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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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

This announcement, for which the directors (the "Directors") of Ming Kei Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purposes only*

FINANCIAL RESULTS

The board (the "Board") of directors (the "Directors") of Ming Kei Holdings Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010, together with the comparative figures for the year ended 31 March 2009, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Continuing operations			
Turnover	4	**78,557**	127,705
Cost of sales		**(65,880)**	(83,774)
Direct operating expenses		**(189)**	–
Gross profit		**12,488**	43,931
Other income and gains	4	**369**	1,226
Selling and distribution costs		**(510)**	(1,192)
Administrative and other expenses		**(42,328)**	(28,146)
Finance costs	5	**(4,516)**	(14,795)
Share of results of associates	12	**(23,364)**	–
Impairment loss on intangible assets	11	**–**	(1,160,219)
Gain on partial waiver of promissory notes by a non-equity participant	16	**–**	101,677
Loss on disposal of subsidiaries	18(i)	**(6,883)**	–
Impairment loss on property, plant and equipment	6(i)	**(1,127)**	–
Fair value loss on investment properties	10	**(3,356)**	–
Loss before income tax from continuing operations	6	**(69,227)**	(1,057,518)
Income tax	7	**(1,852)**	292,141
Loss for the year from continuing operations		**(71,079)**	(765,377)
Discontinued operation			
Loss for the year from discontinued operation	8	**–**	(554)
Loss for the year		**(71,079)**	(765,931)
Dividend		**–**	–
Loss per share attributable to owners of the Company:	9		
			(Restated)
From continuing and discontinued operations			
– Basic (Hong Kong dollar)		**(1.33)**	(14.51)
– Diluted (Hong Kong dollar)		**(1.33)**	(14.51)
From continuing operations			
– Basic (Hong Kong dollar)		**(1.33)**	(14.50)
– Diluted (Hong Kong dollar)		**(1.33)**	(14.50)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010 **HK$'000**	2009 HK$'000
Loss for the year	**(71,079)**	(765,931)
Other comprehensive income for the year, net of tax:		
– Change in fair value of available-for-sale financial assets	**1,429**	(1,072)
– Reclassification adjustment of fair value gain included in profit or loss on disposal of available-for-sale financial assets	**(25)**	–
– Exchange differences on translation of financial statements of overseas subsidiaries	**333**	(46,794)
– Reclassification adjustment of release of exchange reserve on disposal of interests in overseas subsidiaries	**(8,524)**	–
– Exchange differences on translation of financial statements of overseas associates	**(1,443)**	–
Total comprehensive income for the year attributable to owners of the Company	**(79,309)**	(813,797)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**19,178**	38,655
Investment properties	10	**23,136**	–
Intangible assets	11	**–**	187,385
Interests in associates	12	**71,437**	–
Deposits paid for possible acquisition of subsidiaries		**–**	21,500
Available-for-sale financial assets		**10,560**	1,460
Deferred tax assets		**–**	103
		124,311	249,103
Current assets			
Inventories		**–**	49,494
Accounts and bills receivable	13	**4,880**	11,909
Prepayments, deposits and other receivables		**6,184**	24,011
Escrow money receivable		**10,000**	–
Loan to an associate	12	**28,500**	–
Cash and cash equivalents		**33,277**	54,176
		82,841	139,590
Current liabilities			
Accounts and bills payable	14	**–**	18,415
Accrued expenses and other payables		**3,683**	29,438
Amount due to an associate	12	**81**	–
Current tax payable		**–**	1,712
		3,764	49,565
Net current assets		**79,077**	90,025
Total assets less current liabilities		**203,388**	339,128
Non-current liabilities			
Promissory notes	16	**–**	103,193
Convertible bonds	15	**2,834**	–
Provision for close down, restoration and environmental costs		**–**	6,600
Deferred tax liabilities		**–**	45,083
		2,834	154,876
Net assets		**200,554**	184,252
CAPITAL AND RESERVES			
Issued capital	17	**664**	26,400
Reserves		**199,890**	157,852
Total equity		**200,554**	184,252

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Issued capital HK$'000 (Note 17)	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Statutory reserve fund HK$'000	Warrant reserve HK$'000	Share option reserve HK$'000	Convertible bonds reserve HK$'000	Asset revaluation reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2008	26,400	841,530	–	3,867	862	–	15,360	–	–	63,233	(6,862)	944,390
Total comprehensive income for the year	–	–	–	–	–	–	–	–	(1,072)	(46,794)	(765,931)	(813,797)
Appropriation	–	–	–	–	3,994	–	–	–	–	–	(3,994)	–
Transfer upon disposal of subsidiaries	–	–	–	(3,867)	–	–	–	–	–	–	3,867	–
Gain on partial waiver of promissory notes by an equity participant (Note 16)	–	–	–	53,659	–	–	–	–	–	–	–	53,659
Balance at 31 March 2009 and 1 April 2009	**26,400**	**841,530**	**–**	**53,659**	**4,856**	**–**	**15,360**	**–**	**(1,072)**	**16,439**	**(772,920)**	**184,252**
Total comprehensive Income for the year	–	–	–	–	–	–	–	–	1,404	(9,634)	(71,079)	(79,309)
Capital reorganisation	(25,872)	(841,530)	131,109	–	–	–	(15,360)	–	–	–	751,653	–
Issue of convertible bonds (Note 15)	–	–	–	–	–	–	–	5,859	–	–	–	5,859
Issue of new shares on conversion of convertible bonds	96	15,904	–	–	–	–	–	(4,687)	–	–	–	11,313
Recognition of share-based payments	–	–	–	–	–	–	2,294	–	–	–	–	2,294
Exercise of share options	40	9,530	–	–	–	–	(2,294)	–	–	–	–	7,276
Appropriations	–	–	–	–	6,170	–	–	–	–	–	(6,170)	–
Issue of warrants	–	–	–	–	–	1,734	–	–	–	–	–	1,734
Transfer upon disposal of subsidiaries	–	–	–	–	(4,670)	–	–	–	–	–	4,670	–
Charge and direct costs on early redemption of promissory note held by an equity participant (Note 16)	–	–	–	(2,810)	–	–	–	–	–	–	–	(2,810)
Gain on partial waiver of promissory note by an equity participant (Note 16)	–	–	–	69,945	–	–	–	–	–	–	–	69,945
Balance at 31 March 2010	**664**	**25,434**	**131,109**	**120,794**	**6,356**	**1,734**	**–**	**1,172**	**332**	**6,805**	**(93,846)**	**200,554**

NOTES:

1. ORGANISATION AND OPERATIONS

Ming Kei Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and continues as an exempted company with limited liability in accordance with the Bermuda Companies Act 1981 upon the change of domicile of the Company from the Cayman Islands to Bermuda becoming effective on 30 November 2009, and its shares are listed on The Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 3308, The Center, 99 Queen's Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates (together with the Company referred to as the "Group") are principally engaged in investment holding and property investment in Hong Kong and the People's Republic of China (the "PRC") and businesses of general trading and mining in the PRC respectively.

Pursuant to a special resolution in relation to the proposed change of company name at the extraordinary general meeting held on 29 October 2009 and was approved by the Registrar of Companies in the Cayman Islands and Hong Kong on 2 November 2009 and on 18 November 2009 respectively, the Company's name was changed from Ming Kei Energy Holdings Limited to Ming Kei Holdings Limited.

2. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which in collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company.

The adoption of these new and revised HKFRSs had no material effect on the reported results or financial position of the Group and the Company for both the current and prior reporting periods, except for certain presentational change as a result of adopting HKAS 1 (Revised). Comparative figures have been restated or included in these financial statements in order to achieve a consistent presentation. The statements of financial position, previously known as balance sheets, at the beginning of the year ended 31 March 2009 have not been presented as there was no change to the originally published statements.

2. ADOPTION OF NEW AND REVISED STANDARDS *(Continued)*

At the date of authorisation of these financial statements, the following HKFRSs that are potentially relevant to the Group, were in issue but not yet effective and have not been early adopted:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Classification of Rights Issues[4]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 2 (Amendments)	Share-based Payment – Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[4]
HKFRS 9	Financial Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs in the period of their initial application.

3. SEGMENT INFORMATION

HKFRS 8 "Operating Segments" replaces HKAS 14 "Segment Reporting" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires that disclosure of information about the Group's operating segments. It replaces the requirements under HKAS 14 to determine the primary (business) and secondary (geographical) reporting operating segments of the Group. Adoption of this standard did not have any effect on the Group's results of operations or financial position as the Group has determined that the operating segments are substantially the same as the business segments previously identified under HKAS 14.

The Group's operating segments are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(a) The mining segment comprised the mining, exploration and sale of coal. On 3 July 2009, the Group disposed of 51% equity interests of its then wholly-owned subsidiaries, Star Fortune International Investment Company Limited ("SFII") and its subsidiaries (collectively referred to as the "SFII Group") ("the "Disposal"). As a result of the Disposal, the SFII Group became 49% owned associates of the Group as further detailed in Note 18(i);

(b) The trading segment comprised the business of general trading;

(c) The property investment segment comprised investment in various properties for rental income purposes; and

(d) The logistics segment comprised the provision of logistic services which was disposed of during the prior year. Accordingly, the logistics segment was classified as a discontinued operation for the year ended 31 March 2009. The disposal was further detailed in Note 8.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

In determing the Group's geographical segments, revenue and specified non-current assets are based on the location in which the customer is located.

