Ming Kei Holdings Limited
明基控股有限公司 *

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8239)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

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.

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 2011, together with the comparative figures for the year ended 31 March 2010, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Notes	**2011** **HK$'000**	2010 *HK$'000* *(Restated)*
Continuing operations			
Turnover	*4*	**76,981**	15,096
Cost of sales		**(71,759)**	(13,727)
Direct operating expenses		**(261)**	(189)
Gross profit		**4,961**	1,180
Other gains and losses, net	*4*	**(33,763)**	(3,285)
Selling and distribution costs		**(325)**	—
Administrative and other expenses		**(57,281)**	(36,950)
Finance costs	*5*	**(150)**	(4,465)
Loss before income tax from continuing operations		**(86,558)**	(43,520)
Income tax	*7*	**1,040**	(103)
Loss for the year from continuing operations		**(85,518)**	(43,623)
Discontinued operation			
Loss for the year from discontinued operation	*8*	**(21,072)**	(27,456)
Loss for the year	*6*	**(106,590)**	(71,079)
Attributable to:			
Owners of the Company		**(106,038)**	(71,079)
Non-controlling interest		**(552)**	—
		(106,590)	(71,079)
Dividend		**—**	—

	Notes	**2011** *HK$'000*	2010 *HK$'000* *(Restated)*
Loss per share attributable to owners of the Company	*9*		
From continuing and discontinued operations			
— Basic (Hong Kong dollar)		**(0.65)**	(0.67)
— Diluted (Hong Kong dollar)		**(0.65)**	(0.67)
From continuing operations			
— Basic (Hong Kong dollar)		**(0.52)**	(0.41)
— Diluted (Hong Kong dollar)		**(0.52)**	(0.41)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011	2010
	HK$'000	*HK$'000*
Loss for the year	**(106,590)**	(71,079)
Other comprehensive income for the year, net of tax:		
— Change in fair value of available-for-sale financial assets	**448**	1,429
— Reclassification adjustment of fair value gain included in profit or loss on redemption/disposal of available-for-sale financial assets	**(780)**	(25)
— Exchange differences on translation of financial statements of overseas subsidiaries	**1,811**	333
— Reclassification adjustment of exchange reserve on disposal of interests in overseas subsidiaries	**—**	(8,524)
— Exchange differences on translation of financial statements of overseas associates	**471**	(1,443)
— Reclassification adjustment of exchange reserves on disposal of interests in overseas associates	**(7,218)**	—
Total comprehensive income for the year	**(111,858)**	(79,309)
Attributable to:		
Owners of the Company	**(111,306)**	(79,309)
Non-controlling interest	**(552)**	—
	(111,858)	(79,309)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**17,282**	19,178
Investment properties	10	**22,004**	23,136
Intangible assets	12	**51,085**	—
Interests in associates		**—**	71,437
Deposit and direct cost paid for possible acquisition of subsidiaries	13	**4,009**	—
Available-for-sale financial asset		**—**	10,560
		94,380	124,311
Current assets			
Trade receivables	14	**33,724**	4,880
Refundable deposit		**19,448**	—
Prepayments, deposits and other receivables		**6,269**	6,184
Escrow money receivable		**—**	10,000
Loan to an associate		**—**	28,500
Cash and cash equivalents		**18,032**	33,277
		77,473	82,841
Current liabilities			
Trade payables	15	**30,106**	—
Accrued expenses and other payables		**2,251**	3,683
Amount due to an associate		**—**	81
Promissory note	16	**3,650**	—
Tax payables		**432**	—
		36,439	3,764
Net current assets		**41,034**	79,077
Total assets less current liabilities		**135,414**	203,388
Non-current liabilities			
Convertible bonds		**—**	2,834
Deferred tax liabilities		**8,429**	—
		8,429	2,834
Net assets		**126,985**	200,554

	Notes	**2011** *HK$'000*	2010 *HK$'000*
CAPITAL AND RESERVES			
Issued capital	*17*	**1,688**	664
Reserves		**120,739**	199,890
Equity attributable to owners of the Company		**122,427**	200,554
Non-controlling interest		**4,558**	—
Total equity		**126,985**	200,554

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	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$'000*	Attributable to owners of the Company *HK$'000*	Non-controlling interest *HK$'000*	Total *HK$'000*
Balance at 1 April 2009	26,400	841,530	—	53,659	4,856	—	15,360	—	(1,072)	16,439	(772,920)	184,252	—	184,252
Loss for the year	—	—	—	—	—	—	—	—	—	—	(71,079)	(71,079)	—	(71,079)
Other comprehensive income for the year	—	—	—	—	—	—	—	—	1,404	(9,634)	—	(8,230)	—	(8,230)
Total comprehensive income for the year	—	—	—	—	—	—	—	—	1,404	(9,634)	(71,079)	(79,309)	—	(79,309)
Capital reorganisation	(25,872)	(841,530)	131,109	—	—	—	(15,360)	—	—	—	751,653	—	—	—
Issue of convertible bonds	—	—	—	—	—	—	—	5,859	—	—	—	5,859	—	5,859
Issue of new shares on conversion of convertible bonds	96	15,904	—	—	—	—	—	(4,687)	—	—	—	11,313	—	11,313
Recognition of share-based payments, net of issuing expenses	—	—	—	—	—	—	2,294	—	—	—	—	2,294	—	2,294
Exercise of share options	40	9,530	—	—	—	—	(2,294)	—	—	—	—	7,276	—	7,276
Appropriations	—	—	—	—	6,170	—	—	—	—	—	(6,170)	—	—	—
Issue of warrants	—	—	—	—	—	1,734	—	—	—	—	—	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	—	—	—	(2,810)	—	—	—	—	—	—	—	(2,810)	—	(2,810)
Gain on partial waiver of promissory note by an equity participant	—	—	—	69,945	—	—	—	—	—	—	—	69,945	—	69,945
Balance at 31 March 2010 and 1 April 2010	664	25,434	131,109	120,794	6,356	1,734	—	1,172	332	6,805	(93,846)	200,554	—	200,554
Loss for the year	—	—	—	—	—	—	—	—	—	—	(106,038)	(106,038)	(552)	(106,590)
Other comprehensive income for the year	—	—	—	—	—	—	—	—	(332)	(4,936)	—	(5,268)	—	(5,268)
Total comprehensive income for the year	—	—	—	—	—	—	—	—	(332)	(4,936)	(106,038)	(111,306)	(552)	(111,858)
Issue of new shares on conversion of convertible bonds	24	3,997	—	—	—	—	—	(1,172)	—	—	—	2,849	—	2,849
Recognition of share-based payments, net of issuing expenses	—	—	—	—	—	—	8,969	—	—	—	—	8,969	—	8,969
Issue of warrants	—	—	—	—	—	3,246	—	—	—	—	—	3,246	—	3,246
Issue of new shares on exercise of warrants	156	21,095	—	—	—	(2,816)	—	—	—	—	—	18,435	—	18,435
Bonus issue	844	(1,164)	—	—	—	—	—	—	—	—	—	(320)	—	(320)
Transfer upon disposal of associates	—	—	—	—	(6,356)	—	—	—	—	—	6,356	—	—	—
Non-controlling interest arising on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	5,110	5,110
Balance at 31 March 2011	**1,688**	**49,362**	**131,109**	**120,794**	**—**	**2,164**	**8,969**	**—**	**—**	**1,869**	**(193,528)**	**122,427**	**4,558**	**126,985**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Loss before income tax from continuing and discontinued operations		**(107,630)**	(69,227)
Adjustments for:			
Impairment loss on goodwill	11	**24,425**	—
Impairment loss on intangible assets	12	**8,915**	—
Impairment loss on property, plant and equipment		**—**	1,127
Loss on disposal of property, plant and equipment		**72**	—
Gain on redemption/disposal of available-for-sale financial assets	4	**(780)**	(25)
Depreciation	6	**3,974**	3,363
Amortisation of intangible assets		**—**	2,243
Fair value loss on investment properties	10	**1,703**	3,356
Loss on disposal of subsidiaries		**—**	6,883
Loss on disposal of associates	8	**20,211**	—
Share-based payments	6	**9,162**	2,294
Share of results of associates	8	**861**	23,364
Interest income	4	**(281)**	(289)
Finance costs	5	**150**	4,516
		(39,218)	(22,395)
Increase in inventories		**—**	(20,803)
Increase in trade receivables		**(28,844)**	(16,555)
Increase in refundable deposit		**(7,022)**	—
(Increase)/decrease in prepayments, deposits and other receivables		**(85)**	12,626
Increase in trade payables		**30,106**	13,945
Decrease in accrued expenses and other payables		**(1,432)**	(871)
(Decrease)/increase in amount due to an associate		**(81)**	81
Decrease in amount due to a non-controlling equity holder of a subsidiary		**(13,106)**	—
Cash used in operations		**(59,682)**	(33,972)
Interest received	4	**281**	289
Tax paid		**—**	(1,712)
Interest paid		**—**	(51)
Net cash used in operating activities		**(59,401)**	(35,446)

