Latest Practicable Date.

**(1) RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (1) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (2) there are no other matters the omission of which would make any statement in this circular misleading; and
- (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**(2) DISCLOSURE OF INTERESTS****(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures**

As at the Latest Practicable Date, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) *interest in Shares:*

Name of Director	Number or attributable number of Shares held or short positions	Nature of interests	Approximate percentage or attributable percentage of shareholding (%)
Ming Kei ( <i>Note 1</i> )	18,756,047 (L)	Beneficial owner	32.98
Mr. Wong ( <i>Note 1</i> )	22,008,047 (L)	Interest of controlled corporation	38.70
Lonestar Group Limited (“ <b>Lonestar</b> ”) ( <i>Note 3</i> )	200,000 (L)	Beneficial owner	0.35
Mr. Tsang Ho Ka, Eugene ( <i>Note 3</i> )	200,000 (L)	Interest of controlled corporation	0.35
Ms. Lau Kimberly Siu Yan Kaiulani ( <i>Note 4</i> )	200,000 (L)	Interest of spouse	0.35

L: *Long Position*

*Notes:*

- The 18,756,047 Shares represent (i) 6,780,000 Shares beneficially interested by Ming Kei; and (ii) the 11,976,047 Shares to be issued upon exercise in full the Convertible Bonds.
- Mr. Wong is beneficial interested in 3,252,000 Shares. Since Ming Kei is wholly and beneficially owned by Mr. Wong, a non-executive director of Ming Kei. Mr. Wong is deemed to be interested in the Shares in which Ming Kei is interested.
- Lonestar is wholly and beneficially owned by Mr. Tsang Ho Ka, Eugene, an executive Director and a sole executive director of Lonestar. Therefore, Mr. Tsang Ho Ka, Eugene is deemed to be interested in the Shares in which Lonestar is interested.
- Lonestar is wholly and beneficially owned by Mr. Tsang Ho Ka, Eugene and who is the spouse of Ms. Lau Kimberly Siu Yan Kaiulani. Accordingly, Mr. Tsang Ho Ka, Eugene and Ms. Lau Kimberly Siu Yan Kaiulani is deemed to be interested in the 200,000 Shares in which Lonestar is interested.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had any interests or short positions in the share of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

**(b) Substantial Shareholders' and other persons' interests in Shares and underlying shares**

As at the Latest Practicable Date, the interests and short positions of persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Number or attributable number of Shares held or short positions		Nature of interests	Approximate percentage or attributable percentage of shareholding (%)
Ming Kei ( <i>Note 1</i> )	18,756,047	(L)	Beneficial owner	32.98
Mr. Wong ( <i>Note 2</i> )	22,008,047	(L)	Interest of controlled corporation	38.70
Pulsar Securities Limited ( <i>Note 3</i> )	4,224,000	(L)	Beneficial owner	7.43
Mr. Tam Chak Chi ( <i>Note 3</i> )	4,224,000	(L)	Interest of controlled corporation	7.43
Cypress Bright Limited ( <i>Note 4</i> )	4,752,000	(L)	Beneficial owner	8.36
Mr. Lam Wing Hong, Jimmy ( <i>Note 4</i> )	4,752,000	(L)	Interest of controlled corporation	8.36

