Ming Kei Holdings Limited
明基控股有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
（於開曼群島註冊成立及於百慕達存續）
(Stock Code 股份代號：8239)

擴展迎未來
Expand for Future Growth

Annual Report 年報
2011/12

* For identification purpose only 僅供識別

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

This report, for which 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 the 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 (the "Director(s)"), having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this report misleading.

Increasing Company's Shareholders' Return

Vision

Mission

Customers Oriented, Excellence Services and Growth by Integration

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. Wong Wai Sing *(Chairman)*
(redesignated from non-executive director on 19 September 2011)
Mr. Ho Pui Tin, Terence *(Chief Executive Officer)*
(appointed on 10 February 2012 and appointed as Chief Executive Officer and Vice-Chairman on 24 February 2012)
Mr. Tsang Ho Ka, Eugene
(resigned as Chief Executive Officer on 24 February 2012)
Ms. Yick Mi Ching, Dawnibilly
Mr. Chow Pak Wah, Oliver
(appointed on 10 February 2012)

NON-EXECUTIVE DIRECTOR

Mr. Wong Wai Sing *(Chairman)*
(redesignated to executive director on 19 September 2011)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwok Kam Tim
Mr. Kinley Lincoln James Lloyd
Ir. Edmund Kwok King Yan
(appointed on 10 February 2012)
Mr. Sung Wai Tak, Herman
(resigned on 17 February 2012)
Mr. Chan Kin Sang
(appointed on 1 March 2012)
Mr. Ng Wing Hang
(appointed on 1 March 2012)
Mr. Ho Kam Chuen, Alex
(appointed on 1 March 2012 and resigned on 28 May 2012)

COMPLIANCE OFFICER

Mr. Ho Pui Tin, Terence (appointed on 29 March 2012)
Mr. Wong Wai Sing (resigned on 29 March 2012)

COMPANY SECRETARY

Mr. Tsang Ho Ka, Eugene
ATIHK, AMA, BCom (UNSW), CPA (Aust.), CPA, CTA, MHKIoD, MHKMIPA

AUTHORISED REPRESENTATIVES

Mr. Tsang Ho Ka, Eugene
Mr. Ho Pui Tin, Terence
(appointed on 29 March 2012)
Ms. Yick Mi Ching, Dawnibilly
(resigned on 29 March 2012)

MEMBERS OF THE AUDIT COMMITTEE

Mr. Kwok Kam Tim *(Chairman)*
Mr. Kinley Lincoln James Lloyd
Ir. Edmund Kwok King Yan
(appointed on 10 February 2012)
Mr. Sung Wai Tak, Herman
(resigned on 17 February 2012)
Mr. Chan Kin Sang (appointed on 1 March 2012)
Mr. Ng Wing Hang (appointed on 1 March 2012)
Mr. Ho Kam Chuen, Alex
(appointed on 1 March 2012 and resigned on 28 May 2012)

MEMBERS OF THE REMUNERATION COMMITTEE

Ir. Edmund Kwok King Yan *(Chairman)*
(appointed on 10 February 2012 and Chairman on 24 February 2012)
Mr. Kwok Kam Tim
(appointed and resigned as Chairman on 1 February 2012 and 24 February 2012)
Mr. Ho Pui Tin, Terence
(appointed on 24 February 2012)
Mr. Kinley Lincoln James Lloyd
Mr. Tsang Ho Ka, Eugene
(resigned as Chairman on 1 February 2012 and member on 24 February 2012)
Mr. Sung Wai Tak, Herman
(resigned on 17 February 2012)
Mr. Chan Kin Sang (appointed on 1 March 2012)
Mr. Ng Wing Hang (appointed on 1 March 2012)
Mr. Ho Kam Chuen, Alex
(appointed on 1 March 2012 and resigned on 28 May 2012)

