



Ming Kei Energy Holdings Limited

明基能源控股有限公司*

(to be renamed as Ming Kei Holdings Limited 明基控股有限公司*)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8239)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

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This announcement, for which the directors of Ming Kei Energy 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; (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 purpose only

INTERIM RESULTS (UNAUDITED)

The board (the "Board") of directors (the "Directors") of Ming Kei Energy Holdings Limited (the "Company") herein presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 September 2009 together with the comparative figures for the corresponding periods in 2008 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2009

		Six months ended 30 September		Three months ended 30 September	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Notes					
Continuing operations:					
Revenue	3	63,737	26,386	2,671	18,770
Cost of sales		(52,214)	(14,107)	(1,659)	(9,589)
Gross profit		11,523	12,279	1,012	9,181
Other income and gains		144	906	46	722
Selling and distribution costs		(510)	(604)	(8)	(312)
Administrative expenses		(19,070)	(9,326)	(10,400)	(7,316)
Finance costs	4	(3,173)	(8,017)	(731)	(3,778)
Share of profit of associates		6,053	–	6,053	–
Loss on disposal of subsidiaries	17(i)	(6,883)	–	(6,883)	–
Impairment loss of property, plant and equipment		(1,127)	–	(1,127)	–
Fair value loss on investment properties	10	(718)	–	(718)	–
Loss before tax	5	(13,761)	(4,762)	(12,756)	(1,503)
Income tax	6	(1,852)	809	(349)	537
Loss for the period from continuing operations		(15,613)	(3,953)	(13,105)	(966)
Discontinued operation:					
Profit/(loss) for the period from discontinued operation	7	–	(554)	–	177
Loss for the period attributable to equityholders of the Company					
		(15,613)	(4,507)	(13,105)	(789)
Dividend	8	–	–	–	–

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

For the three months and six months ended 30 September 2009

	<i>Notes</i>	Six months ended		Three months ended	
		30 September		30 September	
		2009	2008	2009	2008
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		HK\$'000	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>
Loss per share attributable to equityholders of the Company	9				
From continuing and discontinued operations:					
Basic and diluted		(0.59) HK cents	(0.17) HK cents	(0.50) HK cents	(0.03) HK cents
From continuing operations:					
Basic and diluted		(0.59) HK cents	(0.15) HK cents	(0.50) HK cents	(0.04) HK cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2009

	Six months ended 30 September		Three months ended 30 September	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(15,613)	(4,507)	(13,105)	(789)
Other comprehensive income for the period:				
Change in fair value of available-for-sale financial assets	1,097	(848)	233	(848)
Exchange differences on translation of financial statements of overseas subsidiaries	284	23,131	2	(2,982)
Exchange differences on translation of financial statements of overseas associates	101	–	101	–
Total comprehensive income for the period attributable to equityholders of the Company	(14,131)	17,776	(12,769)	(4,619)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

		As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		21,198	38,655
Investment properties	10	25,758	–
Interests in associates	11	130,816	–
Intangible assets		–	187,385
Available-for-sale financial assets		–	1,460
Deposits paid for possible acquisition of subsidiaries	12	2,000	21,500
Deferred tax assets		–	103
		179,772	249,103
CURRENT ASSETS			
Inventories		–	49,494
Accounts and bills receivable	13	–	11,909
Prepayments, deposits and other receivables		37,035	24,011
Cash and cash equivalents		54,445	54,176
		91,480	139,590
CURRENT LIABILITIES			
Accounts and bills payable	14	–	18,415
Accrued expenses and other payables		3,365	29,438
Current tax payable		–	1,712
		3,365	49,565
NET CURRENT ASSETS		88,115	90,025
TOTAL ASSETS LESS CURRENT LIABILITIES		267,887	339,128
NON-CURRENT LIABILITIES			
Deferred tax liabilities		–	45,083
Promissory notes	15	36,370	103,193
Provision for close down, restoration and environmental costs		–	6,600
		36,370	154,876
NET ASSETS		231,517	184,252
CAPITAL AND RESERVES			
Issued capital	16	26,400	26,400
Reserves		205,117	157,852
TOTAL EQUITY		231,517	184,252

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Statutory reserve fund (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) 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
Total comprehensive income for the period	-	-	-	-	-	1,097	385	(15,613)	(14,131)
Contribution from an equity participant (note 15(i))	-	-	69,945	-	-	-	-	-	69,945
Appropriations	-	-	-	4,300	-	-	-	(4,300)	-
Transfer on disposal of financial assets	-	-	-	-	-	(25)	-	-	(25)
Transfer on disposal of subsidiaries	-	-	-	(4,670)	-	-	(8,524)	4,670	(8,524)
As at 30 September 2009	26,400	841,530	123,604	4,486	15,360	-	8,300	(788,163)	231,517

	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Statutory reserve fund (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 April 2008	26,400	841,530	3,867	862	15,360	-	63,233	(6,862)	944,390
Total comprehensive income for the period	-	-	-	-	-	(848)	23,131	(4,507)	17,776
Transfer on disposal of subsidiaries	-	-	2,642	-	-	-	-	(2,642)	-
As at 30 September 2008	26,400	841,530	6,509	862	15,360	(848)	86,364	(14,011)	962,166

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2009

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Net cash generated from/(used in) operating activities	(16,014)	16,339
Net cash generated from/(used in) investing activities	16,204	(51,805)
Net cash used in financing activities	–	(145)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	190	(35,611)
Cash and cash equivalents at the beginning of period	54,176	69,400
Effect of foreign exchange rate changes, net	79	71
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	54,445	33,860
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	54,445	33,860

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months and six months ended 30 September 2009

1. General Information

Ming Kei Energy Holdings Limited (the "Company") is 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. The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KYI-1111, Cayman Islands and its principal place of business in Hong Kong is Room 3308-3309, The Center, 99 Queen's Road Central, Hong Kong.

The Company's shares were listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 November 2002.

The principal activity of the Company is investment holding. During the current period under reviewed, 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") respectively. During the prior period under reviewed, the Group also engaged in a continuing operation (which subsequently carrying on as associates of the Group after 3 July 2009) and a discontinued operation, details of which are set out in notes 3, 7, 11 and 17 as below.

2. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 September 2009 (the "Interim Financial Statements") have been prepared in accordance with the Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention, except for investment properties and available-for-sale financial assets, which are measured at fair values. The Interim Financial Statements shall be read in conjunction with the Group's audited financial statements for the year ended 31 March 2009 (the "Annual Financial Statements"). The accounting policies adopted for preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Group's Annual Financial Statements, except for the accounting policies adopted for the Group's interests in associates and investment properties, and the accounting policy changes that are expected to be reflected in the 2009/10 annual financial statements. Summary of these changes in accounting policies are set out below.