3. SEGMENT INFORMATION *(Continued)*

(a) Business segments

2010

	Continuing operations			
	Mining HK$'000	Trading HK$'000	Property investment HK$'000	Consolidated HK$'000
SEGMENT REVENUE				
External sales and services	63,461	14,205	192	77,858
Inter-segment revenue	–	–	710	710
Reportable segment revenue	63,461	14,205	902	78,568
Reportable segment loss	(24,196)	(3,045)	(3,734)	(30,975)
Interest income	244	2	–	246
Sundry income	54	–	–	54
Depreciation and amortisation charges	2,910	1	–	2,911
Finance costs	(50)	–	–	(50)
Share of results of associates	(23,364)	–	–	(23,364)
Loss on disposal of subsidiaries	(6,883)	–	–	(6,883)
Impairment loss on property, plant and equipment	(1,127)	–	–	(1,127)
Fair value loss on investment properties	–	–	(3,356)	(3,356)
Income tax	(1,749)	–	–	(1,749)
Reportable segment assets	109,937	8,952	25,611	144,500
Additions to non-current assets	2,403	13	9,104	11,520
Reportable segment liabilities	81	6	184	271

3. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

2009

	Continuing operation Mining HK$'000	Discontinued operation Logistics HK$'000	Consolidated HK$'000
SEGMENT REVENUE			
External sales and services	127,705	6,054	133,759
Reportable segment revenue	127,705	6,054	133,759
Reportable segment loss	(1,127,909)	(549)	(1,128,458)
Interest income	117	–	117
Sundry income	219	80	299
Depreciation and amortisation charges	20,578	198	20,776
Finance costs	(693)	(5)	(698)
Gain on disposal of subsidiaries	–	444	444
Impairment loss on intangible assets	(1,160,219)	–	(1,160,219)
Income tax	292,141	–	292,141
Reportable segment assets	343,995	–	343,995
Additions to non-current assets	27,366	–	27,366
Reportable segment liabilities	53,143	–	53,143

3. **SEGMENT INFORMATION** *(Continued)*

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2010 HK$'000	2009 HK$'000
Revenue		
Reportable segment revenue	**78,568**	133,759
Elimination of inter-segment revenue	**(11)**	–
Consolidated revenue	**78,557**	133,759

	2010 HK$'000	2009 HK$'000
Loss before income tax from continuing operations		
Reportable segment loss	**(30,975)**	(1,128,458)
Segment loss from discontinued operation	**–**	549
Gain on partial waiver of promissory notes by a non-equity participant	**–**	101,677
Interest income	**289**	455
Gain on disposal of available-for-sale financial assets	**25**	–
Unallocated corporate expenses	**(34,050)**	(16,946)
Finance costs	**(4,516)**	(14,795)
Consolidated loss before income tax from continuing operations	**(69,227)**	(1,057,518)

	2010 HK$'000	2009 HK$'000
Total assets		
Reportable segment assets	**144,500**	343,995
Deferred tax assets	**–**	103
Non-current financial assets	**10,560**	1,460
Unallocated corporate assets	**52,092**	43,135
Consolidated total assets	**207,152**	388,693

3. SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities *(Continued)*

	2010 HK$'000	2009 HK$'000
Total liabilities		
Reportable segment liabilities	**271**	53,143
Deferred tax liabilities	**–**	45,083
Unallocated corporate assets	**6,327**	106,215
Consolidated total liabilities	**6,598**	204,441

(c) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets ("Specified non-current assets"):

	Revenue from external customers		**Specified non-current assets**	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Hong Kong	**192**	6,054	**9,126**	22,135
PRC	**78,365**	127,705	**104,625**	225,405
	78,557	133,759	**113,751**	247,540

(d) Information about major customers

Revenue from a customer contributed to more than 10% of the Group's revenue amounted to HK$16,116,000 and HK$21,948,000 for the years ended 31 March 2010 and 2009, respectively, as included in the above disclosures for mining segment revenue.

4. TURNOVER, OTHER INCOME AND GAINS

Turnover is the Group's revenue, which represents the invoiced value of goods sold and logistics services provided, net of rebates and discounts, and rental income. All significant transactions amongst the companies comprising the Group have been eliminated on consolidation. An analysis of the Group's turnover, other income and gains is as follows:

	Note	**2010 HK$'000**	2009 HK$'000
Continuing operations			
Turnover:–			
Sale of goods		**77,666**	127,705
Rental income		**891**	–
		78,557	127,705
Other income and gains:–			
Interest income		**289**	455
Gain on disposal of available-for-sale financial assets		**25**	–
Sundry income		**55**	771
		369	1,226
Discontinued operation			
Turnover:–			
Fees for logistic services provided	8	**–**	6,054
Other income and gains:–			
Net exchange gains	8	**–**	80

5. FINANCE COSTS

Interest expense on following borrowings wholly repayable within five years:

	Notes	**2010 HK$'000**	2009 HK$'000
Continuing operations:			
Trade financing		**51**	701
Promissory notes	16	**4,459**	14,094
Convertible bonds	15	**6**	–
Total interest expenses		**4,516**	14,795
Discontinued operation – Finance leases	8	**–**	5

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax (including continuing and discontinued operations) is arrived at after charging the following:

	2010 HK$'000	2009 HK$'000
Cost of inventories sold	**65,880**	83,774
Cost of services provided (Note 8)	**–**	4,250
Direct operating expenses arising on rental-earning investment properties	**189**	–
Depreciation	**3,363**	3,112
Amortisation of intangible assets (Note 11)*	**2,243**	17,939
Loss on disposal of property, plant and equipment	**–**	765
Staff costs (excluding directors' remuneration):		
Salaries and wages	**6,878**	7,193
Pension scheme contributions	**268**	467
Share-based payments**	**1,710**	–
	8,856	7,660
Share-based payments	**2,294**	–

* Amount is also included in the "Cost of inventories sold" above.

** The amount of share-based payments for the year ended 31 March 2009 and 2010 is also included in total share-based payments above.

(i) During the year ended 31 March 2010, a property of the Group with its related leasehold improvements previously held for own use were leased out. The property was reclassified from property, plant and equipment to investment property, and was revalued at its open market value at the date of change in use by reference to a valuation carried out by Greater China Appraisal Limited ("Greater China Appraisal"), an independent firm of professionally qualified valuers. A revaluation deficit was resulted and an impairment loss on property, plant and equipment of HK$1,127,000 was charged to the profit or loss for the year ended 31 March 2010.

7. INCOME TAX

(a) The amount of income tax charge/(credit) in the consolidated income statement represents:

	2010 HK$'000	2009 HK$'000
Continuing operations:		
Deferred tax charge – Hong Kong	**103**	–
Current tax charge – PRC	**2,263**	1,694
Deferred tax credit – PRC	**(514)**	(293,835)
	1,749	(292,141)
	1,852	(292,141)

No provision for Hong Kong profits tax was made for the current and prior years as the Group has no assessable profits for Hong Kong profits tax purpose in the current and prior years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or places in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

In accordance with the approval from the relevant tax authorities, Mulei County Kai Yuan Coal Company Limited ("Kai Yuan Coal"), a subsidiary of the Group immediately before the completion of the Disposal and carrying on as an associate immediately after the Disposal, operating in the PRC, is entitled to two years' exemption from the PRC corporate income tax ("CIT") followed by three years' 50% relief from the CIT. The year ended 31 December 2007 is the first profit-making year of Kai Yuan Coal for the purpose of CIT exemption. Accordingly, CIT was provided at applicable rate of 12.5% on the assessable profit of Kai Yuan Coal for the current year and for the 3 months ended 31 March 2009 in the prior year.

The share of income tax credit attributable to associates for the year ended 31 March 2010 amounting to HK$5,702,000 (2009: HK$Nil) is included in "Share of results of associates" on the face of the consolidated income statement.

(b) The tax charge/(credit) for the year can be reconciled to the accounting loss as follows:

	2010 HK$'000	2009 HK$'000
Loss before income tax		
– from continuing operations	**(69,227)**	(1,057,518)
– from discontinued operation	**–**	(554)
	(69,227)	(1,058,072)
Tax calculated at the rate of 16.5% (2009: 16.5%)	**(11,422)**	(174,582)
Tax effect of tax rates of other jurisdictions	**1,364**	(95,917)
Profits exempted from income tax	**(2,263)**	(12,318)
Tax effect of income non-taxable for taxation purpose	**(52)**	(16,777)
Tax effect on share of results of associates	**3,855**	–
Tax effect on unused tax losses not recognised and expenses not deductible for taxation purpose	**10,370**	7,453
Income tax charge/(credit) for the year	**1,852**	(292,141)

8. DISCONTINUED OPERATION

On 8 July 2008, the Company entered into a disposal agreement for the disposal of the entire equity interests in Precious Logistics Limited ("Precious Logistics") and its subsidiaries for an aggregate cash consideration of HK$1,500,000. Precious Logistics and its subsidiaries was principally engaged in coordinating various logistic services. The disposal was completed on 3 September 2008.

After the completion of the disposal, Precious Logistics and its subsidiaries ceased to be subsidiaries of the Company.

The results of the discontinued operation for the current and prior years, which have been presented on the face of the consolidated income statement, were as follows:

	Notes	**2010 HK$'000**	2009 HK$'000
Turnover	4	**–**	6,054
Cost of services provided	6	**–**	(4,250)
Gross profit		**–**	1,804
Other income and gains	4	**–**	80
Gain on disposal of subsidiaries	18(ii)	**–**	444
Selling and distribution costs		**–**	(20)
Administrative expenses		**–**	(2,857)
Finance costs	5	**–**	(5)
Loss before income tax		**–**	(554)
Income tax		**–**	–
Loss for the year from discontinued operation		**–**	(554)

The cash flows of the discontinued operation were as follows:

	2010 HK$'000	2009 HK$'000
Net cash used in operating activities	**–**	(779)
Net cash generated from investing activities	**–**	815
Net cash used in financing activities	**–**	(145)
Total net cash outflows	**–**	(109)

Basic loss per share for the discontinued operation for the prior year is HK$0.01 (restated) based on the loss for the prior year from the discontinued operation of HK$554,000.