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from investing activities			
Acquisition of subsidiaries		**(65,220)**	(18,583)
Escrow money received		**10,000**	—
Repayment of loan from an associate		**28,500**	—
Disposal of subsidiaries		**—**	42,304
Disposal of associates		**43,618**	—
Purchase of an investment property		**—**	(9,104)
Purchases of property, plant and equipment		**(1,960)**	(2,483)
Proceeds from disposal of property, plant and equipment		**563**	—
Proceeds from disposal of available-for-sale financial assets		**11,008**	2,557
Investment in available-for-sale financial assets		**—**	(10,228)
Deposit and direct cost (paid for)/refunded from possible acquisition of subsidiaries	13	**(4,009)**	21,500
Net cash generated from investing activities		**22,500**	25,963
Cash flows from financing activities			
Proceeds from issue of shares on exercise of shares options		**—**	7,276
Proceeds from issue of shares on exercise of warrants		**18,435**	—
Proceeds from issue of warrants		**3,246**	1,734
Direct cost on modification and early redemption of promissory note		**—**	(517)
Direct costs on bonus issue		**(320)**	—
Direct costs on issue of share options		**(193)**	—
Repayment of principal of promissory notes		**—**	(20,000)
Net cash generated from/(used in) financing activities		**21,168**	(11,507)
Net decrease in cash and cash equivalents		**(15,733)**	(20,990)
Cash and cash equivalents at beginning of year		**33,277**	54,176
Effect of foreign exchange rate, net		**488**	91
Cash and cash equivalents at end of year		**18,032**	33,277
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents		**18,032**	33,277

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 Company principally engaged in investment holding and its subsidiaries (collectively referred to as the "Group") are principally engaged in property investment in Hong Kong and the People's Republic of China (the "PRC"), business of general trading in the PRC and business of coal trading between the PRC and Indonesia respectively. Its associates are principally engaged in mining, exploration and sale of coal.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 April 2010

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements — Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new/revised standards and interpretations has no significant impact on the Group's financial statements.

HKFRS 3 (Revised) — Business Combinations and HKAS 27 (Revised) — Consolidated and Separate Financial Statements

The revised accounting policies are described in the financial statements, which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The Group has accounted for the acquisition of equity interests in China Indonesia Friendship Coal Trading Company Limited ("CIFC", together with its 90%-owned subsidiary are collectively referred to as the "CIFC Group") according to the revised standard, details of which are set out in Note 18.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, and accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

(b) New/revised HKFRSs that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's operations, have been issued, but are not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1&2]
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement[2]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
Amendments to HKFRS 7	Disclosure — Transfers of Financial Assets[3]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[4]
HKFRS 9	Financial Instruments[5]

[1] *Effective for annual periods beginning on or after 1 July 2010*
[2] *Effective for annual periods beginning on or after 1 January 2011*
[3] *Effective for annual periods beginning on or after 1 July 2011*
[4] *Effective for annual periods beginning on or after 1 January 2012*
[5] *Effective for annual periods beginning on or after 1 January 2013*

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments will be applied retrospectively.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. 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 coal trading segment comprised the business of coal trading;

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

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

(d) The mining segment comprised the mining, exploration and sale of coal in the PRC and the operation was disposed of by the Group in the current year. Accordingly, the mining segment was classified as a discontinued operation and the comparative figures of this segment were re-classified from a continuing operation to a discontinued operation during the current year, details of which are set out 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 determining the Group's geographical segments, revenues and results are based on the location in which the customer is located.

(i) Business segments

2011

	Continuing operations				Discontinued operation	
	Coal trading *HK$'000*	General trading *HK$'000*	Property investment *HK$'000*	Subtotal *HK$'000*	Mining *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE						
External sales and services	53,555	22,177	888	76,620	—	76,620
Inter-segment revenue	—	—	369	369	—	369
Reportable segment revenue	53,555	22,177	1,257	76,989	—	76,989
Reportable segment (loss)/profit	(31,033)	249	(4,152)	(34,936)	(21,072)	(56,008)
Interest income	—	8	4	12	—	12
Depreciation and amortisation charges	—	(3)	(247)	(250)	—	(250)
Share of results of associates	—	—	—	—	(861)	(861)
Loss on disposal of associates	—	—	—	—	(20,211)	(20,211)
Impairment loss on goodwill	(24,425)	—	—	(24,425)	—	(24,425)
Impairment loss on intangible assets	(8,915)	—	—	(8,915)	—	(8,915)
Fair value loss on investment properties	—	—	(1,703)	(1,703)	—	(1,703)
Income tax	1,090	—	(35)	1,055	—	1,055
Reportable segment assets	103,320	9,505	25,561	138,386	—	138,386
Additions to non-current assets	51,085	1	42	51,128	—	51,128
Reportable segment liabilities	42,899	2	440	43,341	—	43,341

2010

	Continuing operations			Discontinued operation	
	General trading *HK$'000*	Property investment *HK$'000*	Subtotal *HK$'000*	Mining *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE					
External sales and services	14,205	192	14,397	63,461	77,858
Inter-segment revenue	—	710	710	—	710
Reportable segment revenue	14,205	902	15,107	63,461	78,568
Reportable segment loss	(3,045)	(3,734)	(6,779)	(25,707)	(32,486)
Interest income	2	—	2	244	246
Depreciation and amortisation charges	1	—	1	2,910	2,911
Finance costs	—	—	—	(51)	(51)
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)	—	(3,356)
Income tax	—	—	—	(1,749)	(1,749)
Reportable segment assets	8,952	25,611	34,563	109,937	144,500
Additions to non-current assets	13	9,104	9,117	2,403	11,520
Reportable segment liabilities	6	184	190	81	271

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities:

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**76,989**	78,568
Elimination of inter-segment revenue	**(8)**	(11)
Consolidated revenue from continuing and discontinued operations	**76,981**	78,557

	2011	2010
	HK$'000	*HK$'000*
Loss before income tax from continuing operations		
Reportable segment loss	**(34,936)**	(6,779)
Interest income	**269**	43
Gain on redemption/disposal of available-for-sale financial assets	**780**	25
Unallocated corporate expenses	**(52,521)**	(32,344)
Finance costs	**(150)**	(4,465)
Consolidated loss before income tax from continuing operations	**(86,558)**	(43,520)

	2011	2010
	HK$'000	*HK$'000*
Total assets		
Reportable segment assets	**138,386**	144,500
Non-current financial assets	**—**	10,560
Unallocated corporate assets	**33,467**	52,092
Consolidated total assets	**171,853**	207,152

	2011	2010
	HK$'000	*HK$'000*
Total liabilities		
Reportable segment liabilities	**(43,341)**	(271)
Unallocated corporate liabilities	**(1,527)**	(6,327)
Consolidated total liabilities	**(44,868)**	(6,598)

(ii) Geographical 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 (the "Specified non-current assets"):

	Revenue from external customers		**Specified non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**53,855**	192	**67,569**	9,126
PRC	**23,126**	78,365	**26,811**	104,625
	76,981	78,557	**94,380**	113,751

(iii) Information about major customers

Revenue from two (2010: one) customers each contributed to more than 10% of the Group's revenue with amounts of HK$53,555,000 and HK$21,280,000, respectively, (2010: HK$16,116,000) for the year ended 31 March 2011, as included in the above disclosures for coal trading and general trading (2010: mining) segment revenue.

4. TURNOVER, OTHER GAINS AND LOSSES, NET

Turnover is the Group's revenue, which represents the invoiced value of goods sold and 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 gains and losses is as follows:

	Notes	**2011** **HK$'000**	2010 HK$'000
Continuing operations			
Turnover:			
Sale of goods		**75,732**	14,205
Rental income		**1,249**	891
		76,981	15,096
Other gains and (losses), net:			
Interest income		**281**	45
Gain on redemption/disposal of available-for-sale financial assets		**780**	25
Loss on disposal of property, plant and equipment		**(72)**	—
Sundry income		**291**	1
Impairment loss on goodwill	*11*	**(24,425)**	—
Impairment loss on intangible assets	*12*	**(8,915)**	—
Fair value loss on investment properties		**(1,703)**	(3,356)
		(33,763)	(3,285)
Discontinued operation			
Turnover:			
Sale of goods	*8*	**—**	63,461
Other gains and (losses), net:			
Interest income		**—**	244
Sundry income		**—**	54
Loss on disposal of subsidiaries		**—**	(6,883)
Loss on disposal of associates		**(20,211)**	—
Impairment loss on property, plant and equipment		**—**	(1,127)
	8	**(20,211)**	(7,712)

5. FINANCE COSTS

Interest expense on the following borrowings, which are all wholly repayable within five years:

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Promissory notes *(Note 16)*	**135**	4,459
Convertible bonds	**15**	6
Total	**150**	4,465
Discontinued operation		
Trade financing *(Note 8)*	**—**	51

6. LOSS FOR THE YEAR

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

	2011	2010
	HK$'000	*HK$'000*
Cost of inventories sold	**71,759**	65,880
Auditors' remuneration	**630**	550
Direct operating expenses arising on rental-earning investment properties	**261**	189
Depreciation	**3,974**	3,363
Amortisation of intangible assets *(Note 12)**	**—**	2,243
Staff costs (excluding directors' remuneration)		
Salaries and wages	**5,464**	6,878
Pension scheme contributions	**180**	268
Share-based payments**	**—**	1,710
	5,644	8,856
Total share-based payments	**9,162**	2,294
Minimum lease payments under operating leases for land and buildings***	**2,340**	3,148

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

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

*** *Included in the balance as at 31 March 2011 is approximately HK$402,000 (2010: HK$412,000) in respect of rental expenses for a director's quarter. This balance has been included in the amount of directors' remuneration.*

7. INCOME TAX

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

	2011	2010
	HK$'000	*HK$'000*
Continuing operations:		
Current tax — Hong Kong		
Charge for the year	**416**	—
Deferred tax (credit)/charge	**(1,471)**	103
Current tax — PRC		
Charge for the year	**15**	—
	(1,040)	103
Discontinued operation *(Note 8)*:		
Current tax — PRC		
Charge for the year	**—**	2,263
Deferred tax credit	**—**	(514)
	—	1,749
	(1,040)	1,852

Provision for Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 March 2011. In the prior year, no provision for Hong Kong profits tax was made as the Group had no assessable profits for Hong Kong profits tax purposes in the prior year. 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.