All significant transactions and balances within the Group have been eliminated on consolidation.

Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

2. Basis of Preparation (Continued)

Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from operating leases from the investment properties is recognised in profit or loss in equal instalments over the periods covered by the lease term.

Changes in accounting policies

The HKICPA has issued one new Hong Kong Financial Reporting Standard (the "HKFRS"), a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8 "*Operating segments*"
- HKAS 1 (revised 2007) "*Presentation of financial statements*"
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27 "*Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*"
- Amendments to HKFRS 7 "*Financial instruments: Disclosures – improving disclosures about financial instruments*"
- HKAS 23 (revised 2007) "*Borrowing costs*"
- Amendments to HKFRS 2 "*Share-based payment – vesting conditions and cancellations*"
- HK(IFRIC) 16 "*Hedges of a net investment in a foreign operation*"

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

2. Basis of Preparation (Continued)

Changes in accounting policies (Continued)

The amendments to HKAS 23 and HKFRS 2 and Interpretation HK(IFRIC) 16 have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specially applicable to the Interim Financial Statements. The impact of the remainder of these developments on the Interim Financial Statements is as follows:

- HKFRS 8 required segment disclosure to be based on the way that the Group's decision makers regard and manage the Group, with the amounts reported for each reportable segment being the measures reported to the Group's decision makers for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's senior managements. As this is the first financial year in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in note 3 to the Interim Financial Statements which explains the basis of preparation of the information. Comparative amounts have also been presented on a basis consistent with the revised segment information.
- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in the Interim Financial Statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.
- The "Improvements to HKFRSs (2008)" comprise a number of amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. These amendments have not resulted in changes to the Group's accounting policies.
- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009 all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

3. Revenue and Segment Reporting

The following table presents the Group's revenue derived from invoiced value of goods sold, rental income, and logistics services provided:

	Six months ended 30 September		Three months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
From continuing operations:				
Revenue				
Sale of coals	63,461	26,386	2,395	18,770
Rental income	276	–	276	–
	63,737	26,386	2,671	18,770
From discontinued operation (note 7):				
Revenue				
Sea freight forwarding	–	398	–	143
Road freight forwarding	–	5,581	–	2,603
Air freight forwarding	–	56	–	43
Other related logistics services	–	19	–	19
	–	6,054	–	2,808

The Group manages its businesses by divisions, which are organised by business lines. On first-time adoption of HKFRS 8 "Operating segments" and in a manner consistent with the way in which information is reported internally to the Group's senior managements for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segment has been aggregated to form the following reportable segments.

Summary details of the reportable segments are as follows:

- the mining segment comprised the mining, exploration and sale of coals. During the current period under reviewed, 51% of the equity interests in Star Fortune International Investment Company Limited (the "SFII") were disposed on 3 July 2009 (the "Disposal") and the SFII and its subsidiaries (collectively referred to as the "SFII Group") become associates of the Group;
- the property investment segment comprised the investment in various properties for rental income purposes; and
- the logistics segment comprised the provision of logistic services which was disposed of during the year ended 31 March 2009. Accordingly, the logistics segment was classified as a discontinued operation for the prior period under reviewed.

Inter-segment revenue are conducted at prices and terms mutually agreed amongst those business segments.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, inventories, receivables and operating cash.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include current and deferred income taxes, borrowings and other liabilities that are incurred for financing rather than operating purpose.

Capital expenditure comprises mainly additions to property, plant and equipment, investment properties and intangible assets, excluding additions resulting from acquisitions through business combinations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

3. Revenue and Segment Reporting (Continued)

Information regarding the Group's reportable segments for the period is set out below:

	Six months ended 30 September 2009			
	Continuing operation	Continuing operation Property investment	Discontinued operation	Consolidated
	Mining* (Unaudited) HK\$'000	(Unaudited) HK\$'000	Logistics (Unaudited) HK\$'000	(Unaudited) HK\$'000
SEGMENT REVENUE				
External sales and services	63,461	43	–	63,504
Inter segment revenue (note 18(ii))	–	233	–	233
Total revenue	63,461	276	–	63,737
SEGMENT RESULTS				
	(832)	(1,020)	–	(1,852)
Interest income				64
Gain on disposal of available-for-sale financial assets				25
Unallocated costs and corporate expenses				(14,878)
Finance costs				(3,173)
Share of profit of associates	6,053	–	–	6,053
Loss before tax				(13,761)
Income tax				(1,852)
Loss for the period				(15,613)
Other segment items included in the income statement				
Depreciation of property, plant and equipment	667	642	–	1,309
Impairment loss of property, plant and equipment	1,127	–	–	1,127
Fair value loss on investment properties	–	718	–	718
Amortisation of intangible assets	2,243	–	–	2,243
Capital expenditures	2,470	9,104	–	11,574

* 51% of the equity interests in the SFII were disposed on 3 July 2009 and the SFII Group become associates of the Group immediately after the Disposal.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

3. Revenue and Segment Reporting (Continued)

	Six months ended 30 September 2008			
	Continuing operation	Continuing operation Property investment	Discontinued operation Logistics	Consolidated
	Mining* (Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
SEGMENT REVENUE				
External sales and services	26,386	–	6,054	32,440
Inter segment revenue	–	–	–	–
Total revenue	26,386	–	6,054	32,440
SEGMENT RESULTS	7,558	–	(549)	7,009
Interest income				279
Unallocated costs and corporate expenses				(4,582)
Finance costs				(8,022)
Share of profit of associates	–	–	–	–
Loss before tax				(5,316)
Income tax				809
Loss for the period				(4,507)
Other segment items included in the income statement				
Depreciation of property, plant and equipment	1,301	–	198	1,499
Amortisation of intangible assets	4,111	–	–	4,111
Capital expenditures	24,771	–	–	24,771

* 51% of the equity interests in the SFII were disposed on 3 July 2009 and the SFII Group become associates of the Group immediately after the Disposal.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

3. Revenue and Segment Reporting (Continued)

	As at 30 September 2009			
	Continuing operation	Continuing operation Property investment	Discontinued operation	Consolidated (Unaudited)
	Mining* (Unaudited) HK\$'000	(Unaudited) HK\$'000	Logistics (Unaudited) HK\$'000	(Unaudited) HK\$'000
SEGMENT ASSETS AND LIABILITIES				
Segment assets	130,816	28,078	–	158,894
Unallocated assets				112,358
Total assets				271,252
Segment liabilities	–	364	–	364
Unallocated liabilities				39,371
Total liabilities				39,735
	As at 31 March 2009			
	Continuing operation	Continuing operation Property investment	Discontinued operation	Consolidated
	Mining* (Audited) HK\$'000	(Audited) HK\$'000	Logistics (Audited) HK\$'000	(Audited) HK\$'000
SEGMENT ASSETS AND LIABILITIES				
Segment assets	343,995	–	–	343,995
Unallocated assets				44,698
Total assets				388,693
Segment liabilities	53,143	–	–	53,143
Unallocated liabilities				151,298
Total liabilities				204,441