The denominators used are the same as those detailed in Note 9(ii) for the basic loss per share for continuing operations of the Group.

Basic and diluted loss per share amounts for the prior years were equal as the convertible instruments of the Group outstanding during the prior year had an anti-dilutive effect on the basic loss per share from the discontinued operation for the prior year.

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the capital reorganisation of the Company effected on 21 December 2009 (Note 17(i)). Basic and diluted loss per share amounts for the year ended 31 March 2009 are restated to take into effect the capital reorganisation during the current year.

The calculation of diluted loss per share for the year is based on the loss for the year attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Company's outstanding convertible bonds, share options and warrants where applicable had an anti-dilutive effect to the basic loss per share calculation for the current and prior years, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore the basic and diluted losses per share calculations (i) from continuing and discontinued operations; and (ii) from continuing operations for the respective years are equal.

(i) From continuing and discontinued operations

The calculations of basic and diluted loss per share are based on:

	2010	2009
	HK$'000	HK$'000
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculation	**(71,079)**	(765,931)

	Number of shares	
	2010	2009
	'000	'000
		(Restated)
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculation	**53,253**	52,800

9. LOSS PER SHARE *(Continued)*

(ii) From continuing operations

The calculations of basic and diluted loss per share are based on:

	2010 HK$'000	2009 HK$'000
Loss		
Loss attributable to the owners of the Company from continuing operations, used in the basic and diluted loss per share calculation	**(71,079)**	(765,377)

	Number of shares 2010 '000	 2009 '000 (Restated)
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculation	**53,253**	52,800

10. INVESTMENT PROPERTIES

	2010 HK$'000	2009 HK$'000
Fair value:		
At beginning of year	**–**	–
Additions	**9,104**	–
Transferred from property, plant and equipment	**17,373**	–
Decrease in fair value recognised	**(3,356)**	–
Exchange realignments	**15**	–
At the end of year	**23,136**	–

The Group's property interests, which are held under operating leases to earn rentals or capital appreciation purposes, are measured using fair value model and are classified and accounted for as investment properties.

The carrying amount of investment properties includes land and buildings situated in Hong Kong and the PRC as follows:

	2010 HK$'000	2009 HK$'000
Located in Hong Kong, held under medium term lease	**8,700**	–
Located in the PRC, held under medium term lease	**14,436**	–
	23,136	–

10. INVESTMENT PROPERTIES *(Continued)*

The investment properties of the Group were revalued at 31 March 2010 at their open market value by reference to a valuation carried out on that date by Greater China Appraisal. A revaluation deficit was resulted and a fair value loss on investment properties of HK$3,356,000 was charged to the profit or loss for the year ended 31 March 2010.

11. INTANGIBLE ASSETS

	Exploration and evaluation assets HK$'000	Mining right HK$'000	Total HK$'000
Cost:			
At 1 April 2008	1,159,177	283,284	1,442,461
Exchange realignments	24,280	5,947	30,227
At 31 March 2009	1,183,457	289,231	1,472,688
Disposal of subsidiaries (Note 18(i))	(1,184,867)	(289,576)	(1,474,443)
Exchange realignments	1,410	345	1,755
At 31 March 2010	**–**	**–**	**–**
Accumulated amortisation and impairment losses:			
At 1 April 2008	–	12,268	12,268
Amortisation for the year (Note 6)*	–	17,939	17,939
Impairment charged for the year**	979,217	181,002	1,160,219
Exchange realignments	79,701	15,176	94,877
At 31 March 2009	1,058,918	226,385	1,285,303
Amortisation for the year (Note 6)*	–	2,243	2,243
Disposal of subsidiaries (Note 18(i))***	(1,060,179)	(228,941)	(1,289,120)
Exchange realignments	1,261	313	1,574
At 31 March 2010	**–**	**–**	**–**
Net carrying amount:			
At 31 March 2010	**–**	**–**	**–**
At 31 March 2009	124,539	62,846	187,385

11. INTANGIBLE ASSETS *(Continued)*

The mining right and the exploration right together with other exploration and evaluation assets purchased as part of a business combination in a prior year were initially recognised at their fair values on acquisition with reference to professional valuations performed by Greater China Appraisal. Prior to the Disposal, the mining right and the exploration and evaluation assets are measured using the cost model.

* Amortisation is provided to write off the cost of the mining right using the units of production method based on the proven and probable reserves under the assumption that the Group can renew the mining right till all proven and probable mineral reserves have been mined.

The amortisation charge for the mining right for the year is included in the Group's "cost of sales" in the consolidated income statement.

** The Company acquired the 100% equity interests of Ming Kei Kai Yuan Investment Company Limited and its subsidiaries (the "MKKY Group") in prior years with a view that coal mining business is in a fast growing trend with immense potential and such acquisition would diversify the Group into a new business with significant growth potential. However, there were a number of unforeseeable and uncontrollable factors happened subsequent to such investment decision in the global economy in 2008 and had been continuing which resulted in the prospect of the coal mining industry that had not been growing as fast as expected.

The prospect of coal mining business grows in line with the economy. In the prior year, the global recession and slower economic growth of the PRC were negatively hindering the manufacturing activities in the PRC which in turn affected the demand of, and put pressure on the market price of coals, the core natural resources used for generating electricity to support those manufacturing activities.

In view of the slower economic growth of the PRC and uncertainty in the economic recovery during the period of global recession in the year ended 31 March 2009, the prospect of the coal market would continue to be affected and the business in the coal mining would continue to be difficult and challenging. The Group believed that the profitability potential of the MKKY Group would be reduced in the short and medium terms. The Group considered such decline indicated that the carrying amount of the Group's intangible assets had been impaired and an impairment loss of HK$1,160,219,000 had been recognised in the consolidated income statement for the year ended 31 March 2009 to reduce the carrying value of the intangible assets to their estimated recoverable amounts. The estimated recoverable amounts of the intangible assets of the Group were determined based on a value-in-use calculation of the Group's coal mining business with reference to a valuation report issued by Greater China Appraisal in respect of the coal mining business of the Group as at 31 March 2009.

*** On 3 July 2009, the SFII Group (carrying on the coal mining business of the Group), the then subsidiaries of the Company, became associates of the Company as a result of the Disposal and therefore the Group's intangible assets have been derecognised from the consolidated statement of financial position of the Group on the same date, details of the Disposal are set out in Note 18(i).

12. INTERESTS IN ASSOCIATES

	2010 HK$'000	2009 HK$'000
Share of net assets	**71,437**	–
Loan to an associate	**28,500**	–
Amount due to an associate	**(81)**	–

Loan to an associate as at 31 March 2010 was unsecured, interest-bearing at a rate of 1.5% per annum, and repayable on the date falling 6 months after the date of the loan facilities agreement (i.e. 3 July 2009) entered into between SFID, SFII and the Company which shall be subject to further negotiation and the cash level of the SFII Group to renew the loan for a further 6-month period. On 3 January 2010, the repayment date of the loan to the associate has been extended to 3 July 2010. Loan to an associate is neither past due nor impaired.

Amount due to an associate is unsecured, interest-free and has no fixed terms of repayment.

Summarised financial information of the Group's associates since the respective dates at which they became associates of the Group is set out below:

	2010 HK$'000	2009 HK$'000
Turnover	**86,579**	–
Loss for the year	**(47,681)**	–
Loss attributable to the Group	**(23,364)**	–
Total assets	**238,140**	–
Total liabilities	**(92,350)**	–
Net assets	**145,790**	–
Net assets attributable to the Group	**71,437**	–

13. ACCOUNTS AND BILLS RECEIVABLE

(i) The ageing analysis of the Group's accounts receivable at the end of reporting period, based on invoice date, is as follows:

	2010 **HK$'000**	2009 HK$'000
Within 90 days	**4,880**	5,190
91 to 180 days	**–**	1,709
181 to 365 days	**–**	1,565
Total accounts receivable	**4,880**	8,464
Bills receivable	**–**	3,445
	4,880	11,909

(ii) During the year, the Group generally allows an average credit term of 30 to 60 days to its customers for business of general trading, and the Group's sales to coal customers were mainly on cash basis, or with advanced receipts. For certain well-established coal customers with good repayment history and creditworthiness, the Group allows an average credit period of 90 days.

14. ACCOUNTS AND BILLS PAYABLE

An ageing analysis of the accounts payable of the Group at the end of reporting period, based on the invoice date, is as follows:

	2010 **HK$'000**	2009 HK$'000
Within 90 days	**–**	11,615
91 to 180 days	**–**	2,150
181 to 365 days	**–**	1,205
Total accounts payable	**–**	14,970
Bills payable	**–**	3,445
	–	18,415

The accounts and bills payable were non-interest-bearing and were normally settled on 30-day terms.

15. CONVERTIBLE BONDS

On 25 March 2010, zero-coupon convertible bonds in the principal amount of HK$20,000,000 were issued by the Company to settle the outstanding promissory notes with principal amount of HK$20,000,000. The convertible bonds are payable in one lump sum on maturity of three years. The convertible bonds are convertible into ordinary shares of HK$0.01 each of the Company at an initial conversion price of HK$1.67 per conversion share (subject to anti-dilutive adjustments) at any time between the date of issue of the convertible bonds and its maturity date on 24 March 2013, provided that (i) no holder of the convertible bonds shall exercise the conversion right attached to the convertible bonds held by such holder if immediately after such conversion, resulting in the public float of the Company unable to meet the requirement under the GEM Listing Rules; and (ii) no conversion rights attached to the convertible bonds may be exercised, to the extent that following such exercise, a holder of the convertible bonds and parties acting in concert with it, taken together, will trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers.

The conversion option is accounted for as equity instrument and is determined after deducting the fair value of the liability component from the principal amount of the convertible bonds. The residual amount represents the value of the conversion option, which is credited directly to equity as convertible bonds reserve of the Company and the Group.