L: Long Position

*Notes:*

1. The 18,756,047 Shares represent (i) 6,780,000 Shares beneficially interested by Ming Kei; and (ii) the 11,976,047 Shares to be issued upon exercise in full the Convertible Bonds.
2. Mr. Wong is beneficial interested in 3,252,000 Shares. Since Ming Kei is wholly and beneficially owned by Mr. Wong, a non-executive director of Ming Kei. Therefore Mr. Wong is deemed to be interested in the Shares in which Ming Kei is interested.
3. Pulsar Securities Limited is beneficial interested in 4,224,000 Shares to be issued upon exercise in full the 4,224,000 Warrants. Pulsar Securities Limited is wholly and beneficially owned by Mr. Tam Chak Chi, therefore Mr. Tam Chak Chi is deemed to be interested in the Shares in which Pulsar Securities Limited is interested.
4. Cypress Bright Limited is beneficial interested in 4,752,000 Shares to be issued upon exercise in full the 4,752,000 Warrants. Cypress Bright Limited is wholly and beneficially owned by Mr. Lam Wing Hong, Jimmy, therefore Mr. Lam Wing Hong, Jimmy is deemed to be interested in the Shares in which Cypress Bright Limited is interested.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### (3) DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing from the date of the relevant appointment, which will continue thereafter until terminated by either party giving not less than one month's notice in writing to the other party.

As at the Latest Practicable Date, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

### (4) QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
Nuada Limited ("Nuada")	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity pursuant to the SFO

As at the Latest Practicable Date, Nuada did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, Nuada was not interested beneficially or non-beneficially in any Shares in the Company or any of its subsidiaries or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Nuada has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

**(5) MATERIAL ADVERSE CHANGE**

The Directors are not aware of any other material adverse change in the financial position or trading position of the Group since 31 March 2009, being the date to which the latest published audited financial statements of the Group was made up.

**(6) INTERESTS IN CONTRACTS AND ASSETS**

No contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries is a party and in which any Director has a material interest, whether directly or indirectly, subsist at the date of this circular.

None of the Directors and expert referred in the paragraph headed "Qualification and consent of expert" in this appendix has any direct or indirect interest in any asset which has been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 March 2009, the date to which the latest published audited consolidated financial statements of the Group were compiled, up to and including the Latest Practicable Date.

**(7) COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors, controlling shareholder or substantial shareholders or any of their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or has, any other conflict of interest which any such person has or may have within the Group.

**(8) DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Room 3308, The Center, 99 Queen's Road Central, Central, Hong Kong, during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 March 2008 and 31 March 2009 respectively;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 20 to 21 in this circular;
- (d) the letter from Nuada, the text of which is set out on pages 22 to 31 in this circular;
- (e) the written consent of the expert referred to in the paragraph headed "Qualification and Consent of Expert" in this Appendix;
- (f) the service contracts referred to in the paragraph headed "Directors' Service Contracts" in this Appendix; and
- (g) the Subscription Agreement.

**(9) GENERAL**

The English text of this circular shall prevail over the Chinese text in the case of inconsistency.



**Ming Kei Holdings Limited**  
**明基控股有限公司\***

*(formerly known as Ming Kei Energy Holdings Limited 明基能源控股有限公司\*)*  
*(incorporated in the Cayman Islands and continued in Bermuda with limited liability)*  
**(Stock Code: 8239)**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of the shareholders of Ming Kei Holdings Limited (the “**Company**”) will be held at Room 3308 The Center, 99 Queen’s Road Central, Hong Kong on Thursday, 25 March 2010 at 11:00 a.m. for the following purpose by way of special business, to consider and, if thought fit, passing with or without amendments, the following ordinary resolutions numbered 1 to 5 of the Company:

**ORDINARY RESOLUTIONS**

1. “**THAT**
  - (a) the conditional subscription agreement (the “**Subscription Agreement**”) dated 17 February 2010 entered into between the Company as issuer and Ming Kei International Holding Co. Limited (the “**Subscriber**”) as the subscriber in relation to, among other matters, the subscription of the zero coupon rate convertible bonds (the “**Convertible Bonds**”) in the principal amount of HK\$20,000,000 due 2013 by the Subscriber at its face value (a copy of which is marked “**A**” and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) be and is hereby ratified, confirmed and approved and the directors (the “**Directors**”) of the Company be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Subscription Agreement and the transactions contemplated thereunder;
  - (b) the issue of the Convertible Bonds to the Subscriber in accordance with the terms of the Subscription Agreement be and is hereby approved, and the Directors be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the issue of the Convertible Bonds and the transactions contemplated thereunder;