The share of income tax attributable to the associates for the year ended 31 March 2011 amounting to HK$Nil (2010: HK$5,702,000) is included in "Share of results of associates" on the consolidated income statement, which were re-classified to discontinued operation as a result of the completion of the disposal of interests in associates during the current year, details of which are set out in Note 8.

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

	2011	2010
	HK$'000	*HK$'000*
Loss before income tax		
— from continuing operations	**(86,558)**	(43,520)
— from discontinued operation *(Note 8)*	**(21,072)**	(25,707)
	(107,630)	(69,227)
Tax calculated at the rate of 16.5% (2010: 16.5%)	**(17,759)**	(11,422)
Tax effect of tax rates of other jurisdictions	**(272)**	1,364
Profits exempted from income tax	**—**	(2,263)
Tax effect of income non-taxable for taxation purpose	**(46)**	(52)
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	**17,037**	10,370
Income tax (credit)/charge for the year	**(1,040)**	1,852

8. DISCONTINUED OPERATION

During the current and prior years, the Group was engaged in the operation of mining, sale and distribution of coals in the PRC through Star Fortune International Investment Company Limited (the "SFII") and its subsidiaries (collectively referred to as the "SFII Group").

During the prior year, the Group disposed of its 51% equity interests in the SFII Group, the then wholly-owned subsidiaries of the Group (the "Former Disposal"), for a total consideration of HK$100,000,000. Upon the completion of the Former Disposal on 3 July 2009, the Group's equity interests 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.

During the current year, the Group further disposed of its remaining 49% equity interests in the SFII Group for a total cash consideration of HK$50,000,000 (the "Aggregate Disposal"), details of which are set out in the Company's announcement and circular dated 16 August 2010 and 23 July 2010 respectively.

Upon the completion of the Aggregate Disposal on 16 August 2010, the Group's interests in the SFII Group have been derecognised from the financial statements of the Group and the operation of mining, sale and distribution of coals in the PRC was classified as a discontinued operation immediately.

The results of the discontinued operation for the current and prior years, which have been included in the profit or loss, were as follows:

	Notes	**2011** ***HK$'000***	2010 *HK$'000*
Turnover	*4*	**—**	63,461
Cost of inventories sold		**—**	(52,153)
Gross profit		**—**	11,308
Other gains and losses, net	*4*	**(20,211)**	(7,712)
Selling and distribution costs		**—**	(510)
Administrative and other expenses		**—**	(5,378)
Finance costs	*5*	**—**	(51)
Share of results of associates		**(861)**	(23,364)
Loss before income tax		**(21,072)**	(25,707)
Income tax	*7*	**—**	(1,749)
Loss for the year from discontinued operation		**(21,072)**	(27,456)

The cash flows of the discontinued operation were as follows:

	2011 ***HK$'000***	2010 *HK$'000*
Net cash used in operating activities	**—**	(29,446)
Net cash generated from investing activities	**43,618**	19,049
Effect of foreign exchange rate changes, net	**—**	116
Total net cash inflows/(outflows)	**43,618**	(10,281)

Basic loss per share for the discontinued operation for the current year is approximately HK$0.13 (2010: HK$0.26 (restated)) based on the loss for the current year from the discontinued operation of approximately HK$21,072,000 (2010: HK$27,456,000).

The denominators used are the same as those detailed in Note 9 for the basic loss per share for continuing operations attributable to owners of the Company.

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

Upon the completion of the Aggregate Disposal on 16 August 2010, the Group recognised a loss on disposal of associates amounting to approximately HK$20,211,000 included in the "Loss for the year from discontinued operation" on the consolidated income statement, which is calculated at the date of the Aggregate Disposal as follows:

	HK$'000
Interests in associates before the Aggregate Disposal	71,047
Reclassification adjustment of exchange reserve upon the Aggregate Disposal	(7,218)
Costs incurred directly attributable to the Aggregate Disposal	6,382
Loss on disposal of associates	(20,211)
Total consideration	50,000

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 bonus issue that took place during the year ended 31 March 2011 (Note 17(iii)). Basic and diluted loss per share amounts for the year ended 31 March 2010 are restated to take into effect the bonus issue 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 (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:

	2011	2010
	HK$'000	*HK$'000*
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculations	**(106,038)**	(71,079)

	Number of shares	
	2011	2010
	'000	*'000*
		(Restated)
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculations	**163,786**	106,551

(ii) From continuing operations

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

	2011	2010
	HK$'000	*HK$'000*
Loss		
Loss attributable to the owners of the Company from continuing operations, used in the basic and diluted loss per share calculations	**(84,966)**	(43,623)

	Number of shares	
	2011	2010
	'000	*'000*
		(Restated)
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculations	**163,786**	106,551

10. INVESTMENT PROPERTIES

	2011	2010
	HK$'000	*HK$'000*
Fair value:		
At beginning of year	**23,136**	—
Additions	**—**	9,104
Transferred from property, plant and equipment	**—**	17,373
Decrease in fair value recognised	**(1,703)**	(3,356)
Exchange realignments	**571**	15
At the end of the year	**22,004**	23,136

The Group's entire properties interest 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.

An analysis of the carrying amount of investment properties which includes land and buildings situated in Hong Kong and the PRC is as follows:

	2011	2010
	HK$'000	*HK$'000*
Located in Hong Kong, held under medium term lease	**10,600**	8,700
Located in the PRC, held under medium term lease	**11,404**	14,436
	22,004	23,136

The investment properties of the Group were revalued at 31 March 2011 at their open market value by reference to a valuation carried out on that date by Greater China Appraisal Limited (the "Greater China Appraisal"), an independent firm of professionally qualified valuers. A revaluation deficit was resulted and a fair value loss on investment properties of HK$1,703,000 (2010: HK$3,356,000) was charged to the profit or loss for the year ended 31 March 2011.

11. GOODWILL

	2011	2010
	HK$'000	*HK$'000*
At beginning of year:		
Cost	**—**	—
Acquisition of subsidiaries *(Note 18)*	**24,425**	—
Impairment loss	**(24,425)**	—
At end of year	**—**	—
At end of year:		
Cost	**24,425**	—
Accumulated impairment	**(24,425)**	—
Net carrying amount	**—**	—

Goodwill arising during the current year relates to the acquisition of equity interests in the CIFC Group.

Impairment testing of the coal trading cash generating units (the "Coal Trading CGU")

Goodwill acquired during the current year through business combination has been allocated to the Coal Trading CGU, which is a reportable segment, for impairment testing.

The recoverable amount of the Coal Trading CGU as at 31 March 2011 was assessed by the directors by reference to a professional valuation performed by Greater China Appraisal.

The recoverable amount of the Coal Trading CGU is determined based on a value-in-use calculation using a cash flow projection according to the financial budgets approved by management for the next 5 years and extrapolates cash flows beyond the 5 years with the key assumptions stated below:

Key assumptions used in the value-in-use calculation:

—	Growth in revenue year-on-year	No growth
—	Pre-tax discount rate	15.88% per annum
—	Budgeted gross margin	4.7%

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the Coal Trading CGU. The discount rate used reflects specific risks relating to the coal trading industry.

The Group is of the opinion, based on value-in-use calculation, that goodwill associated with the Coal Trading GCU is fully impaired as at 31 March 2011. In addition, the Group is of the opinion, based on value-in-use calculation, that the intangible assets representing the master framework purchase agreements (the "LOIs") of the Coal Trading CGU are partially impaired by HK$8,915,000 (Note 12) as compared with their recoverable amounts as at 31 March 2011. The above impairment losses are mainly attributable to the decrease in the estimated future profitability of the Coal Trading CGU and hence the recoverable amount of the Coal Trading CGU arising from the value-in-use calculation.

12. INTANGIBLE ASSETS

	The LOIs *(Note (a))* *HK$'000*	Exploration and evaluation assets *(Note (b))* *HK$'000*	Mining right *(Note (b))* *HK$'000*	Total *HK$'000*
The Group				
Cost:				
At 1 April 2009	—	1,183,457	289,231	1,472,688
Disposal of subsidiaries	—	(1,184,867)	(289,576)	(1,474,443)
Exchange realignments	—	1,410	345	1,755
At 31 March 2010	—	—	—	—
Acquisition of subsidiaries *(Note 18)*	60,000	—	—	60,000
At 31 March 2011	**60,000**	**—**	**—**	**60,000**
Accumulated amortisation and impairment losses:				
At 1 April 2009	—	1,058,918	226,385	1,285,303
Amortisation for the year *(Note 6)*	—	—	2,243	2,243
Disposal of subsidiaries	—	(1,060,179)	(228,941)	(1,289,120)
Exchange realignments	—	1,261	313	1,574
At 31 March 2010	—	—	—	—
Impairment loss *(Notes 4 & 11)*	8,915	—	—	8,915
At 31 March 2011	**8,915**	**—**	**—**	**8,915**
Carrying amount:				
At 31 March 2011	**51,085**	**—**	**—**	**51,085**
At 31 March 2010	—	—	—	—

Notes:

(a) The LOIs

The LOIs relates to the Coal Trading CGU and represented separate legally binding master framework purchase agreements entered into between the CIFC Group and a customer and a supplier, which were acquired as part of the Group's acquisition of the CIFC Group as set out in Note 18. The useful lives of the LOIs were estimated by the Group to be indefinite as the LOIs are renewed automatically and unconditionally at no additional cost.