The liability component is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption.

During the year ended 31 March 2010, the convertible bonds with the principal amount of HK$16,000,000 have been converted into approximately 9,581,000 ordinary shares of the Company (Note 17(ii)). Subsequent to 31 March 2010, the remaining outstanding convertible bonds with the principal amount of HK$4,000,000 have been fully converted into approximately 2,395,000 ordinary shares of the Company.

The Company determined the fair value of the liability component based on a valuation performed by Greater China Appraisal using an effective interest method at the date of issuance of the convertible bonds. The effective interest rate was determined to be 12.25% per annum.

The movements of the liability component and equity component of the convertible bonds during the year are as follows:

	Liability component of convertible bonds HK$'000	**Equity component of convertible bonds** HK$'000	**Total** HK$'000
Principal amount of convertible bonds issued	14,141	5,859	20,000
Imputed interest expenses (Note 5)	6	–	6
Conversion into ordinary shares of the Company	(11,313)	(4,687)	(16,000)
At 31 March 2010	2,834	1,172	4,006

16. PROMISSORY NOTES

The movements on the promissory notes of the Company for the years ended 31 March 2010 and 2009 are as follows:

	Notes	2010 HK$'000	2009 HK$'000
Carrying value at beginning of the year		**103,193**	248,994*
Partial waiver of promissory notes by a non-equity participant credited to profit or loss	(ii)	**–**	(101,677)
Repayment of promissory notes	(i)/(ii)	**(20,000)**	(2,000)
Charge on early redemption of promissory note held by an equity participant to capital reserve	(i)	**1,224**	–
Partial waiver of promissory notes held by an equity participant credited to capital reserve	(i)/(iii)	**(69,945)**	(53,659)
Accrued effective interest expense	5	**4,459**	14,094
Interest paid		**–**	(2,559)
Charge on early redemption of promissory note by way of issuing of convertible bonds held by an equity participant to capital reserve	(iv)	**1,069**	–
Derecognition of the promissory note upon issuance of the convertible bonds	(iv)	**(20,000)**	–
Carrying value at end of the year		**–**	103,193

* During the prior years, the promissory notes were issued by the Company in connection with the acquisition of 100% equity interests in the MKKY Group. The promissory notes are repayable in one lump sum on maturity of three years. The promissory notes bear coupon interest at 1% per annum payable monthly (before the amendment of the terms in the year ended 31 March 2009). The Company has the right to redeem the promissory notes prior to the maturity date by servicing prior written notice to the note-holders. The effective interest rate of the promissory notes is determined to be 5.81% per annum.

16. PROMISSORY NOTES *(Continued)*

(i) During the year, pursuant to the supplemental agreement dated 30 April 2009 entered into between SFII and Ming Kei International Holding Co. Limited ("MK International"), a substantial shareholder of the Company, which is wholly and beneficially owned by Mr. Wong, a non-executive director of the Company, and Mr. Wong Wai Ngok, the elder brother of Mr. Wong, and Mr. Wong, such that the promissory notes issued by the Company to MK International in the prior years in the principal amount of HK$120,000,000 with zero coupon interest were revised and substituted by the promissory notes in the principal amount of HK$40,000,000 with zero coupon interest which constituted an issue of new promissory notes (the "New PN") to MK International by the Company. The New PN was issued by the Company on 3 July 2009. The carrying amount of the original promissory notes held by MK International was HK$105,584,000 as at 3 July 2009. The fair value of the New PN as at issue date (i.e. 3 July 2009) is HK$35,639,000 by reference to a valuation carried out on the issue date by Greater China Appraisal. The effective interest rate of the New PN is determined to be 8.72% per annum. The New PN in the principal amount of HK$20,000,000 was early repaid on 17 February 2010. This issue of the New PN at a reduced principal amount and early repayment of the New PN in substance constituted a contribution from and a distribution to an equity participant of the Company and the difference between the then carrying amount of the promissory notes held by MK International and the fair value of the New PN at the date of issue of the New PN of HK$69,945,000 and the accrued effective interest charged on the early repayment of the New PN of HK$1,224,000 were, respectively, credited and charged to the capital reserve of the Company and the Group.

(ii) During the prior year, on 13 February 2009, Mr. Wong Wai Ngok, the elder brother of Mr. Wong, a non-executive director and a shareholder of the Company, who is the holder of the promissory notes with carrying value of HK$103,677,000 (in the aggregate principal sum of HK$112,800,000 issued by the Company in favour of Mr. Wong Wai Ngok) and a non-equity participant of the Company on that date, has agreed with the Company of early redemption of the promissory notes at a discounted amount of HK$2,000,000 and that the outstanding amount HK$101,677,000 pursuant to the promissory notes shall be deemed to be fully paid and satisfied by the Company in full.

(iii) During the prior year, on 13 February 2009, MK International, a shareholder of the Company, which is also the holder of the promissory notes (in the principal sum of HK$169,200,000 issued by the Company in favour of MK International), has agreed with the Company to amend the terms of the promissory notes that (a) a principal amount of HK$49,200,000 owing from the Company to MK International be waived; (b) the principal sum of the promissory notes be amended to HK$120,000,000 only; and (c) the coupon interest of 1% per annum payable monthly at the end of each calendar month was amended to zero coupon interest. The carrying amount of the promissory notes held by MK International was HK$155,666,000 as at 13 February 2009. The partial waiver and amendment on the terms on the promissory notes held by MK International in substance constituted an issue of new promissory notes to MK International by the Company. The fair value of the new promissory notes as at the issue date (i.e. 13 February 2009) is approximately HK$102,007,000 and the difference between the then carrying amount and the fair value in the amount of HK$53,659,000 was accounted for as a partial waiver of promissory notes by MK International as an equity participant (a contribution from equity participant) and was credited to the capital reserve of the Company and the Group.

(iv) As further detailed in Note 15, convertible bonds with principal amount of HK$20,000,000 were issued to MK International on 25 March 2010 to settle the remaining New PN with the same principal amount. The carrying amount of the New PN held by MK International was HK$18,931,000 as at the date of its derecognition. The derecognition of the New PN by way of issuing convertible bonds to MK International in substance constituted a distribution to an equity participant of the Company and the difference between the then carrying amount of the New PN as at the date of its derecognition and the principal amount of the convertible bonds issued by the Company of HK$1,069,000 was charged to the capital reserve of the Company and the Group. The direct costs on the early redemption of the New PN in the amount of HK$517,000 were also charged to the capital reserve of the Company and the Group.

17. SHARE CAPITAL

	Notes	2010 Number of shares '000	2010 Amount HK$'000	2009 Number of shares '000	2009 Amount HK$'000
Authorised:					
Ordinary shares of HK$0.01 each					
At end of year		**10,000,000**	**100,000**	10,000,000	100,000
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At beginning of year		**2,640,000**	**26,400**	2,640,000	26,400
Capital reorganisation	(i)	**(2,587,200)**	**(25,872)**	–	–
Issue of new shares on conversion of convertible bonds	(ii)	**9,581**	**96**	–	–
Exercise of share options	(iii)	**4,065**	**40**	–	–
At end of year		**66,446**	**664**	2,640,000	26,400

Notes:

(i) During the year ended 31 March 2010, the directors of the Company proposed to effect a capital reorganisation in the following manner; (a) the share consolidation of every 50 ordinary shares of HK$0.01 each in the issued and unissued shares of the Company; (b) the reduction of the issued shares of the Company through a cancellation of the paid-up share capital of the Company to the extent of HK$0.49 each on each of the issued and consolidated shares so that the nominal value of each issued and consolidated share be reduced from HK$0.50 to HK$0.01 each; (c) the subdivision of each authorised but unissued consolidated share of HK$0.50 each into 50 new shares of HK$0.01 each; (d) the entire amount standing to the credit of the share premium account of the Company as at the date of extraordinary general meeting be reduced and cancelled and applied towards elimination of all the accumulated losses of the Company at 31 March 2009 and the remaining balance being credited to the contributed surplus account of the Company; and (e) cancellation of all outstanding share options of the Company which were granted on 11 October 2007 and 10 March 2008 respectively (the above collectively referred as the "Capital Reorganisation").

The Capital Reorganisation was completed on 21 December 2009.

Upon completion of the Capital Reorganisation, the amount of approximately, HK$25,872,000 arising from the reduction of the issued share capital of the Company, the amount standing to the credit of the Company's share premium account of approximately HK$841,530,000 and the amount standing to the credit of the Company's share option reserve of approximately HK$15,360,000 have been used to set off the accumulated losses of the Company of approximately HK$751,653,000. The remaining credit balance of approximately HK$131,109,000 has been transferred to the contributed surplus account of the Company.

(ii) As set out in Note 15, the convertible bonds with the principal amount of HK$16,000,000 and carrying value of HK$11,313,000 have been converted into approximately 9,581,000 ordinary shares of HK$0.01 each of the Company at the conversion price, of which HK$96,000 was credited to issued share capital and the remaining balance of HK$11,217,000 was credited to the share premium account. In addition, an amount of HK$4,687,000 has been transferred from convertible bonds reserve to the share premium account.

(iii) During the year ended 31 March 2010, 4,065,000 new ordinary shares of HK$0.01 each of the Company were issued on exercise of 4,065,000 share options at an aggregate consideration of HK$7,276,000, of which HK$40,000 was credited to issued share capital and the remaining balance of HK$7,236,000 was credited to the share premium account. In addition, an amount attributable to the related share options of HK$2,294,000 has been transferred from the share option reserve to the share premium account.

18. DISPOSAL OF SUBSIDIARIES

(i) For the year ended 31 March 2010

On 3 July 2009, the Group disposed of its 51% equity interests in the SFII Group for a total consideration of HK$100,000,000, of which HK$90,000,000 was satisfied in cash as of 31 March 2010 and the remaining cash consideration receivable of HK$10,000,000 was held by an escrow agent and classified as escrow money receivable in the consolidated statement of financial position as at 31 March 2010.