\* for identification purpose

## NOTICE OF SGM

- (c) the allotment and issue of the conversion shares of HK\$0.01 each (the “**Conversion Shares**”) in the share capital of the Company upon exercise of the conversion rights attaching to the Convertible Bonds be and is hereby approved, and the Directors be and are hereby authorised to allot and issue the Conversion Shares pursuant to and in accordance with the instrument to be executed by the Company by way of a deed poll constituting the Convertible Bonds; and
  - (d) the Directors be and are hereby authorised to do all such acts and things as they consider necessary, desirable or expedient in connection with the issue of the Convertible Bonds, and the allotment and issue of Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds.”
2. “**THAT:** to the extent not already exercised, the mandate to allot and issue shares of the Company given to the Directors at the annual general meeting of the Company held on 29 June 2009 be and is hereby revoked and replaced by the mandate:
- (a) subject to paragraph (c) of this ordinary resolution, and pursuant to the Rules Governing (the “**GEM Listing Rules**”) the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares (“**Shares**”) in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) of this ordinary resolution shall authorize the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
  - (c) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) issued or deal with by the Directors pursuant to the approval in paragraph (a) of this ordinary resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of any option under the Share Option Scheme (as defined below) or any other option scheme or similar arrangement for the time being adopted for the grant or issue to directors and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; or (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws of the

## NOTICE OF SGM

Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for are convertible into Shares, shall not exceed the aggregate of:

- (i) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this ordinary resolution;
  - (ii) (if the Directors are so authorized by a separate ordinary resolution of the Shareholders) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this ordinary resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution), and the authority pursuant to paragraph (a) of this ordinary resolution shall be limited accordingly; and
- (d) for the purpose of this ordinary resolution, “**Relevant Period**” means the period from the date of the passing of this ordinary resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company, or any other applicable laws of Bermuda to be held; and
  - (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this ordinary resolution.

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong)”

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3. **“THAT**
- (a) subject to paragraph (b) of this resolution, the exercise by the Directors of the Company during the Relevant Period of all powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the **“Securities and Futures Commission”**) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange or of any such other stock exchange as amended from time to time and all other applicable laws in this regard, be and is hereby generally and unconditionally approved;
  - (b) the aggregate nominal amount of Shares authorised to be repurchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
  - (c) for the purposes of this resolution, **“Relevant Period”** shall have the same meaning as in resolution no. 1(d).”
4. **“THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 2 above in respect of the share capital of the Company referred to in sub-paragraph (ii) of paragraph (c) of such resolution.”
5. **“THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in Shares which may be issued pursuant to the exercise of the options which may be granted under the share option schemes conditionally adopted by the Company on 26 October 2002 (the **“Share Option Scheme”**) granting the listing of and permission to deal in the Shares which may be issued pursuant to the refreshment of the Scheme Mandate Limit on the grant of options under the Share Option Scheme and any other share option scheme(s) of the Company of up to 10 per cent. of the issued share capital of the Company as at the date of passing this ordinary resolution (the **“Refreshed Mandate Limit”**) be and is hereby approved and the Directors be and are hereby authorized to do such act and execute such document as they deem necessary and fit to give effect to the Refreshed Mandate Limit.”

By order of the Board  
**Ming Kei Holdings Limited**  
**Mr. Tsang Ho Ka, Eugene**  
*Chief Executive Officer and Executive Director*

Hong Kong, 10 March 2010

## NOTICE OF SGM

*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place of Business:*  
Room 3308  
The Center  
99 Queen's Road Central  
Central  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the Bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. In the case of joint holders of Shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto, but if more than one such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
5. In relation to proposed resolutions nos. 2 and 4 above, approval is being sought from the shareholders for the grant to the directors of the Company of a general mandate to authorise the allotment and issue of shares of the Company under the GEM Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
6. In relation to proposed resolution no. 3 above, the directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the GEM Listing Rules is set out in Appendix I to this circular.