The LOIs were tested for impairment as part of the impairment test on the Coal Trading CGU as at 31 March 2011 and an impairment loss on LOIs in the amount of approximately HK$8,915,000 was recognised in profit or loss for the current year, details of which are set out in Note 11.

(b) Exploration and evaluation assets and mining right

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

On 3 July 2009, the SFII Group (carrying on the mining business of the Group), the then subsidiaries of the Company, became associates of the Company as a result of the Former 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.

The amortisation charge for the mining right during the prior year was included in the Group's "cost of sales" in the consolidated income statement and re-classified to discontinued operation as a result of the Aggregate Disposal during the current year, details of which are set out in Note 8.

Details of the mining right and exploration right held by the associates of the Group (i.e. the SFII Group) as at 31 March 2010 are as follows:

Mines	**Locations**	**Expiry dates**
Mining right		
Kaiyuan Open Pit Coal Mine (凱源露天煤礦)	Bei Ta Mountain (北塔山), Qitai County (奇台縣), Xinjiang Uygur Autonomous Region (新疆維吾爾自治區)	June 2018
Exploration right		
Zexu Open Pit Coal Mine (澤旭露天煤礦)	Bei Ta Mountain (北塔山), Qitai County (奇台縣), Xinjiang Uygur Autonomous Region (新疆維吾爾自治區)	22 October 2011

13. DEPOSIT AND DIRECT COST PAID FOR POSSIBLE ACQUISITION OF SUBSIDIARIES

The Group and the Company

As at 31 March 2011, the amount comprised a refundable deposit of HK$4,000,000 paid to the nominee and the ultimate beneficial owner of one of vendors, which are independent third parties, under a non-legally binding memorandum of understanding dated 25 February 2011 in relation to a possible acquisition of entire equity interest in a target company which would indirectly hold 100% interest in a talc mine located in Hubei Province, the PRC, after reorganisation. The deposit is unsecured and refundable in the event that no formal sale and purchase agreement would be entered into between the Group and the vendors on or before 1 May 2011 (the "Exclusivity Period") or such later date as mutually agreed between the Group and the vendors in relation to the above possible acquisition. On 29 April 2011, the Exclusivity Period was extended to 30 June 2011. Further details are set out in the Company's announcements dated 25 February and 29 April 2011.

As at 31 March 2011, the Group paid direct cost of HK$9,000 for the above possible acquisition of subsidiaries.

14. TRADE RECEIVABLES

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Within 90 days	**32,324**	4,880
91 to 180 days	**1,400**	—
	33,724	4,880

(ii) The Group normally allows an average credit term of 60 to 90 days (2010: 30 to 60 days) to its trade customers. For certain well-established customers with good repayment history and creditworthiness, the Group allows an average credit period beyond 90 days.

(iii) The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Not yet past	**32,324**	4,880
Past due	**1,400**	—
	33,724	4,880

Receivables that were neither past due nor impaired relate to a customer for which there is no recent history of default.

Receivables that were past due but not impaired related to an independent customer that has a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of the balance as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over the balance.

The carrying amounts of the trade receivables approximate their fair values.

15. TRADE PAYABLES

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Within 90 days	**28,706**	—
91 to 180 days	**1,400**	—
	30,106	—

The trade payables were non-interest-bearing and were normally settled on an average credit term of 60 to 90 days.

16. PROMISSORY NOTE

The Company and the Group

	2011	2010
	HK$'000	*HK$'000*
Carrying value at beginning of the year	**—**	103,193
Issued during the year *(Note 18)*	**3,515**	—
Repayment of promissory notes	**—**	(20,000)
Charge on early redemption of promissory note held by an equity participant to capital reserve	**—**	1,224
Partial waiver of promissory notes held by an equity participant credited to capital reserve	**—**	(69,945)
Accrued effective interest expense *(Note 5)*	**135**	4,459
Charge on early redemption of promissory note by way of issuing convertible bonds held by an equity participant to capital reserve	**—**	1,069
Derecognition of the promissory note upon issuance of the convertible bonds	**—**	(20,000)
Carrying value at end of the year	**3,650**	—

Notes:

(i) Pursuant to the conditional sale and purchase agreement dated 26 August 2010 entered into between the Group and Woo Man Wai, David (the "CIFC Vendor"), an independent third party, a promissory note (the "CIFC Promissory Note") in the aggregate principal amount of HK$4,000,000 was issued by the Company as contingent consideration upon the completion of the Group's acquisition of the CIFC Group with a fair value of HK$3,515,000 as at the issue date, based on the professional valuation performed by Greater China Appraisal, which is part of the acquisition consideration. The CIFC Promissory Note was non-interest-bearing and repayable in one lump sum on maturity on 31 March 2012. The effective interest rate of the CIFC Promissory Note was determined to be 9.55% per annum. The CIFC Promissory Note was classified under current liabilities and carried on the amortised cost until extinguished on redemption. The principal amount of the CIFC Promissory Note was adjusted in accordance with the Profit Guarantee (as defined in Note 18), details of which are set out in Note 18.

(ii) During the prior year, pursuant to the supplemental agreement dated 30 April 2009 entered into between SFII and Ming Kei International Holding Co. Limited (the "MK International"), a 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) was 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 was 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 during the prior year.

(iii) 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 contribution from 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

		2011		2010	
	Notes	**Number of shares** ***'000***	**Amount** ***HK$'000***	Number of shares *'000*	Amount *HK$'000*
Authorised:					
Ordinary shares of HK$0.01 each					
At beginning and 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		**66,446**	**664**	2,640,000	26,400
Issue of new shares on conversion of convertible bonds	*(i)*	**2,395**	**24**	9,581	96
Exercise of warrants	*(ii)*	**15,560**	**156**	—	—
Bonus issue	*(iii)*	**84,401**	**844**	—	—
Capital reorganisation	*(iv)*	**—**	**—**	(2,587,200)	(25,872)
Exercise of share options	*(v)*	**—**	**—**	4,065	40
At end of year		**168,802**	**1,688**	66,446	664

Notes:

(i) The convertible bonds with the principal amount of HK$4,000,000 (2010: HK$16,000,000) and carrying value of HK$2,849,000 (2010: HK$11,313,000) have been converted into 2,395,000 (2010: 9,581,000) ordinary shares of HK$0.01 each of the Company at the conversion price, of which HK$24,000 (2010: HK$96,000) was credited to share capital the remaining balance of HK$2,825,000 (2010: HK$11,217,000) was credited to the share premium account. In addition, an amount of HK$1,172,000 (2010: HK$4,687,000) has been transferred from convertible bonds reserve to the share premium account.

(ii) During the year ended 31 March 2011 and before the bonus issue, 15,560,000 new ordinary shares of par value HK$0.01 each were issued on exercise of 15,560,000 warrants at an aggregate consideration of HK$18,435,000 of which HK$156,000 was credited to share capital and the remaining balance of HK$18,279,000 was credited to the share premium account. In addition, the related net premium of HK$2,816,000 received on issue of warrants was transferred from warrant reserve to the share premium account.

(iii) During the year ended 31 March 2011, the directors of the Company proposed a bonus issue to qualifying shareholders of the Company on the basis of one bonus share for every one existing share held by qualifying shareholders whose names appear on the register of members of the Company on 24 January 2011 (the above collectively referred to as the "Bonus Issue").

Pursuant to a ordinary resolution duly passed by shareholders at the special general meeting of the Company held on 24 January 2011, the Bonus Issue was approved.

Upon the completion of the Bonus Issue during the year, an aggregate of 84,401,047 bonus shares of par value HK$0.01 each were issued of which HK$844,000 was credited to share capital and the same amount was debited to the share premium account. In addition, the issuing expenses attributable to the Bonus Issue in the amount of HK$320,000 debited to the share premium account.

(iv) 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 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 as 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.

(v) 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 share option reserve to the share premium account.

18. BUSINESS COMBINATION

On 29 October 2010, the Group acquired from the CIFC Vendor (i) the entire equity interest in CIFC, an investment holding company, which owns 90% equity interests in China Energy, a company incorporated in Hong Kong with limited liability which engaged in the business of coal trading between the PRC and Indonesia; and (ii) the attributable amount due by CIFC to the CIFC Vendor (the "CIFC Shareholder's Loan") (collectively referred to as the "Acquisition"), at a total consideration of HK$70,000,000 (subject to adjustment), of which HK$66,000,000 was satisfied in cash and a contingent consideration of HK$4,000,000 (the "Contingent Consideration") was satisfied by way of issuing the CIFC Promissory Note by the Company. As at the date of Acquisition, fair value of total consideration was HK$69,515,000, net of discounting effect on the fair value of the CIFC Promissory Note of HK$485,000.