* 51% of the equity interests in the SFII were disposed on 3 July 2009 and the SFII Group become associates of the Group immediately after the Disposal.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

4. Finance Costs

		Six months ended 30 September 2009 (Unaudited) HK\$'000		Three months ended 30 September 2009 (Unaudited) HK\$'000	
		2008 (Unaudited) HK\$'000		2008 (Unaudited) HK\$'000	
Notes					
From continuing operations:					
Interest expenses on promissory notes wholly repayable within five years	15	3,122	7,341	731	3,708
Interest expenses on trade financing wholly repayable within five years		51	676	–	70
		3,173	8,017	731	3,778
From discontinued operation:					
Interest expenses on finance lease wholly repayable within five years	7	–	5	–	–

5. Loss Before Tax

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

	Six months ended 30 September		Three months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
From continuing operations:				
Interest income	(64)	(279)	(21)	(115)
Gain on disposal of available-for-sale financial assets	(25)	—	(25)	—
Depreciation	1,309	1,301	435	742
Cost of inventories sold	52,153	14,107	1,598	9,589
Amortisation of intangible assets*	2,243	4,111	65	2,664
Loss on disposal of property, plant and equipment	—	844	—	844
From discontinued operation:				
Depreciation	—	198	—	51
Cost of services provided	—	4,250	—	1,945

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

6. Income Tax

The amount of income tax in the unaudited condensed consolidated income statement of the Group represents:

	Six months ended 30 September		Three months ended 30 September	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
From continuing operations:				
Current tax charge – PRC	2,263	–	263	–
Deferred tax charge – HK	103	–	103	–
Deferred tax credit – PRC	(514)	(809)	(17)	(537)
	1,852	(809)	349	(537)

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for Hong Kong profits tax purpose for the six months ended 30 September 2009 (six months ended 30 September 2008: HK\$nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

In accordance with the approval from the relevant tax authorities, Mulei County Kai Yuan Coal Company Limited (the “Kai Yuan Coal”), an indirectly wholly owned subsidiary of the Group (immediately before the completion of the Disposal and carrying on as associate immediately after the Disposal) operating in the PRC, is entitled to two years’ exemption from the PRC corporate income tax (the “CIT”) followed by three years’ 50% relief from the CIT. The year ended 31 December 2007 is the first profit-making year of Kai Yuan Coal for the purpose of CIT exemption. Accordingly, the CIT was provided at the applicable rate of 12.5% on the assessable profit of Kai Yuan Coal for the six months ended 30 September 2009 (six months ended 30 September 2008: HK\$nil).

The share of taxes attributable to associates amounting to HK\$309,000 (six months ended 30 September 2008: HK\$nil) is included in “Share of profit of associates” on the face of the unaudited condensed consolidated income statement.

7. Discontinued Operation

During the prior financial year ended 31 March 2009, on 8 July 2008, the Company entered into a disposal agreement for the disposal of the entire equity interests in the Precious Logistics Limited (the “Precious Logistics”) and its subsidiaries for an aggregate cash consideration of HK\$1,500,000. Precious Logistics and its subsidiaries was principally engaged in coordinating various logistics services for its customers. The disposal was completed on 3 September 2008.

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

In accordance with Hong Kong Financial Reporting Standard 5 “Non-Current Assets Held For Sale and Discontinued Operations” issued by the HKICPA, the business segment of logistics services was required to be presented as a discontinued operation in the prior interim period. For the six months ended 30 September 2008, the Group recorded a gain on disposal of subsidiaries of approximately HK\$0.4 million, which represented the net gain on disposal of the Group’s logistics business (or the Group’s discontinued operation).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

7. Discontinued Operation (Continued)

The results of the discontinued operation for the current and prior periods ended, which have been included in the unaudited condensed consolidated income statement, were as follows:

	Notes	Six months ended 30 September 2009 (Unaudited) HK\$'000		Three months ended 30 September 2009 (Unaudited) HK\$'000	
		2008 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Turnover	3	–	6,054	–	2,808
Cost of services provided		–	(4,250)	–	(1,945)
Gross profit		–	1,804	–	863
Other income and gains		–	80	–	–
Gain on disposal of subsidiaries		–	444	–	444
Selling and distribution costs		–	(20)	–	(19)
Administrative expenses		–	(2,857)	–	(1,111)
Finance costs	4	–	(5)	–	–
Profit/(loss) before tax		–	(554)	–	177
Income tax		–	–	–	–
Profit/(loss) for the period from discontinued operation		–	(554)	–	177

The cash flows of the discontinued operation were as follows:

	Six months ended 30 September 2009 (Unaudited) HK\$'000		2008 (Unaudited) HK\$'000
Net cash used in operating activities	–	–	(779)
Net cash generated from investing activities	–	–	815
Net cash used in financing activities	–	–	(145)
	–	–	(109)

Basic and diluted loss per share from the discontinued operation for the prior period under reviewed are HK0.02 cents and HK0.02 cents respectively, based on the loss from the discontinued operation for the prior period under reviewed of HK\$554,000.

The denominators used are the same as those detailed in Note 9 for the calculation of basic and diluted loss per share from continuing operation of the Group and the Company's outstanding share options had an anti-dilutive effect on the basic loss per share calculation for that period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

8. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2009 (six months ended 30 September 2008: HK\$nil).

9. Loss Per Share

The calculation of basic loss per share is based on the loss for the period attributable to the equityholders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted loss per share for the period is based on the loss for the period attributable to the equityholders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, 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.

The Company's outstanding share options had an anti-dilutive effect on the basic loss per share calculation for the current and prior periods ended.