Upon completion of the Disposal, the Group's interest in the SFII Group was reduced from 100% to 49%. As a result, the SFII Group ceased to be the subsidiaries of the Group and became the associates of the Group upon the completion of the Disposal on 3 July 2009. On the same day, the assets, liabilities and results of the SFII Group were deconsolidated and the Group's interest in the SFII Group was accounted for under equity method. Further details are set out in the Company's announcement and circular dated 7 May 2009 and 12 June 2009 respectively.

The net assets of the SFII Group at the date of disposal were as follows:

	Notes	2010 HK$'000
Net assets disposed of:		
Property, plant and equipment		**18,790**
Intangible assets	11	**185,323**
Inventories		**70,297**
Accounts and bills receivable		**23,584**
Prepayments, deposits and other receivables		**5,203**
Cash and cash equivalents		**32,461**
Accounts and bills payable		**(32,360)**
Accrued expenses and other payables		**(24,900)**
Current tax payable		**(2,263)**
Deferred tax liabilities		**(44,613)**
Provision for close down, restoration and environmental costs		**(6,606)**
		224,916
Exchange reserve realised		**(8,524)**
Interests in associates		**(96,244)**
Loan to an associate	12	**(28,500)**
Costs directly attributable to the Disposal		**15,235**
Loss on disposal of subsidiaries		**(6,883)**
Total consideration		**100,000**
Consideration satisfied by:		
Cash consideration received during the year		**90,000**
Escrow money receivable		**10,000**
		100,000
Net cash inflow arising on the Disposal:		
Cash consideration received during the year		**90,000**
Cash and cash equivalents disposed of		**(32,461)**
Costs directly attributable to the Disposal		**(15,235)**
		42,304

18. DISPOSAL OF SUBSIDIARIES *(Continued)*

(ii) For the year ended 31 March 2009

On 3 September 2008, the Group disposed of its entire 100% equity interests in Precious Logistics and its subsidiaries to an independent third party, for a consideration of HK$1,500,000 (Note 8).

The net assets of Precious Logistics and its subsidiaries at the date of disposal were as follows:

	Note	2009 HK$'000
Net assets disposed of:		
Property, plant and equipment		**682**
Deferred tax assets		**77**
Accounts and other receivables		**5,521**
Cash and cash equivalents		**1,461**
Accounts and other payables		**(7,106)**
Deferred tax liabilities		**(264)**
		371
Costs directly attributable to the disposal		**685**
Gain on disposal of subsidiaries	8	**444**
Total consideration		**1,500**
Net cash outflow arising on disposal:		
Total cash consideration received		**1,500**
Bank balances and cash disposed of		**(1,461)**
Costs directly attributable to the disposal		**(685)**
		(646)

The financial impact of disposed subsidiaries on the Group's results and cash flows in the prior year are disclosed in Note 8.

19. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save for the significant events after the reporting period of the Group as disclosed in this announcement and those significant events after the reporting period of the Group disclosed elsewhere in this announcement, details of other significant events after the reporting period of the Group disclosed as below.

Star Fortune International Development Company Limited ("SFID") an indirect wholly owned subsidiary of the Company entered into a conditional disposal agreement dated 20 May 2010 with Lasting Power Investments Limited, a wholly-owned subsidiary of China Sonangol Resources Enterprise Limited, a company with shares listed on the Main Board of the Stock Exchange, regarding the Group's proposed disposal of its remaining 49% equity interests in the SFII Group, at a cash consideration of HK$50 million. Reference is made to the announcement of the Company dated 3 June 2010 in respect of the suspension of trading in shares of the Company on the Stock Exchange pending the publication of an announcement in relation to, among other things, disposal of the 49% equity interests in SFII, which constitutes a very substantial disposal of the Company.

DIVIDEND

No dividend has been paid or declared by the Company during the year (2009: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Ming Kei Holdings Limited (the "Company") and its subsidiaries and associates (collectively refer to as the "Group") are principally engaged in investment holding and property investment in Hong Kong (the "HK") and the People's Republic of China (the "PRC") and business of general trading and mining in the PRC respectively.

The Group hold 49% equity interests in Star Fortune International Investment Company Limited (the "Star Fortune") which Star Fortune's indirect wholly-owned subsidiaries principally engaged in mining, sale and distribution of coals in the PRC and the two coal mines, namely as 凱源露天煤礦 (Kaiyuan Open Pit Coal Mine) and 澤旭露天煤礦 (Zexu Open Pit Coal Mine) which operated and managed by the Group are located in 北塔山 (Bei Ta Mountain), 奇台縣 (Qi Tai County), Xinjiang Uygur Autonomous Region of the PRC and the Group also hold a property in the Shenzhen, the PRC.

In addition, the Group also hold a property in HK and Xinjiang, the PRC respectively for investment property purposes.

The business of general trading in the PRC consists of general trading in the following products: construction and decoration materials, electronics appliances and components as well as motor vehicles components respectively.

BUSINESS REVIEW

For the year ended 31 March 2010, the Group achieved revenue of approximately HK$78.56 million (2009: approximately HK$127.70 million) for the continuing operations of coal mining (51% equity interests of the mining segments were disposed on 3 July 2009) and new business of property investment and general trading respectively, representing a decreased by approximately HK$49.14 million or 38.48% over the corresponding prior year ended. The decrement was mostly contributed by the record of no revenue from the mining segment as a result of the Disposal.

For the year ended 31 March 2010, the Group recorded total revenue of approximately HK$78.56 million (2009: approximately HK$127.70 million) which was derived from the continuing operations of coal mining business (carrying on as associates after 3 July 2009), property investment business and business of general trading which accounted for approximately of 80.78%, 1.13% and 18.09% (2009: approximately of 100%, Nil and Nil) of the total revenue respectively.

A decreased in turnover by approximately HK$49.14 million or 38.48%, as compared to the corresponding prior year ended was due to no revenue was contributed by the mining segment as a result of the Disposal. The Group generated an operating loss from continuing operations of approximately HK$71.08 million (2009: approximately HK$765.38 million). The raw coal production was approximately 0.74 million tons (up to 3 July 2009) for the year ended 31 March 2010 (2009: approximately 1.44 million tons).

The Group's gross profit from continuing operations was approximately HK$12.49 million or 15.90% for the year ended 31 March 2010 (2009: approximately HK$43.93 million or 34.40%). The gross profit decreased as compared to the corresponding prior year ended, which was mainly due to the record of no revenue from the mining segment as a result of the Disposal.

For the year ended 31 March 2010, the Group's selling and distribution costs amounted to approximately HK$0.51 million (2009: approximately HK$1.19 million) which represented a decreased by approximately HK$0.68 million or 57.14% , while the Group's administrative expenses amounted to approximately HK$42.33 million (2009: approximately HK$28.15 million), which represented increased by approximately HK$14.18 million or 50.37%, as compared to the corresponding prior year ended. The increased in the administrative expenses was mainly due to the overall increase in Directors' remuneration, staff costs, recognition of share-based payments in respect of share options granted, and project related expenses on potential projects which terminated during the year under reviewed.

For the year ended 31 March 2010, the Group recorded the share of loss of associates of approximately HK$23.36 million (2009: HK$Nil), which represented the share of 49% results attributed by the SFII Group to the Group subsequent to the Disposal. The SFII Group are principally engaged in mining, sale and distribution of coals in the PRC.

For the year ended 31 March 2010, the Group recorded an impairment loss of property, plant and equipment of approximately of HK$1.13 million (2009: HK$Nil), which represented the decrease in value of one of the Group's properties which has been leased out during the year under review.

For the year ended 31 March 2010, the Group recorded a fair value loss on investment properties of approximately of HK$3.36 million (2009: HK$Nil), which represented a decreased in fair value of the Group's investment properties which are hold for investment purposes during the year under review.

For the year ended 31 March 2010, the Group recorded a loss attributable to the equityholders of the Company from the continuing operations of approximately HK$71.08 million (2009: approximately HK$765.38 million) represented a decreased in loss by approximately HK$694.30 million or 90.71%. The overall decreased in loss attributable to the equityholders of the Company from the continuing operations as compared to the corresponding prior year ended was mostly caused by the record of Nil impairment loss on intangible assets which amounted to approximately HK$1,160.22 million recorded as compared to the corresponding prior year, the record of Nil impairment loss on intangible assets for the year ended 31 March 2010 was as a result of the completion of the Disposal.

For the year ended 31 March 2010, the Group recorded a loss attributable to the equityholders of the Company from the discontinued operation of HK$Nil (2009: approximately HK$0.6 million). The logistics business (the discontinued operation) was entirely disposed on 3 September 2008.

Liquidity, financial resources and capital structure

On 17 February 2010, the Company entered into the subscription agreement (the "Subscription Agreement") with the Ming Kei International Holding Co. Limited (明基國際集團有限公司) (the "Ming Kei International"), a company incorporated in Hong Kong, a substantial shareholder of the Company, which is wholly and beneficially owned by Mr. Wong Wai Sing, a non-executive Director and the chairman of the Group (the "Subscriber") in respect of the subscription of the zero coupon convertible bonds with a three-year term in the principal amount of HK$20,000,000 (the "Convertible Bonds") , pursuant to which the Subscriber has conditionally agreed to subscribe or procure subscription by its nominee(s) for the Convertible Bonds with the rights to convert into 11,976,047 new share(s) of Company to be allotted and issued to the holder(s) of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds (the "Conversion Shares") at the initial conversion price of HK$1.67 per Conversion Share (subject to adjustments) of the Convertible Bonds 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 zero coupon promissory note in the original principal amount of HK$40,000,000 issued by the Company to the Subscriber of HK$20,000,000.