The payment of the Contingent Consideration by the Company is subject to fulfillment of the profit guarantee (the "Profit Guarantee") provided by the CIFC Vendor to the Group that the actual audited net profit after tax and before any extraordinary items or exceptional items and before all non-cash items of China Energy for the period from 1 January 2011 to 31 December 2011 (the "Actual Profit") will not be less than HK$4,000,000. In the event that the Profit Guarantee is not achieved, the Contingent Consideration will be adjusted downwards by setting off against the payment obligations of the Company under the CIFC Promissory Note on a dollar to dollar basis for an amount equivalent to the difference between the Profit Guarantee (i.e. HK$4,000,000) and the Actual Profit. In the event that China Energy records a loss in its Actual Profit, the Actual Profit shall be deemed zero. As such, the maximum amount to be set off in case of loss-making shall be the total principal value of the CIFC Promissory Note, i.e. HK$4,000,000 and the adjusted total consideration will be HK$66,000,000 in total, which has been paid in full in cash as at 31 March 2011. As at the date of the Acquisition and as at 31 March 2011, the Group is confident that the Profit Guarantee will be achieved and the entire principal amount of the CIFC Promissory Note will be paid to the CIFC Vendor.

The Group has elected to measure the non-controlling interest in the CIFC Group at the non-controlling interest's proportionate share of fair value of the CIFC Group's identifiable net assets.

The Group incurred costs directly attributable to the Acquisition of HK$7,631,000. These costs have been expensed and are included in the administrative and other expenses in the profit or loss.

The goodwill of HK$24,425,000 was mainly attributable to the anticipated profitability as expected by management of the Group for the business of coal trading business and the staff experience of the CIFC Group. The Goodwill recognised is not expected to be deductible for income tax purposes.

Since the completion of the Acquisition, the CIFC Group contributed to the Group's revenue and loss amounting to HK$53,555,000 and HK$31,033,000, respectively for the current year.

Had the above business combination taken place at the beginning of the current year, the loss of the Group for the year would have been approximately HK$106,599,000 and there would have no impact on the Group's revenue for the current year as the CIFC Group had yet to commence its business prior to the completion of the Acquisition.

Details of the net assets acquired and the goodwill arising from the Acquisition are as follows:

	Notes	**Acquiree's carrying amount before business combination** *HK$'000*	**Fair value adjustment** *HK$'000*	**Fair value adjustment as at the acquisition** *HK$'000*
Net assets acquired:				
The LOIs	*12*	—	60,000	60,000
Refundable deposit		12,426	—	12,426
Cash and cash equivalents		780	—	780
Amount due to a non-controlling equity holder of a subsidiary		(13,106)	—	(13,106)
The CIFC Shareholder's Loan		(7)	—	(7)
Deferred tax liabilities		—	(9,900)	(9,900)
Non-controlling interest		(100)	(5,010)	(5,110)
		(7)	45,090	45,083
Goodwill arising from the Acquisition	*11*			24,425
Add: The Assignment of CIFC Shareholder's Loan				7
				69,515
Consideration satisfied by:				
Cash				66,000
Promissory note at fair value	*16*			3,515
Total consideration				69,515
Net cash outflow arising on the Acquisition:				
Cash and cash equivalents acquired				(780)
Consideration paid in cash				66,000
				65,220

DIVIDEND

No dividend has been paid or declared by the Company during the year (2010: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Company and its subsidiaries (collectively referred 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"), business of general trading in the PRC and business of coal trading between PRC and Indonesia respectively.

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, electronic appliances and components as well as motor vehicles components respectively.

The business of coal trading between PRC and Indonesia mostly consists of trading of steam coals.

BUSINESS REVIEW

For the year ended 31 March 2011, the Group achieved revenue of approximately HK$76.98 million (2010: approximately HK$15.10 million (restated)) for the business of coal trading, general trading and property investments respectively, representing an increased by approximately HK$61.88 million or 409.80% over the corresponding prior year ended. The increment was mostly contributed by the revenue stream which derived from the business of coal trading which commenced in November 2010 as well as an increased of the received of the rental income from its investments properties and trading income from the general trading respectively.

For the year ended 31 March 2011, the Group recorded total revenue of approximately HK$76.98 million (2010: approximately HK$15.10 million (restated)) which was derived from the business of coal trading, general trading and property investments respectively which accounted for approximately of 69.57%, 28.81% and 1.62% respectively (2010: Nil%, approximately of 94.11% and 5.89% respectively). Details of the Group's revenue are disclosed in Notes 3 and 4 "SEGMENT INFORMATION" and "TURNOVER, OTHER GAINS AND LOSSES, NET" respectively.

An increased in turnover by approximately HK$61.88 million or 409.80%, as compared to the corresponding prior year ended was mostly contributed by the revenue stream which derived from the business of coal trading which commenced in November 2010 as well as an increased of the received of the rental income from its investment properties and trading income from the general trading respectively.

The Group generated an operating profit of approximately HK$0.25 million for the year ended 31 March 2011 (2010: operating loss of approximately HK$3.05 million (restated)) for the general trading. The Group generated an operating loss of approximately HK$31.03 million and HK$4.15 million respectively for the year ended 31 March 2011 (2010: HK$Nil and HK$3.73 million (restated) respectively) for the coal trading and property investments segments respectively.

The Group's gross profit was approximately HK$4.96 million for the year ended 31 March 2011 (2010: approximately HK$1.18 million (restated)). The gross profit increased as compared to the corresponding prior year ended was mostly contributed by the revenue stream which derived from the business of coal trading which commenced in November 2010 as well as an increased of the received of the rental income from its investments properties and trading income from the general trading. The gross profit margin was approximately of 6.44% for the year ended 31 March 2011 (2010: approximately of 7.81% (restated)), the decrement was mostly contributed by the coal trading business which commenced in November 2010 due to the positive price gap between the purchase price and the selling price of at least US$2 per metric tonne of coal sold, the Group will keep continue to bargain for the possibility of exceeding US$2 per metric tonne for the coal trade.

For the year ended 31 March 2011, Class A shares of the Proteus Growth Fund Ltd. which subscribed on 2 November 2009 by the Group was fully redeemed (the "Redemption") and a gain of approximately HK$0.78 million (2010: HK$Nil (restated)) has been recognised from the Redemption.

For the year ended 31 March 2011, the Group's selling and distribution costs amounted to approximately HK$0.33 million (2010: HK$Nil (restated)), the selling and distribution costs are in relation to the selling expenses for the coal trading business which commenced in November 2010.

For the year ended 31 March 2011, the Group's administrative and other expenses amounted to approximately HK$57.28 million (2010: approximately HK$36.95 million (restated)), which represented a tremendous increased by approximately HK$20.33 million or 55.02%, as compared to the corresponding prior year ended. The increment was contributed by the increased on the depreciation charges, Directors remunerations, charges on the share-based payments, project expenses in related to the acquisition of CIFC Group (as defined below) and the disposal of SFII Group (as defined below) and overseas and local travelling charged for the business trips.

For the year ended 31 March 2011, the Group's finance costs amounted to approximately HK$0.15 million (2010: approximately HK$4.47 million (restated)), the tremendous decreased by approximately HK$4.32 million or by 96.64% was contributed by the repayment of the promissory notes in the prior year.

For the year ended 31 March 2011, the Group recorded an impairment loss on goodwill (the "Goodwill") and intangible assets (the "Intangible Assets") arising from the acquisition of the China Indonesia Friendship Coal Trading Company Limited (the "CIFC") and its subsidiary (collectively referred to as the "CIFC Group") during the current year of approximately HK$24.43 million (2010: HK$Nil) and approximately HK$8.92 million (2010: HK$Nil) respectively which represented the impairment testing has been carried out as at 31 March 2011 and impairment loss was recognised in the income statement.

Even though there is a positive contribution of profit streams from the acquired CIFC Group, the coal trading segment still resulted in a net loss (the "Net Loss") position of approximately HK$29,943,000 for the year ended 31 March 2011 (2010: HK$Nil). The Net Loss was mostly a result of non-cash impairment loss on Goodwill and Intangible Assets respectively, a net profit before all of the major non-cash items (the "Net Profit") of approximately HK$1,926,000 for the year ended 31 March 2011 (2010: HK$Nil) will present a better reflection of the CIFC Group's actual operation results.

	Year ended 31 March 2011 *HK$'000*
Net Loss for coal trading segment	**(29,943)**
Adjusted for major non-cash items	
• Impairment loss on Goodwill	**8,915**
• Impairment loss on Intangible Assets	**24,425**
• Taxation — deferred tax credit	**(1,471)**
Net Profit after striping out major non-cash items	**1,926**

The impairment loss on Goodwill and Intangible Assets recognised for the year ended 31 March 2011 did not have impact to the CIFC Group's cash-flows and did not affect the operating model of the CIFC Group as referred to on pages 18 and 19 of the circular of the Company dated on 14 October 2010, in particular maintaining a positive price gap between the purchase price and the selling price of at least US$2 per metric tonne of coal sold, did not reduce the expected net profits to be derived from the business of CIFC Group, did not have impact on the profit guarantee as provided by the vendor and did not have impact to the CIFC Group's cash flow.

Apart from these, the CIFC Group had no other debts or borrowings. The CIFC Group would have a net cash position and a bank interest income of approximately HK$1.08 million (2010: HK$Nil) and approximately HK$34 (2010: HK$Nil) respectively for the year ended 31 March 2011.

The impairment loss on Goodwill and Intangible Assets is mostly due to the change in terms and conditions of the customer letter of intents and change in the discount rate respectively.