(i) From continuing and discontinued operations

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

	Six months ended 30 September		Three months ended 30 September	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss attributable to the equityholders of the Company, used in the basic and diluted loss per share calculation	(15,613)	(4,507)	(13,105)	(789)
	Number of shares Six months ended 30 September		Number of shares Three months ended 30 September	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	'000	'000	'000	'000
Weighted average number of ordinary shares for basic and diluted loss per share calculation	2,640,000	2,640,000	2,640,000	2,640,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

9. Loss Per Share (Continued)

(ii) From continuing operations

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

	Six months ended 30 September		Three months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Loss attributable to the equityholders of the Company from continuing operations, used in the basic and diluted loss per share calculation	(15,613)	(3,953)	(13,105)	(966)
	Number of shares Six months ended 30 September		Number of shares Three months ended 30 September	
	2009 (Unaudited) '000	2008 (Unaudited) '000	2009 (Unaudited) '000	2008 (Unaudited) '000
Weighted average number of ordinary shares for basic and diluted loss per share calculation	2,640,000	2,640,000	2,640,000	2,640,000

10. Investment Properties

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Carrying amount at 1 April 2009/2008	–	–
Transferred from property, plant and equipment	17,373	–
Acquisition of a property	9,104	–
Fair value loss debited to the income statement	(718)	–
Exchange realignment	(1)	–
Carrying amount at 30 September 2009/31 March 2009	25,758	–

The Group's investment properties were revalued on a market value basis as at 30 September 2009 by Greater China Appraisal Limited, an independent firm of professionally qualified valuers, at an aggregate amount of HK\$25,758,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

11. Interests in Associates

		30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
	<i>Notes</i>		
Share of net assets		102,398	–
Loan to an associate	18(i)	28,500	–
Due to an associate	(i)	(82)	–
		130,816	–

Notes:

- (i) The amount due to an associate is unsecured, non-interest-bearing and has no specific terms of repayment.
- (ii) The following table illustrates the summarised financial information of the Group's associates as extracted from their consolidated management accounts:

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Assets	348,309	–
Liabilities	139,334	–
Revenue	32,532	–
Profit	12,352	–

12. Deposits Paid for Possible Acquisition of Subsidiaries

A deposit of HK\$2,000,000 represented amount paid for the proposed acquisition of the entire issued share capital of the Ocean Best Asia Pacific Limited. For further details, please refer to the Company's announcements dated 17 July 2009 and 16 October 2009 respectively and the heading titled "PROPOSED ACQUISITION".

(31 March 2009: The amount represented refundable deposits totalling HK\$21,500,000 paid to the vendors under a non-legal binding memorandum of understanding dated 18 July 2008 in relation to a possible acquisition of 100% equity interest in a target company which indirectly holds 99% interest in a coal mine located in Guizhou Province, the PRC. During the current period under reviewed, the memorandum of understanding was terminated and the deposits was returned to the Group. Further details are set out in the Company's announcements dated 18 July 2008, 14 January 2009 and 4 June 2009, respectively.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

13. Accounts and Bills Receivable

The Group has established credit policies for each of its principal activities. The general credit terms allowed range from 0 to 60 days.

The aging analysis of the Group's accounts receivable as at the end of interim reporting date, 30 September 2009, based on invoice date, is as follows:

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Within 90 days	–	5,190
91 to 180 days	–	1,709
181 to 365 days	–	1,565
Accounts receivable	–	8,464
Bills receivable	–	3,445
	–	11,909

14. Accounts and Bills Payable

An aging analysis of the Group's accounts payable as at the end of interim reporting date, 30 September 2009, based on invoice date, is as follows:

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Within 90 days	–	11,615
91 and 180 days	–	2,150
181 to 365 days	–	1,205
Accounts payable	–	14,970
Bills payable	–	3,445
	–	18,415

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

15. Promissory Notes

		30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
	Notes		
Carrying value as at 1 April 2009/2008		103,193	248,994
Contribution from an equity participant credited to capital reserve	(i)	(69,945)	–
Partial waiver of promissory notes by a non-equity participant credited to income statement	(ii)	–	(101,677)
Repayment of promissory notes	(ii)	–	(2,000)
Partial waiver of promissory notes by an equity participant credited to capital reserve	(iii)	–	(53,659)
Accrued effective interest expense	4	3,122	14,094
Interest paid		–	(2,559)
Carrying value as at 30 September 2009/31 March 2009		36,370	103,193

Notes:

- (i) During the period under reviewed, on 30 April 2009, the Company entered into a supplemental agreement (the "Supplemental Agreement") with Ming Kei International Holding Co. Limited (the "MK International"), a substantial shareholder of the Company, which is wholly and beneficially owned by Mr. Wong Wai Sing, a non-executive Director such that (i) the former profit guarantee under the former agreement dated 3 July 2007 in relation to the purchase of the entire equity interests in Ming Kei Kai Yuan Investment Company Limited (the "MKKY"), a wholly-owned subsidiary of the SFII (immediately before the completion of the Disposal and carrying on as associate immediately after the Disposal), shall be revised from not less than HK\$60,000,000 (i.e. HK\$120,000,000 in aggregate) for the two years ending 31 December 2008 and 31 December 2009 to not less than HK\$20,000,000 (i.e. HK\$40,000,000 in aggregate) for the two years ending 31 December 2008 and 31 December 2009 and all remaining references to "HK\$60,000,000" and "HK\$120,000,000" in the former agreement shall also be deleted and substituted by "HK\$20,000,000" and "HK\$40,000,000" respectively; and (ii) the Company's promissory notes in the principal amount of HK\$120,000,000 with zero coupon interest issued by the Company in favour of MK International shall be revised and substituted by a new promissory note in the principal amount of HK\$40,000,000 with zero coupon interest (the "New PN").

The Supplemental Agreement was completed on 3 July 2009, and the New PN has been issued by the Company on the same date simultaneously. The carrying amount of the 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 the issued date (i.e. 3 July 2009) is HK\$35,639,000 based on a professional valuation performed by Greater China Appraisal Limited. The effective interest rate of the New PN is determined to be 8.72% per annum. This issue of New PN at a reduced principal amount in substance constituted a contribution from 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 was credited to the capital reserve of the Company and the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

15. Promissory Notes (Continued)

Notes: (Continued)

- (ii) During the prior financial year, on 13 February 2009, Mr. Wong Wai Ngok, the elder brother of Mr. Wong Wai Sing, a non-executive Director and a substantial shareholder of the Company, who is the holder of the promissory notes with carrying value of HK\$103,677,000 (in the aggregate principal sum of HK\$112,800,000 issued by the Company in favour of Mr. Wong Wai Ngok) and a non-equity participant of the Company on that date, has agreed with the Company of early redemption of the promissory notes at a discounted amount of HK\$2,000,000 and that the outstanding amount HK\$101,677,000 pursuant to the promissory notes shall be deemed to be fully paid and satisfied by the Company in full.
- (iii) During the prior financial year, on 13 February 2009, MK International, a substantial shareholder of the Company, which is also the holder of the promissory notes (in the principal sum of HK\$169,200,000 issued by the Company in favour of MK International), has agreed with the Company to amend the terms of the promissory notes that (a) a principal amount of HK\$49,200,000 owing from the Company to MK International be waived; (b) the principal sum of the promissory notes be amended to HK\$120,000,000; and (c) the coupon interest of 1% per annum payable monthly at the end of each calendar month be amended to zero coupon. The carrying amount of the promissory notes held by MK International was HK\$155,666,000 as at 13 February 2009. The partial waiver and amendment on the terms of the promissory notes held by MK International in substance constituted an issue of new promissory notes (the "MKI PN") to MK International by the Company. The fair value of the MKI PN as at the issue date (i.e. 13 February 2009) is HK\$102,007,000 and the difference between the then carrying amount and the fair value of HK\$53,659,000 was accounted for as a partial waiver of promissory notes by MK International as an equity participant (a contribution from equity participant) and was credited to the capital reserve of the Company and the Group during the prior financial year.