MEMBERS OF THE NOMINATION COMMITTEE

Ir. Edmund Kwok King Yan *(Chairman)*
(appointed on 10 February 2012 and Chairman on 24 February 2012)
Mr. Kwok Kam Tim
(appointed and resigned as Chairman on 1 February 2012 and 24 February 2012)
Mr. Kinley Lincoln James Lloyd
(appointed on 1 February 2012)
Mr. Sung Wai Tak, Herman
(appointed on 1 February 2012 and resigned on 17 February 2012)
Mr. Tsang Ho Ka, Eugene
(appointed on 1 February 2012 and resigned on 24 February 2012)
Mr. Ho Pui Tin, Terence (appointed on 24 February 2012)
Mr. Chan Kin Sang (appointed on 1 March 2012)
Mr. Ng Wing Hang (appointed on 1 March 2012)
Mr. Ho Kam Chuen, Alex
(appointed on 1 March 2012 and resigned on 28 May 2012)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 01, 3/F., Wheelock House
20 Pedder Street
Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room A, 13/F., Noble Center
Fuzhong San Road
Futian District, Shenzhen
People's Republic of China

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House,
2 Church Street, Hamilton HM 11, Bermuda

PRINCIPAL BANKERS

(in alphabetical order)
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited

AUDITOR

BDO Limited
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISOR

as to Bermuda Law
Conyers Dill & Pearman

as to Hong Kong Law
Michael Li & Co.

as to the PRC Law
Deheng Fuzhou Law Office

COMPANY HOMEPAGE

http://www.mingkeiholdings.com

E-MAIL ADDRESS

general@mingkeiholdings.com

STOCK CODE

8239

AUGUST 2011

An annual general meeting was held, and resolutions were duly approved by the shareholders (the "Shareholders") of the Company (as defined below) for approving of the grant of general mandates to allot and issue new shares and repurchase by Ming Kei Holdings Limited (the "Company") of its own shares and re-election of directors (the "Directors") and auditors of the Company.

Announced of quarter 1 results on 2011/2012.

The group entered into the conditional sales and purchase agreement in relation to the disposal of an investment property in Sorrento, 1 Austin Road West, Kowloon, Hong Kong (the "Sorrento Disposal").

SEPTEMBER 2011

Completion of the Sorrento Disposal.

NOVEMBER 2011

Announced of interim results of 2011/2012.

JANUARY 2012

Achievement of profit guarantee for the coal trading business which acquired in October 2010 and dividend of HK$3.6 million was received by the group.

FEBRUARY 2012

Announced of quarter 3 results of 2011/2012.

The group entered into the conditional sales and purchase agreement in relation to the disposal of an investment property in the Xinjiang, People's Republic of China (the "Xinjiang Disposal").

MAY 2012

Completion of the Xinjiang Disposal.

The group entered into the conditional sales and purchase agreement in relation to the acquisition of an investment property in Tuen Mun, New Territories for a consideration of HK$88 million.

MAJOR EVENTS in 2011 and 2012

APRIL 2012

The group entered into the conditional placing agreement for placing of 33,760,000 new shares of the Company for a price of HK$0.28 per share (the "Placing"), completion of the Placing took place in April 2012 simultaneously.

JUNE 2012

Announced of annual results of 2011/2012.