For the year ended 31 March 2011, the Group recorded an impairment loss on property, plant and equipment of HK$Nil (2010: approximately HK$1.13 million (restated)).

For the year ended 31 March 2011, the Group recorded a fair value loss on investment properties of approximately HK$1.70 million (2010: approximately HK$3.36 million), which represented decreased in fair value of the Group's investment properties which are hold for investment purposes during the current year under reviewed.

For the year ended 31 March 2011, the Group recorded the share of loss of associates, net of tax, of approximately HK$0.86 million (2010: approximately HK$23.36 million (restated)), which represented the share of 49% results attributed by the Star Fortune International Investment Company Limited (the "SFII") and its subsidiaries (collectively referred to as the "SFII Group") to the Group. The SFII Group is principally engaged in mining, sale and distribution of coals in the PRC. The 49% equity interests in the SFII were disposed on 16 August 2010 and the SFII Group ceased to be the associates of the Group.

For the year ended 31 March 2011, the Group recorded a loss for the year from discontinued operation of approximately HK$21.07 million (2010: approximately HK$27.46 million (restated)) mainly represented a loss for the disposal of SFII Group.

For the year ended 31 March 2011, the Group recorded a loss attributable to owners of the Company from the continuing operations of approximately HK$106.04 million (2010: approximately HK$71.08 million (restated)) represented an increase in loss by approximately HK$34.96 million or 49.18%. The overall increase in loss attributable to the owners of the Company as compared to the corresponding prior year ended was mainly attributable by (i) the increase of the administrative and other expenses, (ii) the impairment loss on the Goodwill and the Intangible Assets and (iii) the loss on disposal of 49% equity interests in SFII Group.

Liquidity, financial resources and capital structure

As at 31 March 2011, the Group had net current assets of approximately HK$41.03 million (2010: approximately HK$79.08 million) including cash and bank balances of approximately HK$18.03 million (2010: approximately HK$33.28 million). The Group had no other bank overdraft facilities and bank borrowing as at 31 March 2010 and 2011 respectively.

As at 31 March 2011, the Group has no obligations under convertible bonds (2010: HK$4.00 million) in nominal principal amount, and no obligations under convertible bonds stated at amortised cost which was repayable beyond one year but within 5 years (2010: approximately HK$2.83 million). The debt ratio (defined as total liabilities over total assets) of the Group as at 31 March 2011 was approximately 0.26 (2010: approximately 0.03).

On 2 September 2010, the Company as an issuer entered into three conditional non-listed warrant placing agreements with the subscribers and the guarantors in relation to a private placing of an aggregate of 15,000,000 (subsequently adjusted to 30,000,000 warrants immediately after the Bonus Issue (as defined below)) warrants to the subscribers, at the warrant issue price of HK$0.24.

The warrants entitle the subscribers to subscribe for the new shares at the subscription price of HK$0.92 (subsequently adjusted to HK$0.46 per share for the warrants immediately after the Bonus Issue (as defined below)) per new share for a period of 18 months commencing from the date of issue of the warrants. Each warrant carries the right to subscribe for one new share of the Company.

On 3 September 2010, the Board had conditionally resolved to grant an aggregate of 7,940,104 (subsequently adjusted to 15,880,208 warrants immediately after the Bonus Issue) options to the grantees.

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.

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

2,395,209 new Shares (the "New Conversion Shares") were issued and allotted on 16 April 2010 upon conversion of zero coupon convertible bonds (the "Bonds") by the Bonds' subscriber.

1,584,000 and 8,976,000 new Shares (the "Conversion of the Unlisted Warrants 1") were issued and allotted on 22 April 2010 and 11 May 2010 respectively to the unlisted warrants' subscriber.

On 23 December 2010, the Board proposed a bonus issue (the "Bonus Issue") to qualifying shareholders of the Company (the "Shareholders") (other than excepted Shareholders). The Bonus Issue is proposed to be made on the basis of one Bonus Share for every one existing share held by the qualifying Shareholders (other than excepted Shareholders) whose names appear on the register of members of the Company on the record date on 24 January 2011 (the "Record Date"). The Bonus Issue will be credited as fully paid by way of capitalisation of an amount in the share premium account after the duly approved by Shareholders in the special general meeting (the "SGM") on the Record Date.

5,000,000 new Shares (the "Conversion of the Unlisted Warrants 2") were issued and allotted on 14 January 2011 to the unlisted warrants' subscriber.

Following the passing of the ordinary resolution in the SGM and subsequently on 1 February 2011, 84,401,047 new ordinary shares of HK$0.01 each of the Company were issued to the qualifying Shareholders, of which HK$844,010.47 was credited to issued share capital of the Company and of which HK$844,010.47 by way of capitalisation of an amount in the share premium account of the Company respectively.

As a result of the New Conversion Shares, Conversion of the Unlisted Warrants 1, Bonus Issue and the Conversion of the Unlisted Warrants 2 respectively, additional 102,356,256 new Shares were issued and allotted by the Company during the year under reviewed.

As at 31 March 2011, the total issued Shares is 168,802,094.

Charge of group assets

As at 31 March 2011, the Group did not have any material charge of assets. (2010: 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 Renminbi (the "RMB") and the coal trading operation in between PRC and Indonesia denominated in the United States dollars (the "USD").

As at 31 March 2011, 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 and USD, 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 2011, 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 USD, or in the local currencies of the operating subsidiaries (as the case may be) to minimize exposure to foreign exchange risks.

As at 31 March 2011, 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 22 November 2010, Star Enterprise Investment Company Limited (the "Star Enterprise"), an indirect wholly owned subsidiary of the Company, delivered the redemption notice to the Proteus Growth Fund Ltd. for a fully redemption of the Class A shares (the "Redemption") which subscribed by the Group on 2 November 2009.

The Redemption constituted a discloseable transaction of the Company under Rule 19.06(2) under the Rules Governing the Listing of Securities in the GEM (the "GEM Listing Rules") and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under the GEM Listing Rules.

Save as disclosed above, there was no other significant investment held by the Group for the year ended 31 March 2011.

(2010: On 2 November 2009, 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 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 GEM Listing Rules.

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

Material acquisitions or disposals of subsidiaries and affiliated companies

On 20 May 2010, 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 2") with the purchaser (the "Purchaser"), a wholly-owned subsidiary of the International Resources Enterprise Limited *(formerly known as China Sonangol Resources Enterprise 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, for the disposal of the sale shares (the "Disposal Shares 2"), representing 49% equity interests in SFII, held by SFID for a total cash consideration of HK$50 million.

The Disposal Agreement 2 was completed on 16 August 2010 and the SFII ceased to be the associates of the Group.

On 26 August 2010, Star Coal International Investment Company Limited (the "Star Coal"), an indirect wholly owned subsidiary of the Company, as a purchaser, entered into the conditional sale and purchase agreement (the "Conditional S&P") with Mr. Woo Man Wai, David (the "Vendor David"), pursuant to which Star Coal agreed to acquire and the Vendor David agreed to sell its entire issued share capital of CIFC and the sale loan for a total consideration of HK$70 million (subject to adjustment).

The Conditional S&P was completed on 29 October 2010 (the "Conditional S&P Completion") and upon the Conditional S&P Completion, the Company has interested in the 100% equity interests in the CIFC, the accounts of the CIFC Group will be consolidated into the consolidated financial statements of the Group.

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 2011.

(2010: On 30 April 2009, SFID entered into a conditional disposal agreement (the "Disposal Agreement 1") with the Purchaser for the disposal of the sale shares (the "Disposal Shares 1"), representing 51% equity interests in SFII, (an indirect wholly-owned subsidiary of the Company, immediately before the completion of the Disposal Shares 1 and carry on as associates immediately after the Disposal Shares 1), held by SFID for a total cash consideration of HK$100 million (subject to adjustment).

The Disposal Agreement 1 was completed on 3 July 2009 (the "Completion"). Upon Completion, the Company has only 49% equity interests in SFII, and therefore the SFII Group ceased to be subsidiaries of the Group and are accounted for as the associates of the Group.

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.)

Proposed Acquisition

On 25 February 2011, Starry Gold Resources Investment Limited, an indirect wholly-owned subsidiary of the Company, entered into the non-legally binding memorandum of understanding (the "MOU") with the vendors in relation to a possible acquisition of a target group which will be principally engaged in mining, exploitation and sale of talc in the Hubei Province, the PRC upon the completion of the reorganisation and successful renewal of the mining permit.

Details of the MOU have been set out in the announcements of the Company dated 25 February 2011 and 29 April 2011 respectively.

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

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:

— The coal trading segment comprised the business of coal trading;

— The general trading segment comprised the business of trading of other merchandise goods;

— The property investment segment comprised investment in various properties for rental income purposes; and

— The mining segment comprised the mining, exploration and sale of coal in the PRC and the operation was disposed of by the Group in the current year. Accordingly, the mining segment was classified as a discontinued operation and the comparative figures of this segment were re-classified from a continuing operation to discontinued operation during the current year, details of which are set out 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.

Employee information and remuneration policy

As at 31 March 2011, the Group employed a total of 25 employees (2010: 27). 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 under reviewed.

Staff costs, excluding Directors' remuneration, decreased by approximately 36.34% to approximately HK$5.64 million (2010: approximately HK$8.86 million).

Share Option Scheme

On 26 October 2002, the Company conditionally adopted the Share Option Scheme (the "Scheme") under which share options to subscribe for the shares of the Company may be granted under the terms and conditions stipulated therein. Details of the movements in the share options granted and exercised during the year ended 31 March 2011 under the Scheme are disclosed in the section of "SHARE OPTION SCHEME" as below.