16. Share Capital

	As at 30 September 2009		As at 31 March 2009	
	Number of shares	Amount (Unaudited) HK\$'000	Number of shares	Amount (Audited) HK\$'000
Authorised				
Ordinary shares of HK\$0.01 each	10,000,000	100,000	10,000,000	100,000
Issue and fully paid				
Ordinary shares of HK\$0.01 each	2,640,000	26,400	2,640,000	26,400

During the six months ended 30 September 2009 under reviewed, no new ordinary share was issued by the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

17. Disposal and Acquisition of Subsidiaries

(i) Disposal of subsidiaries

On 3 July 2009 (the "Disposal Date"), the Group completed the Disposal for a total cash consideration of HK\$100,000,000 (subject to adjustment)*.

The net assets of the SFII Group as at the Disposal Date:

	As at the Disposal Date (Unaudited) HK\$'000
Net assets disposed of:	
Property, plant and equipment	18,790
Intangible assets	185,323
Inventories	70,297
Accounts and bills receivables	23,584
Prepayments, deposits and other receivables	5,203
Cash and cash equivalents	32,461
Accounts and bills payables	(32,360)
Accrued expenses and other payables	(24,900)
Current tax payable	(2,263)
Deferred tax liabilities	(44,613)
Provision for close down, restoration and environmental costs	(6,606)
	224,916
Exchange reserve realised	(8,524)
Interests in associates	(96,244)
Loan to an associate	(28,500)
Costs directly attributable to the Disposal	15,235
Loss on disposal of subsidiaries	(6,883)
	100,000
Total consideration	100,000
Consideration satisfied by:	
Cash received	72,000
Escrow money receivable (subject to adjustment)*	28,000
	100,000
Net cash inflow arising on the Disposal:	
Cash received	72,000
Cash and cash equivalents disposed of	(32,461)
Costs directly attributable to the Disposal	(15,235)
	24,304

* As further detailed in the Company's announcement and circular dated 7 May 2009 and 11 June 2009 respectively, the total cash consideration and the escrow money receivable are subject to adjustment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

17. Disposal and Acquisition of Subsidiaries (Continued)

(ii) Acquisition of Subsidiaries

On 31 August 2009, the Group acquired the entire 100% equity interests in HongKong Talent Holdings Limited and its subsidiary for a cash consideration of HK\$18,000,000. The principal asset of HongKong Talent Holdings Limited and its subsidiary is a commercial property located in the PRC.

The net assets acquired in the transaction are as follows:

	Acquiree's carrying amount before combination and fair values (Unaudited) HK\$'000
Net assets acquired:	
Property, plant and equipment	18,597
Other receivables	2
Cash and cash equivalents	122
Other payables	(16)
	18,705
Costs directly attributable to the acquisition	(705)
Total consideration	18,000
Consideration satisfied by:	
Cash paid	18,000
Net cash outflow arising on acquisition:	
Consideration paid in cash	(18,000)
Costs directly attributable to the acquisition	(705)
Cash and cash equivalents acquired	122
	(18,583)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

For the three months and six months ended 30 September 2009

18. Related Parties Transactions

Except as disclosed elsewhere in the Interim Financial Statements, the Group had the following material transactions with related parties during the current period under reviewed:

- (i) Immediately upon completion (the "Completion") of the Disposal of 51% equity interests in the SFII Group, Star Fortune International Development Company Limited, an indirectly wholly-owned subsidiary of the Company (the "Vendor S"), the SFII and the Company entered into a loan facilities agreement (the "Loan Facilities Agreement"), pursuant to which the Vendor S agreed to provide an unsecured loan facilities to the SFII in the maximum amount of HK\$28,500,000 (equivalent to approximately RMB25,000,000) (the "Facilities") for the daily operation of the SFII Group.

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

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

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

As at 30 September 2009, the Loan receivable from the SFII Group by the Group amounted to HK\$28,500,000, and was included as the Group's interests in associates (note 11) (31 March 2009: HK\$nil).

- (ii) Immediately upon Completion, the Group has leased out one of its investment properties to a subsidiary of the SFII Group, which become an associate of the Group immediately after the Disposal, for an annual rental of HK\$980,000 for a 12-month period (subject to renewal) from 3 July 2009 to 2 July 2010. The rental income of HK\$233,000 has been included in the Group's turnover during the current period under reviewed (six months ended 30 September 2008: HK\$nil).

Please refer to the Company's announcement dated 3 July 2009 for further details of these related parties transactions.

19. Significant Subsequent Event

Subsequent to the period ended 30 September 2009, the Group has the following significant subsequent event:

On 2 November 2009, Star Enterprise Investment Company Limited (the "Star Enterprise"), an indirect wholly-owned subsidiary of the Company, entered into the subscription documents 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 Class A shares for a subscription price of USD1,283,000 (equivalent to approximately HK\$10,007,000) which was settled in cash and funded by the internal resources of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Ming Kei Energy Holdings Limited (the “Company”) and its subsidiaries (collectively refer to as the “Group”) is principally engaged in investment holding and property investment in Hong Kong and the People’s Republic of China (the “PRC”) respectively.

FINANCIAL REVIEW

The Group achieved an excellent revenue growth for the continuing operations of coal mining (51% of the equity interests in Star Fortune International Investment Company Limited (the “SFII”) were disposed on 3 July 2009 (the “Disposal”) and the SFII and its subsidiaries (collectively referred to as the “SFII Group”) become associates of the Group simultaneously) and property investment business respectively for the six months ended 30 September 2009, representing an increase by approximately HK\$37.3 million or 141.6% over the corresponding prior period ended.

During the six months ended 30 September 2009, the Group recorded revenue of approximately HK\$63.5 million (six months ended 30 September 2008: approximately HK\$26.4 million) which was derived from the continuing operations of coal mining business and the Group recorded revenue of approximately HK\$0.2 million (six months ended 30 September 2008: HK\$nil) which was derived from the continuing operations of property investment.

An increase in turnover by approximately HK\$37.3 million or 141.6%, as compared to the corresponding prior period ended were due to the overall increase in quantity of coal sold in the PRC and increase in the average coal selling price of the Group’s continuing operations and the contribution by the property investment business. The Group generated an operating loss from continuing operations of approximately HK\$15.6 million (six months ended 30 September 2008: approximately HK\$4.0 million). The raw coal production was approximately 0.7 million tonnes (up to 3 July 2009) during the six months ended 30 September 2009 (six months ended 30 September 2008: approximately 0.3 million tons). Details of the Group’s revenue are disclosed in note 3 “REVENUE AND SEGMENT REPORTING” of this interim report.