As at 31 March 2010, the Group had net current assets of approximately HK$79.08 million (2009: approximately HK$90.03 million) including cash and bank balances of approximately HK$33.28 million (2009: approximately HK$54.18 million). Except for the Group's bills payable of approximately HK$Nil million (2009: approximately HK$3.45 million), the Group had no other bank overdraft facilities and bank borrowing as at 31 March 2009 and 2010 respectively.

As at 31 March 2010, the Group has obligations under promissory notes of HK$Nil million (2009: HK$120.00 million) in nominal principal amount, and obligations under promissory notes stated at amortised cost of approximately HK$Nil million which was repayable beyond one year but within 5 years (2009: approximately HK$103.19 million). As at 31 March 2010, the Group has obligations under convertible bonds of HK$4.00 million (2009: HK$Nil) in nominal principal amount, and obligations under convertible bonds stated at amortised cost of approximately HK$2.83 million which was repayable beyond one year but within 5 years (2009: HK$Nil). The debt ratio (defined as total liabilities over total assets) of the Group as at 31 March 2010 was approximately 0.03 (2009: approximately 0.53).

The shares (the "Shares") of the Company have been listed on the Growth Enterprises Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 November 2002.

On 21 September 2009, the Directors, propose to reorganise (the "Reorganization") the shares of the Company (the "Shares") in the following manner: (a) the Shares consolidation of every fifty (50) Shares of HK$0.01 each in the issued and unissued Shares of the Company into one consolidated Share (the "Consolidated Share") of HK$0.50 each in the issued and unissued Shares of the Company; (b) the reduction of the issued Shares of the Company through a cancellation of the paid up Shares of the Company to the extent of HK$0.49 each on each of the issued Consolidated Share so that the nominal value of each issued Consolidated Share will be reduced from HK$0.50 to HK$0.01; (c) the subdivision of each authorised but unissued Consolidated Share of HK$0.50 each into 50 new Shares of HK$0.01 each; and (d) the entire amount standing to the credit of the share premium account of the Company as at the date of extraordinary general meeting (the "EGM") will be reduced and cancelled.

Following the passing of a special resolution of the Company's EGM on 29 October 2009, the Reorganization was completed on 21 December 2009. Immediately after the EGM, the total issued shares capital is reduced to 52,800,000 Shares.

4,065,000 share options (the "Share Options") were granted to and exercised by the eligible participants during the year under reviewed and 4,065,000 new Shares were issued and allotted on 24 Ferbuary 2010.

9,580,838 new Shares of the Company (the "New Conversion Shares") were issued and allotted on 25 March 2010 upon partial conversation of the Convertible Bonds by the Subscriber.

As a result of the Share Options and New Conversion Shares, additional 13,645,838 new ordinary shares were issued and allotted by the Company during the year under reviewed.

As at 31 March 2010, the total issued share capital is 66,445,838 Shares.

Charge of group assets

As at 31 March 2010, the Group did not have any material charge of assets. (2009: HK$Nil).

Foreign exchange exposure

The reporting currencies of the Group is Hong Kong Dollars (the "HKD").

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in the RMB and the equity investments denominated in the United States dollars (the "USD"). As at 31 March 2010, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies, i.e. RMB, used by the Group entities or in the USD for HKD functional currency Group entities.

As HKD is pegged to USD, the Group considers the risk of movements in exchange rates between HKD and USD to be insignificant for transactions denominated in USD. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 March 2010, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

The Group adopts a conservative treasury policy with most of the bank deposits being kept in HKD or RMB, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks.

As at 31 March 2010, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedgings or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the counter contingent forward transactions.

The Board would like to emphasize the Group's financial positions remain stable and has sufficient cash resources to meet its present and future cash flow requirements.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Significant Investment

On 2 November 2009, Star Enterprise Investment Company Limited (the "Star Enterprise"), entered into the subscription documents (the "Class A Subscription") pursuant to which Proteus Growth Fund Ltd., as issuer, agreed to allot and issue, and Star Enterprise, as subscriber, agreed to subscribe for 12,830 (subsequently adjusted to 12,913) Class A shares for a subscription price of USD1,283,000 (the "Class A Subscription Shares") (equivalent to approximately HK$10,007,000) which was settled in cash and funded by the internal resources of the Group.

The Class A Subscription Shares represents 100% of the issued Class A Share capital of Proteus Growth Fund Ltd. as enlarged by the allotment and issue of the Class A Subscription Shares as at the date of the Class A Subscription.

The Class A Subscription constituted a discloseable transaction for the Company under Rule 19.06(2) under the Rules Governing the Listing of Securities in the Growth Enterprise Market (the "GEM Listing Rules").

Save as disclosed above, there was no other significant investment held by the Group as at 31 March 2010.

(2009: On 4 August 2008, the Company entered into a placing letter with the placing agent of Wing Hing International (Holdings) Limited (stock code: 621) (the "Wing Hing") – a company incorporated in Bermuda with limited liability, the shares of which is listed on the main board of the Stock Exchange. The Company has agreed, as one of the subscribers, to subscribe in cash for the 1,600,000 subscription shares (the "Wing Hing Subscription") for a total subscription price of HK$2,288,000, i.e. HK$1.43 per new Wing Hing share.

The Wing Hing Subscription constituted a discloseable transaction on the part of the Company under the GEM Listing Rules.

The Wing Hing Subscription is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in the new Wing Hing shares.

The Wing Hing Subscription was completed on 14 August 2008.

Save as disclosed above, there was no other significant investment held by the Group as at 31 March 2009.)

Material acquisitions or disposals of subsidiaries and affiliated companies

On 30 April 2009, Star Fortune International Development Company Limited (the "SFID"), an indirect wholly-owned subsidiary of the Company, entered into a conditional disposal agreement (the "Disposal Agreement") with the purchaser, a wholly owned subsidiary of China Sonangol Resources Enterprise Limited (the "China Sonangol") (formerly known as "Artfield Group Limited") (a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1229)), for the disposal of the sale shares (the "Disposal"), representing 51% equity interests in SFII, (an indirect wholly-owned subsidiary of the Company, immediately before the completion of the Disposal and carry on as associate immediately after the Disposal), held by SFID for a total cash consideration of HK$100 million (subject to adjustment).

The Disposal Agreement was completed on 3 July 2009 (the "Completion"). Upon Completion, the Company is interested in only 49% equity interests in SFII , and therefore the SFII Group ceased to be subsidiaries of the Company and are accounted for as the associates of the Company.

On 7 July 2009, Star Energy International Investment Company Limited, an indirect wholly owned subsidiary of the Company, entered into a provisional sale and purchase agreement with Ming Kei Properties Investment Limited (the "Ming Kei Properties"), a connected person, of which 51% of the shareholding of Ming Kei Properties is beneficially owned by Mr. Wong Wai Sing, a substantial shareholder and a non-executive Director and the remaining 49% of the shareholding of Ming Kei Properties is beneficially owned by Mr. Wong Wai Ngok, the elder brother of Mr. Wong Wai Sing in relation to the acquisition (the "Acquisition") of a property, a flat in Block 5 Sorrento, 1 Austin Road West, Kowloon for a total cash consideration of HK$8,300,000.

The Acquisition was completed on 7 August 2009.

On 16 July 2009, Star Trading International Investment Company Limited (the "Star Trading"), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Best Rise Asia Limited (the "Best Rise"), a connected person, of which is wholly and beneficially owned by Mr. Wong Wai Sing, and Mr. Poon Chi Ho (the "Mr. Poon") (collectively referred to as the "Vendors"). Pursuant to the sale and purchase agreement, the vendors agreed to sell, and Star Trading, as purchaser, agreed to purchase: (i) the entire issued share capital of HongKong Talent Holdings Limited (the "Target"), which is a company incorporated in Hong Kong with limited liability, the shares of which is owned as to 90% by Mr. Poon and 10% by Best Rise respectively and (ii) the sale loan of an outstanding shareholder's advance in an aggregate amount of approximately HK$14.5 million owed by the Target and its subsidiaries to one of the Vendors, Mr. Poon, which is unsecured, interest free and has no fixed terms of repayment for a total consideration of HK$18,000,000 which shall be settled by Star Trading in cash.

The principal asset of the Target is its interest in its subsidiary in the PRC and 100% indirect attributable interests in a commercial property located at Room A, Floor 13, Noble Center, Fuzhong San Road, Futian District, Shenzhen, the PRC, with a total gross floor area of approximately 321.35 square metres.

The acquisition of the Target was completed on 31 August 2009.

Save as disclosed above, there was no other material acquisitions or disposals of subsidiaries and affiliated companies held by the Group as at 31 March 2010.

(2009: On 8 July 2008, the Company entered into a disposal agreement (the "Logistics Disposal") for the disposal of the entire equity interests in Precious Logistics Limited (the "Precious Logistics") for an aggregate cash consideration of HK$1,500,000.

The Logistics Disposal constitutes a major transaction on the part of the Company under the GEM Listing Rules and is subject to the shareholders' approval at an extraordinary general meeting of the Company. The respective resolutions were passed by the shareholders on 29 August 2008 and the Logistics Disposal was completed on 3 September 2008.

After the completion of the Logistics Disposal, Precious Logistics and its subsidiaries ceased to be subsidiaries of the Company and the Company will no longer have any interests in the Precious Logistics and its subsidiaries engaged in the logistics business.

Save as disclosed above, there was no other material acquisitions or disposals of subsidiaries and affiliated companies held by the Group as at 31 March 2009.)

Proposed Acquisition

There was no proposed acquisition held by the Group as at 31 March 2010.

(2009: On 18 July 2008, the Company's indirect wholly owned subsidiary – Star Energy International Investment Company Limited (the "Star Energy") entered into a non-legal binding memorandum of understanding (the "MOU") with independent third parties (the "Independent Vendors") in relation to the possible acquisition of the entire equity interest of a company incorporated in the British Virgin Islands (the "BVI Company").