Details of future plans for material investment or capital assets

Save as disclosed above on the "Proposed Acquisition" the Directors do not have any future plans for material investment or capital assets as at 31 March 2011.

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2011 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 2011, the Group had commitment for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2011	2010
	HK$'000	*HK$'000*
Within one year	**4,342**	2,145
In the second to fifth year inclusive	**7,494**	3,900
	11,836	6,045

The operating leases relate to office premises for terms of three years to year 2014.

PROSPECTS AND APPRECIATION

For the year ended 31 March 2011, the Group achieved revenue of approximately HK$76.98 million (2010: approximately HK$15.10 million (restated)) for the coal trading business, business of general trading and property investments respectively, representing an increased by approximately HK$61.88 million or 409.80% over the corresponding prior year ended. The increment was mostly contributed by the revenue stream which derived from the coal trading business which commenced in November 2010 as well as an increased of the received of the rental income from its investments properties and trading income from the general trading respectively.

On 30 April 2009, SFID entered into a conditional disposal agreement (the "Disposal Agreement 1") with the Purchaser for the disposal of 51% equity interests in SFII held by SFID for a total cash consideration (the "Cash Consideration") of HK$100 million.

The Disposal Agreement 1 was completed on 3 July 2009 (the "Completion"). Upon Completion, the Company has only 49% equity interests in the SFII, and therefore the SFII Group ceased to be subsidiaries of the Group and are accounted for as the associates of the Group and the remaining of the partial Cash Consideration which amounted to HK$18 million and HK$10 million was received on 3 February 2010 and 12 July 2010 in related to the completion of the profit guarantee and output guarantee respectively as stated on the Disposal Agreement 1.

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 as well as the limited financial contribution from this investment, the residual 49% equity interests in the SFII held by the Group was disposed during the current year. On 20 May 2010, the SFID entered into a Disposal Agreement 2 with the Purchaser for the Disposal Shares 2 for a total cash consideration of HK$50 million. The Disposal Agreement 2 was completed on 16 August 2010 and the SFII Group ceased to be the associate of the Group. The Group recorded a loss for the year ended of 31 March 2011 from discontinued operation of approximately HK$21.07 million related to the Disposal Agreement 2.

As the consideration for the Disposal Agreement 2 is all cash in nature, the Disposal Agreement 2 provides a good opportunity for the Company to realize the investment and enhance the cash resources of the Group for possible future investments.

On 26 August 2010, Star Coal International Investment Company Limited (the "Star Coal"), an indirectly wholly-owned subsidiary of the Company, as a purchaser, entered into the conditional sales and purchase agreement (the "Conditional S&P") with Mr. Woo Man Wai David (the "Vendor David"), pursuant to which Star Coal agreed to acquire and the Vendor David agreed to sell its entire issued share capital of the CIFC and the sale loan for a total consideration of HK$70 million (subject to adjustment). CIFC Group is principally engaged in business of coal trading between PRC and Indonesia. For the year ended 31 March 2011, the Group recorded revenue of approximately HK$53.55 million from the coal trading (2010: HK$Nil) and accounted for approximately of 69.57% of the Group's turnover for the year ended 31 March 2011 (2010: Nil%). For the year ended 31 March 2011, the coals' traded was approximately 0.16 million tones (2010: Nil).

Directors expected that the Coal Trading Business will remain as the first main source of the Group's turnover due to the already entered into of the supplier letter of intents (the "Suppliers LOI") and the customer letter of intents (the "Customers LOI") for a term of three years since July 2010 which represented a foreseeable and stable profitable business opportunity. In addition, the PRC became a net coal importer in year 2009 and a continuous increase in demand of coals from the PRC and was noticed that Australia, Indonesia and Russia were the largest exporters of coal to the PRC since year 2009. It is a valuable opportunity for the Group to be able to link up companies from one of the world's largest exporters' country (the Indonesia) and one of the world's fast growing importers' country (the PRC) for the coal trading business.

In addition, with the recent flooding in the Victoria, Australia and the Fukushima Daiichi nuclear power plant's scandals in Japan, the supply of coals from the Australia to the PRC will be reduced and the current development for the nuclear plants in PRC might be hold up and leading to the change of the energy consumption pattern to the other sources of non-renewable and renewable energy respectively. As per the China Bureau of Statistics 2009, coal fired plants accounted and supplied for over 70% of the national electricity, it can be expected that coal will be maintained as a main source of the power supply for its rapid expansions to the electricity generation and steel making capacity nationally. The Group will keep constantly negotiate with the suppliers and customers to buy and sell the extra 10% per month on top of the 30,000 metric tonnes as stated on the Suppliers LOI and Customers LOI respectively.

However, according to the National Development and Reform Commission, the PRC which announced in December 2010, the major contract price of steam coal to be signed in year 2011 must be kept the same as the major contracts in year 2010. Hence, the Group will keep continue to bargain for the possibility of exceeding US$2 per metric tonne for the coal trade for the already signed Suppliers LOI and Customers LOI respectively.

For the year ended 31 March 2011, the Group achieved revenue of approximately HK$22.18 million for the general trading business in the PRC (2010: approximately HK$14.21 million). The general trading business of the Group commenced in October 2009 and the Group has entered into an Acquisition Contact with the Trading Customers from the period of 1 July 2010 to 30 June 2011 for different electronic appliances. For the year ended 31 March 2011, approximately RMB16.40 million was recorded for the general trading business out of the

RMB28 million's long terms acquisition contract ("Acquisition Contract") signed on 1 July 2010 between the Group and the trading customers (the "Trading Customers") of the Group. Directors expected that the general trading business will remain as the second main source of the Group's turnover and accounted for approximately of 28.81% of the Group's turnover for the year ended 31 March 2011 (2010: approximately of 94.11% (restated)).

The Acquisition Contract will be expired on 30 June 2011, and as per the preliminary verbal replied from the Trading Customers, they are not intended to renew of it once upon expired of the Acquisition Contract. However, the Directors expected that the turnover to be contributed from the general trading business will still remain as the second main source of the Group's turnover on the forthcoming financial year.

The acquisition of the CIFC Group not only diversified the Group's business but also contributed further source to the Group's turnover. Furthermore, the acquired of CIFC Group has provided cost and operation efficiency and other synergy effects to the Group from the prior management experiences and expertises from the disposed SFII Group. As the business of coal trading is still in its development stage, Directors expected a potential growth from the coal trading business and hence the Group will put extra resources and diverts its current resources and focusing from the general trading to the coal trading segment to pursuit its growth and the Group will commit itself in controlling costs and improving the quality of the products.

For the year ended 31 March 2011, the Group achieved revenue of approximately HK$1.25 million for the rental income from the Group's investment properties in HK and the PRC respectively (2010: approximately of HK$0.89 million (restated)). The increment of the received of the rental income was contributed by one of the Group's investment properties from Sorrento, 1 Austin Road West, Kowloon which acquired on 7 August 2009. 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 slightly recently due to the regulations and policies adopted 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 Hong Kong 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 market in HK and PRC is promising. Addition, the Directors might consider to dispose certain of the properties of the Group which held for investment properties or property held for own use respectively when the properties can be disposed for profits.

For the year ended 31 March 2011, Class A shares of the Proteus Growth Fund Ltd. which subscribed on 2 November 2009 by the Group was fully redeemed (the "Redemption") and a gain of approximately HK$0.78 million (2010: HK$Nil (restated)) has been recognised from the Redemption. The net proceeds from the Redemption will be used for general working capital of the Group.

With the announced of the second round of the quantitative easing by the Federal Reserve of the United States of America and with regard to the capital market conditions at the time of Redemption in the Asian markets and the Greater China region, the Group is of the view that it is an opportune time to have the Class A shares redeemed and realise a satisfactory return on the Group's investment.

Despite of the net loss of the Group for the year ended 31 March 2011, 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 2011, 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 emphasise that the Group's financial positions remain stable and has sufficient cash resources to meet its present and future cash flow requirements.

On 2 September 2010, the Company as an issuer entered into three conditional non-listed warrant placing agreements (the "Placing") with the subscribers and the guarantors in relation to a private placing of an aggregate of 15,000,000 (subsequently adjusted to 30,000,000 warrants immediately after the Bonus Issue (as defined below)) warrants to the subscribers, at the warrant issue price of HK$0.24.

The warrants entitle the subscribers to subscribe for the new shares at the subscription price of HK$0.92 (subsequently adjusted to HK$0.46 per share for the warrants immediately after the Bonus Issue) per new share for a period of 18 months commencing from the date of issue of the warrants. Each warrant carries the right to subscribe for one new share of the Company.

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 interests 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 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 completed on 14 September 2010.

On 23 December 2010, the Board proposed a bonus issue (the "Bonus Issue"), the Bonus Issue is a token of gratitude to the shareholders of the Company (the "Shareholders") for loyalty to and support of the Company. In addition to that, the Directors believe that the Bonus Issue will increase the Company's capital base and enhance the liquidity of the shares of the Company in the market and thereby enlarging the Shareholders and capital base.

On 25 February 2011, the Group entered into the non-legally binding memorandum of understanding (the "MOU") in relation to the acquisition of a target group (the "Target Group") which will be principally engaged in mining, exploitation and sale of talc in the PRC after the completion of the reorganisation and successful renewal of the mining permit. As at the date of this annual results' announcement, the Group is in the progress to conduct due diligence on the Target Group, the completion of the reorganisation and to obtain the renewal of the Mining Permit by the Target Group.