The Group’s gross profit from continuing operations was approximately HK\$11.5 million or 18.1% for the six months ended 30 September 2009 (six months ended 30 September 2008: approximately HK\$12.3 million or 46.6%). The gross profit amount remained stable as compared to the corresponding prior period ended, which was mainly due to the overall increase in the quantity of coal sold and the increase in average coal selling price achieved and the contribution by property investment business during the current period under reviewed.

During the six months ended 30 September 2009, the Group’s selling and distribution costs decreased by approximately HK\$0.1 million or 15.6%, while the Group’s administrative expenses increased by approximately HK\$9.7 million or 104.5%, as compared to the corresponding prior period ended. The increase in the administrative expenses was mainly due to the revenue growth from the Group’s continuing operations and the overall increase in staff costs and project related expenses.

During the six months ended 30 September 2009, the Group recorded the share of profit of associates of approximately HK\$6.1 million (30 September 2008: HK\$nil), which represented the share of 49% results attributed by the SFII Group to the Group. The SFII Group are principally engaged in mining, sale and distribution of coals in the PRC.

For the six months ended 30 September 2009, the Group recorded a loss attributable to the equityholders of the Company from the continuing operations of approximately HK\$15.6 million (six months ended 30 September 2008: approximately HK\$4.0 million) represented an increase by approximately HK\$11.6 million or 295.0%. The overall increase in loss attributable to the equityholders of the Company from the continuing operations as compared to the corresponding prior period ended was caused by (i) the record of no revenue from the mining segment after 3 July 2009 as a result of the completion of the Disposal; (ii) the record of loss on the Disposal amounted to approximately HK\$6.9 million and; (iii) the increase of the Group's administrative expenses.

For the six months ended 30 September 2009, the Group recorded a loss attributable to the equityholders of the Company from the discontinued operation of HK\$nil (six months ended 30 September 2008: approximately HK\$0.6 million). The logistics business (the discontinued operation) was entirely disposed on 3 September 2008.

LIQUIDITY AND FINANCIAL RESOURCES AND GEARING RATIO

As at 30 September 2009, the Group had net current assets of approximately HK\$88.1 million (31 March 2009: approximately HK\$90.0 million) including cash and bank balances of approximately HK\$54.5 million. (31 March 2009: approximately HK\$54.2 million).

The Group had no bank overdraft facilities and bank borrowings as at 31 March 2009 and 30 September 2009 respectively. The debt ratio (defined as total liabilities over total assets) of the Group as at 30 September 2009 was approximately 0.15 (31 March 2009: approximately 0.53) which has decreased during the period under reviewed.

As at 30 September 2009, the Group has obligations under promissory notes of HK\$40 million in nominal principal amount (31 March 2009: HK\$120 million), which were stated at amortised cost of approximately HK\$36.4 million which were repayable beyond one year but within 5 years (31 March 2009: approximately HK\$103.2 million).

The Group principally finances its operations and investing activities with its operating revenue and internal resources. The directors (the "Directors") of the Company believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditures and working capital requirements.

Most of the trading transactions, assets and liabilities of the Group are denominated in Hong Kong dollars or Renminbi (the "RMB"), hence the Board considers that the exchange rate risk of the Group is minimal. The Group adopts a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 30 September 2009, the Group had no foreign exchange contracts, interest or currency swaps, financial derivatives or hedging or other arrangements for hedging purposes to reduce the currency risk that have been implemented.

FOREIGN EXCHANGE EXPOSURE

Since almost all transactions of the Group are denominated either in Hong Kong dollars or RMB, hence the Board considers that the exchange rate risk of the Group is minimal. The Group adopts a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 30 September 2009, the Group had no foreign exchange contracts, interest or currency swaps, financial derivatives or hedging or other arrangements for hedging purposes to reduce the currency risk that have been implemented.

CAPITAL STRUCTURE

The shares (the "Share(s)") of the Company were listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("GEM") since 15 November 2002. There is no material change in the capital structure of the Company during the six months ended 30 September 2009 under reviewed. As at 30 September 2009, the total issued shares is 2,640,000,000 shares.

On 21 September 2009, the Directors of the Company, propose to reorganise (the "Reorganization") the Shares of the Company in the following manner: (a) the Shares consolidation of every fifty (50) Shares of HK\$0.01 each in the issued and unissued Shares of the Company into one consolidated Share (the "Consolidated Share") of HK\$0.50 in the issued and unissued Shares of the Company; (b) the reduction of the issued Shares of the Company through a cancellation of the paid-up Shares of the Company to the extent of HK\$0.49 each on each of the issued Consolidated Share so that the nominal value of each issued Consolidated Share will be reduced from HK\$0.50 to HK\$0.01; (c) the subdivision of each authorised but unissued Consolidated Share of HK\$0.50 each into 50 new Shares of HK\$0.01 each; and (d) the entire amount standing to the credit of the share premium account of the Company as at the date of extraordinary general meeting (the "EGM") will be reduced and cancelled. Details of the Reorganization have been set out in the announcement and the circular of the Company dated 21 September 2009 and 2 October 2009 respectively.

Following the passing of a special resolution of the Company's EGM on 29 October 2009, the Reorganization is expecting to be effective on or before 21 December 2009.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

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

On 7 July 2009, Star Energy International Investment Company Limited, an indirectly 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 an executive Director of the Company 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 indirectly 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 Best Rise is wholly and beneficially owned by Mr. Wong Wai Sing, and Mr. Poon Chi Ho (the “Mr. Poon”) (collectively referred to as the “Vendors”) have agreed to sell, and Star Trading, as purchaser, has agreed to purchase: (i) the entire issued share capital of HongKong Talent Holdings Limited (the “Target”), which is a company incorporated in Hong Kong with limited liability, the shares of which is owned as to 90% by Mr. Poon and 10% by Best Rise respectively and (ii) the sale loan of which an outstanding shareholder’s advance in an aggregate amount of approximately HK\$14.5 million owed by the Target and its subsidiaries to one of the Vendors, Mr. Poon, which is unsecured, interest free and has no fixed terms of repayment for a total consideration of HK\$18,000,000 which shall be settled by Star Trading in cash.

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

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 30 September 2009.

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

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

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

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

OPERATING LEASE COMMITMENTS

The Group leases its office premises under operating lease commitments, with leases negotiated for terms ranging from one to three years.