Top 5 Customers

北京英保通科技
發展有限公司
Beijing Yingbaotong
Technology Development
Company Limited

北京鑫健偉業科貿有限公司
Beijing Xinjian Weiye
Technology & Trading
Company Limited

北京實業開發總公司
Beijing Enterprises
Development Corporation

木壘縣凱源煤炭
有限責任公司
Mulei County Kai Yuan Coal
Company Limited

北京恒世隆業投資有限公司
Beijing Heng Shi Long Ye
Investment Company Limited

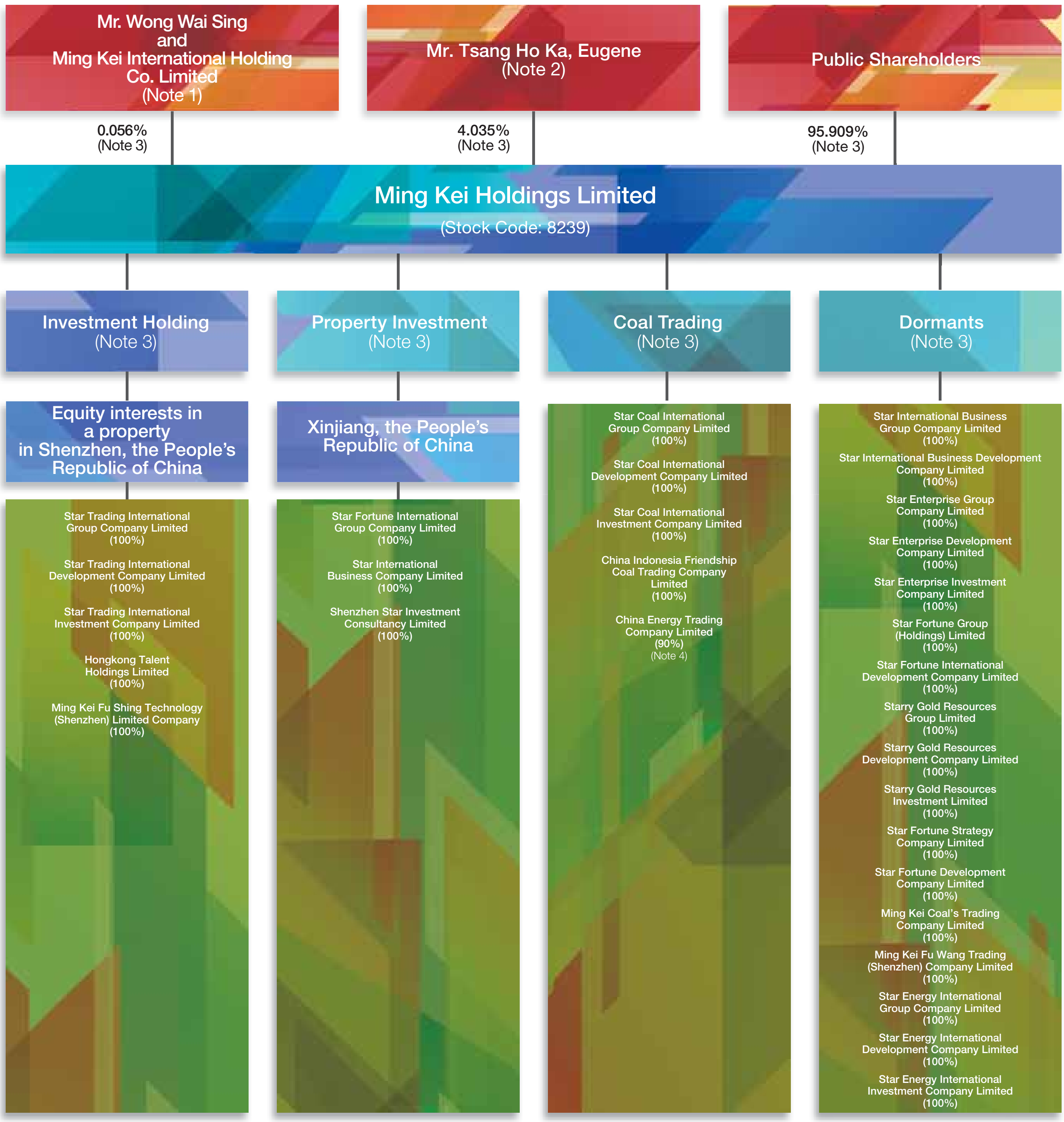
Corporate Profile

The principal activity of Ming Kei Holdings Limited (the "Company") is an investment holding.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding in the People's Republic of China (the "PRC"), and business of coal trading between PRC and Indonesia respectively.