The BVI Company owned 99% of a company incorporated in the PRC (the "PRC Company"). The PRC Company is a company engaged in coal mining and sales of coal, which has been granted a mining exploitation permit issued by the Department of Land and Resources of Guizhou Province (貴州國土資源廳), and such mining exploitation permit is valid until June 2018. A refundable deposit (the "Deposit") of HK$21,500,000 was paid by the Star Energy to the Independent Vendors upon the signing of the MOU. In return for the payment of the Deposit by Star Energy, the Independent Vendors pledged all their interests in the entire issued shares of the BVI Company to the Star Energy as security. If no legal binding formal agreement has been entered into on or before 13 July 2009, the Independent Vendors shall return the Deposit without any accrued interest to Star Energy within three business days.

Details of the MOU have been set out in the announcements of the Company dated 18 July 2008 and 14 January 2009 and 4 June 2009 respectively.

Saved as disclosed above, there were no other proposed acquisition during the year ended 31 March 2009 held by the Group.)

Proposed Disposal

There was no proposed disposal held by the Group as at 31 March 2010.

(2009: On 30 April 2009, the SFID entered into the Disposal Agreement, among others, with the Lasting Power Investments Limited, a wholly-owned subsidiary of the China Sonangol for the disposal of the sale shares, representing 51% equity interests in the SFII for a total consideration of HK$100,000,000 in cash.

Details of the Disposal Agreement have been set out in the announcement of the Company dated 7 May 2009 and circular of the Company dated 12 June 2009 respectively.

Save as disclosed above, there were no other proposed disposal during the year ended 31 March 2009 held by the Group.)

Segment information

The Group's operating segments are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(a) The mining segment comprised the mining, exploration and sale of coal. On 3 July 2009, the Group disposed of 51% equity interests in SFII. As a result of the Disposal, the SFII Group became 49% owned associates of the Group as further detailed in Note 18(i);

(b) The trading segment comprised the business of general trading;

(c) The property investment segment comprised investment in various properties for rental income purposes; and

(d) The logistics segment comprised the provision of logistic services which was disposed of during the prior year. Accordingly, the logistics segment was classified as a discontinued operation for the year ended 31 March 2009. The disposal was further detailed in Note 8.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

In determing the Group's geographical segments, revenue and specified non-current assets are based on the location in which the customer is located.

Employee information

As at 31 March 2010, the Group employed a total of 27 employees (2009: 135). The tremendous decreased of the numbers of employees were due to the completion of the Disposal. The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. Year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees in HK. Social insurance contributions were made by the Group for its employees in the PRC in accordance with the relevant PRC regulations.

The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute. The Group also operates a share option scheme (the "Scheme") where share options to subscribe for shares of the Company may be granted to the eligible participants of the Group. Share options have been granted to the eligible participants under the Scheme during the current year ended under reviewed.

Staff costs, excluding Directors' remuneration, increased by approximately 15.67% to approximately HK$8.86 million (2009: approximately HK$7.66 million).

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2009 and 2010 respectively.

Commitments

Operating lease commitments:

The Group leases its office premises under operating lease arrangements, with leases negotiated for terms of three years. None of the leases includes contingent rentals.

As at 31 March 2010, the Group had commitment for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2010 **HK$'000**	2009 HK$'000
Within one year	**2,145**	2,714
In the second to fifth year inclusive	**3,900**	–
	6,045	2,714

The operating leases relate to office premises for terms of three years to year 2012.

Continuing Disclosure Under Rules 17.22 and 17.24 of the GEM Listing Rules

The following summarised the audited consolidated statement of financial position as at 31 March 2010 of the SFII Group, associates of the Group, of which the Group has an equity interests of 49%, as required therein under rules 17.22 and 17.24 of GEM Listing Rules:

	2010 **HK$'000**
Non-current assets	**147,815**
Current assets	**90,244**
Due from the Group	**81**
Current liabilities	**(32,968)**
Non-current liabilities	**(30,882)**
Loan from the Group	**(28,500)**
Net assets	**145,790**

Immediately upon completion of the Disposal of the SFII Group, SFID (the "Vendor S"), the SFII and the Company entered into a loan facilities agreement (the "Loan Facilities Agreement"), pursuant to which the Vendor S agreed to provide an unsecured loan facilities to the SFII in the maximum amount of HK$28,500,000 (equivalent to approximately RMB25,000,000) (the "Facilities") for the daily operation of the SFII Group.

As the amount of the Facilities exceeds 8% of the total assets of the Company, the Company is required to disclose certain details and information on the Facilities pursuant to the GEM Listing Rules 17.15 and 17.18.

Immediately before Completion, the Vendor S has advanced and paid the entire amount of the Facilities (the "Loan") to the designated account of the SFII Group. The Facilities bear an interest rate of 1.5% per annum. The maturity date of such Facilities shall fall on the date falling six (6) months after the date of the Loan Facilities Agreement (the "Maturity Date 1") and shall be subject to the negotiation and agreement by the Vendor S, the SFII and the Company and the internal cash flow of the SFII Group to renew the Facilities or any part thereof (as the case may be) for further consecutive six (6) months period, and the maturity date of the Facilities shall therefore be extended for such further six (6) months period. The Loan was renewed for further consecutive six (6) months period (the "Maturity Date 2") upon the Maturity Date 1.

Pursuant to the Loan Facilities Agreement, the SFII shall repay the Loan in full on the Maturity Date 2, with a condition that the Vendor S and the SFII may agree the whole or any part of the Loan and all interest accrued thereon under the Loan Facilities Agreement to be repaid before the Maturity Date 2. Unless and until the Loan has been repaid in full, there shall be no distribution of profits or assets of any kind (including but not limited to dividend payment) by the SFII.

Further, the SFII may prepay to the Vendor S in full or in part of the Loan before the Maturity Date 2 provided that 5 days notice before the repayment has been given to the Vendor S and the SFII shall at the same time pay to the Vendor S all accrued interest up to the date of prepayment. The amount prepaid shall be available for re-borrowing and drawing of the prepaid amount shall be subject to all clauses under the Loan Facilities Agreement.

The Facilities are funded by internal resources of the Group.

As at 31 March 2010 and the date of this report, the SFII Group has no banking facilities which are guaranteed by the Company.

PROSPECTS AND APPRECIATION

For the year ended 31 March 2010, the Group achieved revenue of approximately HK$78.56 million (2009: approximately HK$127.70 million) for the continuing operations of coal mining (51% equity interests of the mining segments were disposed on 3 July 2009) and new business of property investment and general trading respectively, representing a decreased by approximately HK$49.14 million or 38.48% over the corresponding prior year ended. The decrement was mostly contributed by the record of no revenue from the mining segment as a result of the Disposal.

On 30 April 2009, Star Fortune International Development Company Limited (the "SFID"), an indirect wholly-owned subsidiary of the Company, entered into a conditional disposal agreement (the "Disposal Agreement") with the purchaser, a wholly owned subsidiary of China Sonangol for the Disposal, held by SFID for a total cash consideration (the "Cash Consideration") of HK$100 million (subject to adjustment).

The Disposal Agreement was completed on 3 July 2009 (the "Completion"). Upon Completion, the Company is interested in only 49% equity interests in SFII , and therefore the SFII Group ceased to be subsidiaries of the Company and are accounted for as the associates of the Company and the remaining of the partial Cash Consideration which amounted to HK$18 million was received on 3 February 2010 in related to the completion of the profit guarantee as stated on the Disposal Agreement.

In view of the ongoing effects of the global financial tsunami and the spreading of the credit crunch in the Europe, the prospects of the coal market will continue to be affected and the business in coal mining will continue to be difficulty and challenging. Pursuant to a management review of the business environment and the comparative landscape for the Group's mining business, taking into account the limited prospects, the residual 49% equity interests in the SFII held by the Group will be disposed (the "Aggregate Disposal") to the subsidiary of China Sonangol for the consideration of HK$50 million in cash. Reference is made to the announcement of the Company dated 24 May 2010 in respect of the suspension of trading in shares of the Company on the Stock Exchange pending the publication of an announcement in relation to, among other things, disposal of the 49% equity interest in SFII, which constitutes a very substantial disposal of the Company (the "Transaction").

As at the date of this announcement, the Company was in the process of preparing the announcement in relation to the Transaction and the Directors consider that additional time is required for such purposes. An announcement setting out, amongst other things, details of the Transaction will be published as and when appropriate. Suspension of trading in shares of the Company will remain until publication of the announcement in relation to the Transaction.

Subsequent to the Completion, the Company is also engaged in investment holding and property investment in HK and the PRC respectively. On 3 July 2009, Shenzhen Star Investment Consultancy Limited, an indirect wholly-owned subsidiary of the Company, entered into a tenancy agreement for leasing its property to one of the Company's associate for an annual rental of HK$980,000.

On 7 July 2009, Star Energy International Investment Company Limited, an indirect wholly owned subsidiary of the Company, entered into a provisional sale and purchase agreement with Ming Kei Properties Investment Limited (the "Ming Kei Properties"), a connected person, of which 51% of the shareholding of Ming Kei Properties is beneficially owned by Mr. Wong Wai Sing, a substantial shareholder and a non-executive Director and the remaining 49% of the shareholding of Ming Kei Properties is beneficially owned by Mr. Wong Wai Ngok, the elder brother of Mr. Wong Wai Sing in relation to the acquisition (the "Acquisition") of a property, a flat in Block 5 Sorrento, 1 Austin Road West, Kowloon for a total cash consideration of HK$8,300,000.

The Acquisition will provide a good opportunity for the Group to expand its investment in the property market in HK.

The Acquisition was completed on 7 August 2009 and the Acquisition's property was leased out shortly after the completion of the Acquisition, which will provide a stable source of rental income to the Group.