As at 30 September 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Within one year	1,286	2,714

CHARGES ON GROUP ASSETS AND CONTINGENT LIABILITIES

The Group had no material charge on assets and any contingent liabilities as at 30 September 2009 (31 March 2009: HK\$nil).

PROPOSED ACQUISITION

On 17 July 2009, Star Enterprise Investment Company Limited (the "Star Enterprise"), an indirectly wholly owned subsidiary of the Company, entered into a non-legally binding memorandum of Understanding (the "MOU") with Ms. Xu Jinping, in relation to the possible acquisition of the entire issued share capital of Ocean Best Asia Pacific Limited (the "Ocean Best"). Ocean Best is principally engaged in the trading of sea sand from Cambodia and Vietnam to Singapore.

Details of the MOU have been set out in the announcements of the Company dated 17 July 2009 and 16 October 2009 respectively.

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 11 October 2007, options to subscribe for an aggregate of 105,000,000 shares at HK\$0.888 per share (the “Granted 1”) and on 10 March 2008, options to subscribe for an aggregate of 20,000,000 Shares at HK\$0.718 per share (the “Granted 2”) had been granted by the Company under the Scheme and the Granted 1 and Grated 2 were subsequently cancelled on 21 September 2009. As at 30 September 2009 no options have been granted to any participants under the Scheme.

CHANGE OF COMPANY NAME

The Company will be renamed as Ming Kei Holdings Limited following the passing of a special resolution at the Company’s extraordinary general meeting held on 29 October 2009. The registration of the change of the Company’s name at the Companies Registry in Hong Kong is under processing.

The Company will make further announcement as and when appropriate for the change of the Company name, stock short name, trading arrangement and exchange of share certificates as soon as practicable.

CHANGE OF DOMICILE

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

The registration of the change of the domicile at the Registrar of Companies in the Cayman Islands, the Registrar of Companies in the Bermuda and the Companies Registry in Hong Kong is under processing.

CHANGE IN BOARD LOT SIZE

The board lot size of the Company’s Shares for trading on the Stock Exchange will be changed from 5,000 existing Shares to 1,000 new Shares and will be effective on 6 January 2010.

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.

SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines. On first-time adoption of HKFRS 8 “*Operating segments*” and in a manner consistent with the way in which information is reported internally to the Group’s senior managements for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Summary details of the reportable segments are as follows:

- (a) the mining segment comprised the mining, exploration and sale of coals. During the current period under reviewed, 51% of the equity interests in the SFII were disposed on 3 July 2009 and the SFII and its subsidiaries become associates of the Group;
- (b) the property investment segment comprised the investment in various properties for rental income purposes; and
- (c) the logistics segment comprised the provision of logistic services which was disposed of during the year ended 31 March 2009. Accordingly, the logistics segment was classified as a discontinued operation for the prior period under reviewed.

Inter-segment revenue are conducted at prices and terms mutually agreed amongst those business segment.

Details of the segment information is presented in note 3 to the section headed “REVENUE AND SEGMENT REPORTING” of this interim report.

NEW SERVICES

During the six months ended 30 September 2009, the Group also engaged in the new business of property investment (30 September 2008: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 September 2009, the Group have a future plan for potential possible investments. Further details, please refer to the Company’s announcements dated 17 July 2009 and 16 October 2009 respectively and heading of “PROPOSED ACQUISITION”.

The Group is capable and will continue to actively looking for any attractive acquisition targets and will constantly looking for any other business opportunities elsewhere for investments or capital assets to improve its shareholders’ value.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2009, the Group had 129 (31 March 2009: 135) employees including 109 employees of the Company's associates (31 March 2009: 116).

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-end 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 Hong Kong. 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 where share options to subscribe for shares of the Company may be granted to the eligible participants of the Group. No share options have been granted to the eligible participants during the current period under reviewed.

BUSINESS REVIEW AND PROSPECTS

The Group achieved an excellent revenue growth from the continuing operations of coal mining (51% of the equity interests in the SFII were disposed on 3 July 2009 and the SFII and its subsidiaries become associates of the Group simultaneously) and property investment business respectively for the six months ended 30 September 2009, representing an increase by approximately HK\$37.3 million or 141.6% over the corresponding prior period ended.

On 30 April 2009, the SFID entered into the Disposal with, China Sonangol, the Company and the China Sonangol for the disposal of the sale shares, representing 51% equity interests in the SFII for a total cash consideration of HK\$100 million (subject to adjustment).

The Disposal was completed on 3 July 2009.

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

On 7 July 2009, Star Energy International Investment Company Limited, an indirectly wholly owned subsidiary of the Company, entered into a provisional sale and purchase agreement with Ming Kei Properties in relation to the Acquisition.

In view of the recent economic performance in Hong Kong, in particular, the quick rebound of the property market, the Group believes that future prospect of the property market in Hong Kong is promising.

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

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

On 16 July 2009, Star Trading entered into the sale and purchase agreement with Best Rise, a connected person, of which Best Rise is wholly and beneficially owned by the Vendors, have agreed to sell, and Star Trading, as purchaser has agreed to purchase: (i) the entire issued share capital of the Target, and (ii) the sale loan of which an outstanding shareholder's advance in an aggregate amount of approximately HK\$14.5 million owed by the Target and its subsidiaries to one of the Vendors, Mr. Poon, which is unsecured, interest free and has no fixed terms of repayment for a total consideration of HK\$18,000,000 which shall be settled by Star Trading in cash.

The principal asset of the Target is the PRC Property. The acquisition of the PRC Property will enable the Group: (a) to have its own place of business in Shenzhen thereby avoiding any increase in rental expenses from leasing of property in a long run; and (b) to enjoy the possible capital appreciation of the PRC Property.

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

Despite the significantly increase of the net loss of the Group for the six months ended 30 September 2009, 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 30 September 2009, the Board confirms that the Group makes no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedgings or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the counter contingent forward transactions. The Board would like to emphasize that the Group's financial positions remain stable and has sufficient cash resources to meet its present and future cash flow requirements.

On 17 July 2009, the Star Enterprise entered into a MOU with Ms. Xu Jinping, in relation to the possible acquisition of the entire issued share capital of Ocean Best. Ocean Best is principally engaged in the trading of sea sand from Cambodia and Vietnam to Singapore.

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

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

In view of the recent economic performance globally, in particular, the quick rebound of the security market in Hong Kong and the PRC, the Directors believe that future prospect of the security market in Hong Kong and the PRC is promising. The Subscription will provide a good opportunity for the Group to expand its investment in the security market in Hong Kong and the PRC.