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

Corporate Structure



Notes:

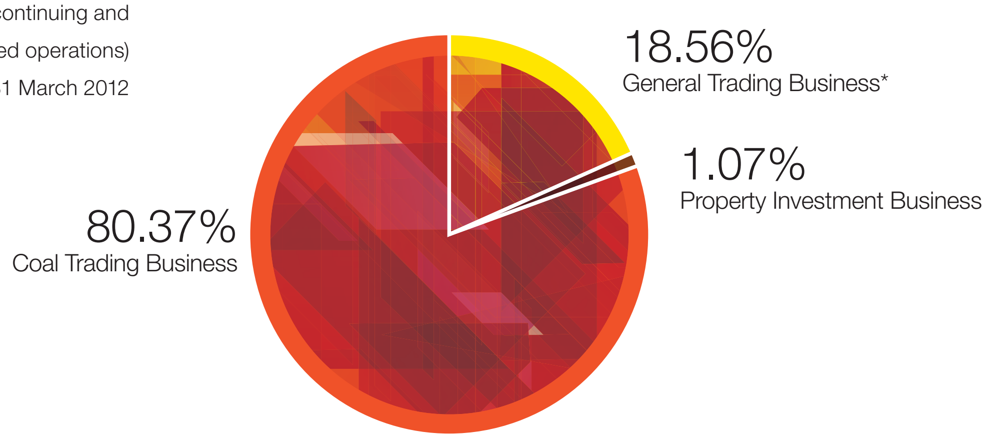
1. Ming Kei International Holding Co. Limited is wholly and beneficially owned by Mr. Wong Wai Sing, an executive director of the Ming Kei Holdings Limited (the "Company") and the chairman of the group.
2. Mr. Tsang Ho Ka, Eugene is an executive director of the Company.
3. As at 31 March 2012.
4. Effective percentage of equity interests attributable to the group.

Financial Highlights

Revenue By Business Segments

(for both the continuing and discontinued operations)

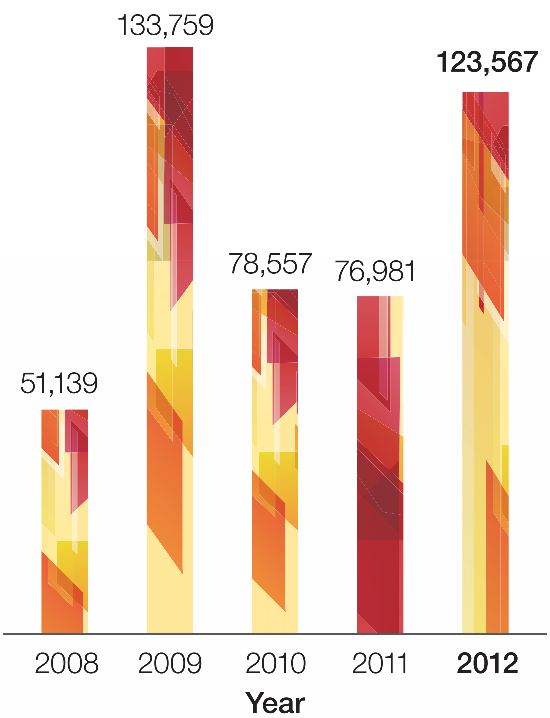
For the year ended 31 March 2012



Five Years Revenue

(for both the continuing and discontinued operations)

(HK$'000) (audited)



** Ceased on first quarter of Year 2012*

0.35 Million Tonnes of Coals Traded in **Year 2011/2012**

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors"), I am pleased to present the annual report of Ming Kei Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012 to the Company's shareholders.

MARKET OVERVIEW

The Group achieved revenue of approximately HK$100.63 million for the year ended 31 March 2012 from the businesses of coal trading and property investments respectively, representing a significant increased by approximately HK$45.83 million or 83.63% 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 and increase in income from property investments respectively.