Further, the rising trend of the property market in HK and the PRC has been slowed down and price of the properties in HK and the PRC has been adjusted downward recently due to the regulations and policies imposed by HK and the PRC government towards the property market. The Directors will continue to explore opportunities to invest in good quality properties in both HK and the PRC to strengthen its property investment business and the investment properties hold by the Group will continue provide a stable source of rental income to the Group and the potential possible of the appreciation of the properties, the future prospect of the property marketing in HK and PRC is promising.

On 16 July 2009, Star Trading International Investment Company Limited (the "Star Trading"), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Best Rise Asia Limited (the "Best Rise"), a connected person, of which is wholly and beneficially owned by Mr. Wong Wai Sing, and Mr. Poon Chi Ho (the "Mr. Poon") (collectively referred to as the "Vendors"). Pursuant to the sale and purchase agreement, the Vendors agreed to sell, and Star Trading, as purchaser, has agreed to purchase: (i) the entire issued share capital of HongKong Talent Holdings Limited (the "Target"), which is a company incorporated in Hong Kong with limited liability, the shares of which is owned as to 90% by Mr. Poon and 10% by Best Rise respectively and (ii) the sale loan of which an outstanding shareholder's advance in an aggregate amount of approximately HK$14.5 million owed by the Target and its subsidiaries to one of the Vendors, Mr. Poon, which is unsecured, interest free and has no fixed terms of repayment for a total consideration of HK$18,000,000 which shall be settled by Star Trading in cash.

The principal asset of the Target is its interest in its subsidiary in the PRC and 100% indirect attributable interests in a commercial property located at Room A, Floor 13, Noble Center, Fuzhong San Road, Futian District, Shenzhen, the PRC, with a total gross floor area of approximately 321.35 square metres.

The acquisition of the Target was completed on 31 August 2009.

Despite of the net loss of the Group for the year ended 31 March 2010, the Board considers that the Group's overall financial positions are healthy and the Board remains positive on the prospects of the Group. Notwithstanding the foregoing, as at 31 March 2010, the Board confirms that the Group makes no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedgings or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the counter contingent forward transactions. The Board would like to emphasize that the Group's financial positions remain stable and has sufficient cash resources to meet its present and future cash flow requirements.

In related to the Group's general trading businesses, started on October 2009, the Group has entered into three letters of intent with one new and two different existing customers respectively (collectively referred to as the "Trading Customers") for long term acquisition contracts with the aggregate amount of RMB28 million starting from the period of 1 July 2010 to 30 June 2011 for different electronic appliances. As some of the Trading Customers' customers are state owned enterprises in the PRC, the secure of the long terms acquisition contracts will strengthen the stability of the trading business of the Company. Powered by the continuous growth in domestic demand and continuous input in infrastructure and construction projects in the PRC, the selected products under the trading business enjoys ample opportunities.

In addition, as announced by the PRC government for the strategies in boosting up internal customers' demand and encouraging of domestic consuming spending, the Directors is optimistic about the prospect of the trading business and expect that the expansion of the trading business will contribute more revenue stream to the Company in the near future for the benefit of the shareholders and the Company. In the future, the Company will further negotiate for cooperative business opportunities with different customers and/or suppliers for source of products which are supported by the government policy or are with potential possible market.

As the consideration for the Disposal and the Aggregate Disposal is all cash in nature, the Disposal and the Aggregate Disposal provides a good opportunity for the Company to realize part of the investment and enhance the cash resources of the Group for possible future investments outside the coal mining, property investment and general trading sectors or other sector(s) with growth potential respectively including those sectors which the Directors believe are less affected by the global downturn to improve its standard performance and to improve shareholders' returns.

Hence, on 2 November 2009, Star Enterprise Investment Company Limited (the "Star Enterprise"), entered into the subscription documents (the "Subscription") pursuant to which Proteus Growth Fund Ltd., as issuer, agreed to allot and issue, and Star Enterprise, as subscriber, agreed to subscribe for 12,830 (subsequently adjusted to 12,913) Class A shares for a subscription price of USD1,283,000 (equivalent to approximately HK$10,007,000) which was settled in cash and funded by the internal resources of the Group.

The Group considers that the Subscription provides (i) an opportunity to enjoy any potential capital gain in the value of the Subscription; and (ii) a good investment channel for the Group, which is in the interests of the shareholders and the Company as a whole.

On 29 December 2009, the Company as an issuer entered into three conditional warrant placing agreements (the "Placing") with the subscribers and the guarantors in relation to a private placing of an aggregate of 10,560,000 warrants to the subscribers, at the warrant issue price of HK$0.19.

The warrants entitled the subscribers to subscribe for the new shares at the subscription price of HK$1.31 per new share for a period of 18 months commencing from the date of issue of the warrants. Each warrant carried the right to subscribe for one new share.

The Directors are of the view that additional funding will strengthen the financial position of the Group for any future investment and development, which will be beneficial and in the interest of the Group and the shareholders as a whole. The Board considered that the present warrant placing is appropriate as (i) it does not have any immediate dilution effect on the shareholding of the existing shareholders of the Company while capital will be raised upon completion; (ii) non-interest bearing nature of warrants; and (iii) favorable market sentiment for equity fund raising. In addition, further capital will be raised upon the exercise of the subscription rights attaching to the warrants by the holder of the warrants during the subscription period.

The Placing was completed on 15 January 2010 and the entire unlisted warrants were exercised by the Placing's subscribers during the year under reviewed.

The Board will constantly keep reviewing the Group's strategies and operations with a view to improve its business performance and Company's shareholders' return.

CHANGE OF THE COMPANY NAME

Pursuant to a special resolution in relation to the proposed change of company name at the extraordinary general meeting held on 29 October 2009 and was approved by the Registrar of Companies in the Cayman Islands and Hong Kong on 2 November 2009 and on 18 November 2009 respectively, the Company's name was changed from the Ming Kei Energy Holdings Limited (Chinese translation being 明基能源控股有限公司, for identification purpose only) to Ming Kei Holdings Limited (Chinese translation being 明基控股有限公司, for identification purpose only).

CHANGE OF DOMICILE

The domicile of the Company changed from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company with limited liability under the laws of Bermuda, and to adopt a new memorandum of continuance and the Bye-laws in compliance with Bermuda law to replace the existing memorandum and articles of association of the Company following the passing of a special resolution at the Company's extraordinary general meeting held on 29 October 2009.

The change of domicile came into effective on 30 November 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year under review (2009: HK$Nil).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code"). During the year ended 31 March 2010, the Company had made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard set out in the Code.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to promoting high standards of corporate governance. The Board of Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

During the year ended 31 March 2010, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules of the Stock Exchange, save and except for the following:

1. A.4.1 of the CG Code requires that all non-executive director should be appointed for a specifics term, subject to re-election. Currently, the non-executive Director and all independent non-executive Directors are not appointed for a specific term. They are, however, subject to the retirement by rotation and re-election of Directors in the Bye-laws of the Company. Since their appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code; and

2. A.4.4 of the CG Code requires Company should establish a nomination committee at which the majority of the members of the nomination committee should be the independent non-executive directors. Currently, no nomination committee was established by the Company. The Company is in the progress of forming a nomination committee which is expected to be established in accordance with the GEM Listing Rules as and when appropriate.

DIRECTORS' INTERESTS IN CONTRACTS

No director of the Company had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during or at the ended of the year.

DIRECTORS' INTEREST IN COMPETING INTERESTS

Up to the date of this announcement, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under reviewed.

AUDIT COMMITTEE

The Company established an audit committee on 26 October 2002 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. As of the date of this announcement, the audit committee comprises of three members, Mr. Sung Wai Tak, Herman, Mr. Kinley Lincoln James Lloyd and Mr. Kwok Kam Tim respectively, all are independent non-executive Directors. The audit committee held four meetings during the year. The Group's audited results for the year ended 31 March 2010 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made. The chairman of the audit committee is Mr. Kwok Kam Tim.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2010 have been agreed by the Group's auditors, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

REMUNERATION COMMITTEE

A remuneration committee was set up on 20 March 2006 with written terms of reference to oversee the remuneration policy and structure for all Directors and senior management. As of the date of this announcement, the remuneration committee comprised four members, namely Mr. Tsang Ho Ka, Eugene, an executive Director and Mr. Sung Wai Tak, Herman, Mr. Kinley Lincoln James Lloyd and Mr. Kwok Kam Tim respectively all being independent non-executive Directors. The role and function of the remuneration committee include the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors. The chairman of the remuneration committee is Mr. Tsang Ho Ka, Eugene.

MATERIAL SUBSEQUENT EVENTS

Reference is made to the announcement of the Company dated 24 May 2010 in respect of the suspension of trading in shares of the Company on the Stock Exchange pending the publication of an announcement in relation to, among other things, disposal of the 49% equity interests in SFII, which constitutes a very substantial disposal of the Company (the "Transaction").

As at the date of this announcement, the Company was in the process of preparing the announcement in relation to the Transaction and the Directors consider that additional time is required for such purposes. An announcement setting out, amongst other things, details of the Transaction will be published as and when appropriate. Suspension of trading in shares of the Company will remain until publication of the announcement in relation to the Transaction.

By order of the Board
Ming Kei Holdings Limited
Mr. Wong Wai Sing
Chairman

Hong Kong, 18 June 2010

As at the date of this announcement, the executive Directors are Ms. Yick Mi Ching Dawnibilly and Mr. Tsang Ho Ka, Eugene, the non-executive Director is Mr. Wong Wai Sing and the independent non-executive Directors are Mr. Sung Wai Tak, Herman, Mr. Kwok Kam Tim and Mr. Kinley Lincoln James Lloyd.

This announcement, 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement in this announcement misleading.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the Company's website at www.mingkeiholdings.com.