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

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

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

As at 30 September 2009, 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) Interest in shares

Name	Capacity of interests	Number of shares held	Approximate percentage of shareholding in the Company
Ming Kei International Holding Co. Limited (the "Ming Kei") (Note 1)	Beneficial owner	339,000,000(L) (Note 6)	12.841
Mr. Wong Wai Sing (Note 2)	Beneficial owner	162,610,000(L) (Note 6)	6.159
	Interest of controlled corporation	339,000,000(L) (Note 6)	12.841
Lonestar Group Limited (the "Lonestar") (Note 3)	Beneficial owner	260,000,000(L) (Note 6)	9.848
Mr. Tsang Ho Ka, Eugene (Note 4)	Interest of controlled corporation	260,000,000(L) (Note 6)	9.848
Ms. Lau Kimberly Siu Yan Kaiulani (Note 5)	Interest of spouse	260,000,000(L) (Note 6)	9.848
Mr. Luk Yue Kan	Beneficial owner	60,000(L) (Note 6)	0.002

Notes:

1. Ming Kei is wholly and beneficially owned by Mr. Wong Wai Sing, an executive Director of the Company and a sole executive director of Ming Kei.
2. Ming Kei is wholly and beneficially owned by Mr. Wong Wai Sing, therefore, Mr. Wong Wai Sing, is deemed to be interested in the 339,000,000 Shares in which Ming Kei is interested.
3. Lonestar is wholly and beneficially owned by Mr. Tsang Ho Ka, Eugene, an executive Director of the Company and a sole executive director of Lonestar.
4. Lonestar is wholly and beneficially owned by Mr. Tsang Ho Ka, Eugene, therefore, Mr. Tsang Ho Ka, Eugene is deemed to be interested in the 260,000,000 Shares in which Lonestar is interested.
5. Lonestar is wholly and beneficially owned by Mr. Tsang Ho Ka, Eugene and who is the spouse of Ms. Lau Kimberly Siu Yan Kaiulani. Accordingly, Mr. Tsang Ho Ka, Eugene and Ms. Lau Kimberly Siu Yan Kaiulani is deemed to be interested in the 260,000,000 Shares in which Lonestar is interested.
6. The letter "L" denoted a long position in shares.

Save as disclosed above, as at 30 September 2009, 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 PERSON'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2009, the interests and short positions of persons, other than a Director 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 is, directly or indirectly, interested in 10% 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 of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	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	339,000,000(L) (Note 6)	12.841
Mr. Wong Wai Sing (Note 2)	Beneficial owner	162,610,000(L) (Note 6)	6.159
	Interest of controlled corporation	339,000,000(L) (Note 6)	12.841
Lonestar Group Limited (the "Lonestar") (Note 3)	Beneficial owner	260,000,000(L) (Note 6)	9.848
Mr. Tsang Ho Ka, Eugene (Note 4)	Interest of controlled corporation	260,000,000(L) (Note 6)	9.848
Ms. Lau Kimberly Siu Yan Kaiulani (Note 5)	Interest of spouse	260,000,000(L) (Note 6)	9.848

Notes:

- Ming Kei is wholly and beneficially owned by Mr. Wong Wai Sing, an executive Director of the Company and a sole executive director of Ming Kei.
- Ming Kei is wholly and beneficially owned by Mr. Wong Wai Sing, therefore, Mr. Wong Wai Sing, is deemed to be interested in the 339,000,000 Shares in which Ming Kei is interested.
- Lonestar is wholly and beneficially owned by Mr. Tsang Ho Ka, Eugene, an executive Director of the Company and a sole executive director of Lonestar.
- Lonestar is wholly and beneficially owned by Mr. Tsang Ho Ka, Eugene, therefore, Mr. Tsang Ho Ka, Eugene is deemed to be interested in the 260,000,000 Shares in which Lonestar is interested.
- Lonestar is wholly and beneficially owned by Mr. Tsang Ho Ka, Eugene and who is the spouse of Ms. Lau Kimberly Siu Yan Kaiulani. Accordingly, Mr. Tsang Ho Ka, Eugene and Ms. Lau Kimberly Siu Yan Kaiulani is deemed to be interested in the 260,000,000 Shares in which Lonestar is interested.
- The letter "L" denoted a long position in shares.

Save as disclosed above, as at 30 September 2009, the Directors or chief executives of the Company were not aware of any other person (other than the directors or chief executives of the Company) who had an interest or short position in the shares or 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 is, directly or indirectly, interested in 10% 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 any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the sections headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES" and the "SHARE OPTION SCHEME" above, at no time during the period under reviewed were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

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

Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2009.

CONTINUING DISCLOSURE UNDER RULES 17.22 AND 17.24 OF THE GEM LISTING RULES

The following is an unaudited condensed consolidated statement of financial position as at 30 September 2009 of SFII and its subsidiaries, associates of the Group, of which the Group has an equity interest of 49%, as required therein under rules 17.22 and 17.24 of GEM Listing Rules:

	As at 30 September 2009 (Unaudited) HK\$'000
Non-current assets	203,827
Current assets	144,400
Due from the Group	82
Current liabilities	(59,851)
Non-current liabilities	(50,983)
Loan from the Group	(28,500)
Net assets	208,975

Immediately upon Completion of the disposal of the SFII and its subsidiaries (collectively refer to as the “SFII Group”), Star Fortune International Development Company Limited, an indirectly wholly-owned subsidiary of the Company (the “Vendor S”), the SFII and the Company entered into a loan facilities agreement (the “Loan Facilities Agreement”), pursuant to which the Vendor S agreed to provide an unsecured loan facilities to the SFII in the maximum amount of HK\$28,500,000 (equivalent to approximately RMB25,000,000) (the “Facilities”) for the daily operation of the SFII Group.

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

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

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

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

The Facilities are funded by internal resources of the Group.

As at 30 September 2009 and the date of this interim report, the SFII Group has no banking facilities which are guaranteed by the Company.

COMPETITION AND CONFLICT OF INTERESTS

As at 30 September 2009, 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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 5.46 to 5.67 of the GEM Listing Rules (the “Code”). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code.

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. The audit committee comprises three members, namely, Mr. Sung Wai Tak, Herman, Mr. Kwok Kam Tim and Mr. Kinley Lincoln James Lloyd, all are independent non-executive Directors of the Company. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2009 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.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the period ended 30 September 2009 except that (i) no nomination committee of the Board is established and (ii) all independent non-executive Director of the Company are not appointed for a specific term.

In order to maintain high standard of disclosure, an announcement of “PROFIT WARNING” dated 30 October 2009 was announced by the Company that the Group is expected that the net loss of the Group for the six months ended 30 September 2009 is expected to increase significantly as compared with that for the corresponding period in 2008.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

Hong Kong, 10 November 2009

As at the date of this announcement, the executive Directors are Ms. Yick Mi Ching Dawnibilly, Mr. Tsang Ho Ka, Eugene and Mr. Luk Yue Kan, 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 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.mingkeienergy.com.