The Board will constantly keep reviewing the Group's strategies and operations with a view to improve its business performance and Shareholders' return. As usual and with available funds on hand, the Group is capable to actively looking for possible future investments with or within the property investments, general trading sectors and coal trading sectors or other sector(s) with growth potential to improve its Shareholders' value.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(i) Interests in shares

Name	Capacity of interests	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Ming Kei International Holding Co. Limited (the "Ming Kei") *(Note 1)*	Beneficial owner	21,275,676 (L) *(Note 2 and 6)*	12.60
Mr. Wong Wai Sing (the "Mr. Wong")	Beneficial owner	504,400 (L) *(Note 6)*	0.30
	Interest of controlled corporation	21,275,676 (L) *(Note 2 and 6)*	12.60
Lonestar Group Limited (the "Lonestar") *(Note 3)*	Beneficial owner	400,000 (L) *(Note 6)*	0.24
Mr. Tsang Ho Ka, Eugene (the "Mr. Tsang") *(Note 4)*	Interest of controlled corporation	400,000 (L) *(Note 6)*	0.24
Ms. Lau Kimberly Siu Yan Kaiulani (the "Ms. Lau") *(Note 5)*	Interest of spouse	400,000 (L) *(Note 6)*	0.24

(ii) Interests in share options

Name of Directors	Date of grant	Exercisable period	Exercise price per Share *HK$*	Number of share options granted	Approximate percentage of shareholding in the Company
Ms. Yick Mi Ching, Dawnibilly	3 September 2010	3 September 2010 to 2 September 2020	0.755	7,940,104 (L) *(Note 6)*	4.70
Mr. Tsang Ho Ka, Eugene	3 September 2010	3 September 2010 to 2 September 2020	0.755	7,940,104 (L) *(Note 6)*	4.70

Notes:

1. Ming Kei is wholly and beneficially owned by Mr. Wong, a non-executive Director and a sole executive director of Ming Kei.

2. Ming Kei is wholly and beneficially owned by Mr. Wong, therefore, Mr. Wong, is deemed to be interested in the 21,275,676 Shares in which Ming Kei is interested.

3. Lonestar is wholly and beneficially owned by Mr. Tsang, an executive Director and a sole executive director of Lonestar.

4. Lonestar is wholly and beneficially owned by Mr. Tsang, therefore, Mr. Tsang is deemed to be interested in the 400,000 Shares in which Lonestar is interested.

5. Lonestar is wholly and beneficially owned by Mr. Tsang and who is the spouse of Ms. Lau. Accordingly, Mr. Tsang and Ms. Lau is deemed to be interested in the 400,000 Shares in which Lonestar is interested and Ms. Lau is deemed to be interested in the Shares beneficially owned by Mr. Tsang in his own capacity.

6. The letter "L" denoted a long position in shares.

Save as disclosed above, as at 31 March 2011, none of the Directors nor the chief executives of the Company had any other interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2011, the interests and short positions of persons, other than the Directors or chief executives of the Company, in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(i) Interests in shares:

Name of shareholders	Capacity of interests	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Ming Kei *(Note 1)*	Beneficial owner	21,275,676 (L) *(Note 2 and 5)*	12.60
Mr. Wong	Beneficial owner	504,400 (L) *(Note 2 and 5)*	0.30
	Interest of controlled corporation	21,275,676 (L) *(Note 2 and 5)*	12.60
Ms. Wong Ka Man	Beneficial owner	10,400,000 (L) *(Note 5)*	6.16

(ii) Interests in underlying shares — non-listed warrants

Name of shareholders	Capacity of interests	Number of underlying shares held	Approximate percentage of shareholding in the Company
Triumph Star Enterprises Limited (the "Triumph") *(Note 3)*	Beneficial owner	10,000,000 (L) *(Note 5)*	5.92
Mr. Chan Francis Ping Kuen (the "Mr. Chan") *(Note 3)*	Interest of controlled corporation	10,000,000 (L) *(Note 5)*	5.92
Glorious Smart International Investment Limited (the "Glorious") *(Note 4)*	Beneficial owner	10,000,000 (L) *(Note 5)*	5.92
Ms. Wang Hong *(Note 4)*	Interest of controlled corporation	10,000,000 (L) *(Note 5)*	5.92

Notes:

1. Ming Kei is wholly and beneficially owned by Mr. Wong, a non-executive Director and a sole executive director of Ming Kei.

2. Ming Kei is wholly and beneficially owned by Mr. Wong, therefore, Mr. Wong, is deemed to be interested in the 21,275,676 shares in which Ming Kei is interested.

3. Triumph is a subscriber of 10,000,000 non-listed warrants under the private placing of non-listed warrants which confer rights to Triumph to subscribe for 10,000,000 Shares. Triumph is wholly and beneficially owned by Mr. Chan, therefore, Mr. Chan is deemed to be interested in the 10,000,000 Shares in which Triumph is interested.

4. Glorious is a subscriber of 10,000,000 non-listed warrants under the private placing of non-listed warrants which confer rights to Glorious to subscribe for 10,000,000 Shares. Glorious is wholly and beneficially owned by Ms. Wang, therefore, Ms. Wang is deemed to be interested in the 10,000,000 Shares in which Glorious is interested.

5. The letter "L" denotes a long position in Shares.

Save as disclosed above, as at 31 March 2011, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTION SCHEME

On 26 October 2002, the Company conditionally adopted the Share Option Scheme (the "Scheme") under which share options to subscribe for the shares of the Company may be granted under the terms and conditions stipulated therein. On 3 September 2010, the Board conditionally resolved to grant an aggregate of 7,940,104 (subsequently adjusted to 15,880,208 immediately after of the Bonus Issue) shares at HK$1.51 (subsequently adjusted to HK$0.755 immediately after the Bonus Issue) per share under the Scheme, which had been approved by shareholders of the Company at the special general meeting held on 5 November 2010. As at 31 March 2011, 15,880,208 granted during the current year under reviewed were outstanding. Details number of share options granted, exercised and their respective exercise price and exercisable period are as follows:

Categories of grantees	**Date of grant**	**Exercisable period**	**Exercise price per share** *HK$*	**Closing price at the date of grant** *HK$*	**Outstanding as at 01/04/2010**	**Granted during the year**	**Exercised during the year**	**Outstanding as at 31/03/2011**
Directors								
Ms. Yick Mi Ching, Dawnibilly	3 September 2010	3 September 2010 to 2 September 2020	0.755	0.755 *(Note)*	—	7,940,104	—	7,940,104
Mr. Tsang Ho Ka, Eugene	3 September 2010	3 September 2010 to 2 September 2020	0.755	0.755 *(Note)*	—	7,940,104	—	7,940,104
					—	15,880,208	—	15,880,208

Note: The closing price at grant date of the share option was HK$1.51 per share, which is identical to the exercise price per share of HK$1.51. Upon the completion of Bonus Issues, the exercise price is adjusted to HK$0.755 per share, closing price at the grant date is adjusted to HK$0.755 per share accordingly for illustration purpose only.

The fair value of the share options granted during the current year is approximately HK$9,162,000 at the date of granted determined using the Binomial Option Pricing Model based on a valuation performed by Greater China Appraisal Limited, an independent firm of professionally qualified valuers. The major inputs into the Binomial Option Pricing Model as at grant date were the spot price of HK$1.1538, the average historical volatility of share prices of certain comparable companies with similar business operation as the Company (due to the recent change in the Company's business as a result of acquisition of the CIFC Group and disposal of the SFII Group in current year) of 50.116%, the expected life of 9.83 years, the expected dividend yield of Nil, and the risk free rate of 2.607% with reference to the 7-year and 10-year Exchange Fund Notes.

The Binomial Option Pricing Model was developed for use in estimating the fair value of option. Such option pricing model requires input of highly subjective assumptions, including the expected share price volatility. As the characteristics of the options granted during the current year are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Binomial Option Pricing Model does not necessarily provide a reliable measure of the fair value of the share options.

CHANGE IN BOARD LOT SIZE

The board lot size of the Company's shares for trading on the Stock Exchange changed from 1,000 existing shares to 2,000 new shares and came into effective on 7 February 2011.

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 (2010: 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 2011, 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 (the "Board") of directors (the "Directors") of the Company 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 2011, 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 Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (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; and

3. E.1.2 of the CG Code requires that the chairman of the Board should attend the annual general meeting. Due to the other business commitment, Mr. Wong Wai Sing, the chairman of the Board, is unable to attend the Company's 2011 annual general meeting held on Monday, 1 August 2011 but he has appointed Ms. Yick Mi Ching, Dawnibilly to act as his representative at the said meeting.

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 end of the year.

DIRECTORS' INTEREST IN COMPETING INTERESTS

Up to the date of this annual results' 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.

COMPETITION AND CONFLICT OF INTERESTS

As at 31 March 2011, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) have 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.

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 annual results' 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 2011 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.

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 annual results' 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this annual results' announcement, there is sufficient public float of the Company's issued shares as required under the Listing Rules throughout the year ended 31 March 2011.

PUBLICATION OF INFORMATION ON WEBSITES

This annual results' announcement is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company at www.mingkeiholdings.com respectively.

The annual report of the Company for the year ended 31 March 2011 will be dispatched to the shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 23 June 2011

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.