For the year ended 31 March 2012, the Group recorded revenue of approximately HK$99.31 million from the coal trading business which acquired in October 2010 and accounted for approximately of 98.69% of the Group's turnover (for the continuing operations). For the year ended 31 March 2012, the coals' traded was approximately 0.35 million tonnes. Directors expected that the coal trading business will remain as the first main source of the Group's turnover due to the Group had already entered into 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. In addition, the People's Republic of China (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. However, the selling price for coal sold per metric tonne was reduced during the current year ended under reviewed, but this will not affect the profit margin as stated on the already signed Suppliers LOI and Customers LOI respectively, the Group will keep continue to bargain for the possibility of exceeding US$2 per metric tonne.

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.

The HK$4 million's profit guarantee given by the vendor during the acquired of the Coal Trading Business (as defined below) was being achieved and an audit certificate (the "Audit Certificate") was issued by the auditors of the Company on 19 January 2012. 90% of it, HK$3.6 million's cash dividend was also received by the Group upon the issued of the Audit Certificate simultaneously.

The acquired of the coal trading business in October 2010 (the "Coal Trading Business") not only diversified the Group's business but also contributed further source to the Group's turnover. Furthermore, the acquired of Coal Trading Business has provided cost and operation efficiency and other synergy effects to the Group from the prior management experiences and expertises from the disposed of coal mining business in August 2010. Directors expected a potential growth from the Coal Trading Business and hence the Group is leveraging extra resources and diverts its current resources and focusing from the General Trading Business (as defined below) to the area of Coal Trading Business to pursuit its growth and the Group will commit itself in controlling costs and improving the quality of the products and hence the Group will achieve substantial business growth and generate good revenue in the future.

For the year ended 31 March 2012, the Group achieved revenue of approximately HK$22.93 million for the general trading business in the PRC. The general trading business (the "General Trading Business") of the Group commenced in October 2009 and the Group has entered into an acquisition contracts (the "Acquisition Contracts") with the trading customers (the"Trading Customers") from the period of 1 July 2010 to 30 June 2011 for different electronic appliances with the contract's amount of RMB28 million. The entire Acquisition Contracts were completed and no renewal of the acquisition contract is signed upon the expired of the Acquisition Contracts. The General Trading Business accounted for approximately of 18.56% of the Group's turnover (for both the continuing and discontinued operations) for the year ended 31 March 2012 and is the second main source of the Group's turnover on the financial year of 2011/2012. In view of the low profit margins, facing the keen competitions from the local competitors and the infrequent orders from the Trading Customers since the ceased of the Acquisition Contracts. The Group ceased to engage the General Trading Business start from the first quarter of 2012, the cessation of it will not have a material effects to the Group for the year ended under reviewed, however, it will not further contributed any turnover to the Group on the forthcoming financial year of 2012/2013. During the current year ended under reviewed, the Group was more focused on the Coal Trading Business.

For the year ended 31 March 2012, the Group achieved revenue of approximately HK$1.32 million for the rental income from the Group's investment properties in Hong Kong (the "HK") and the PRC respectively. Given the rising property market in HK surpassed its previous peak in 1997 during the second quarter in the financial year 2011/2012, the government has implemented several policies aimed at cooling down the overheating residential property market and curbing speculation in the luxury residential property may have effect on property market. In addition, with the uncertainties in the macro economy, such as the tightening monetary policy in the PRC and the announced of raising the United States of America borrowing limit and avert an unprecedented debt default in Europe zones, the Directors is cautious on the increasing risk in the residential property market in HK. Hence, on 3 August 2011, the Group entered into a provisional sale and purchase agreement with the purchasers in relation to the disposal (the "Property Disposal") of a Group's investment property located in HK for a cash consideration of HK$11.3 million. The Directors consider that the Property Disposal represents a good opportunity for the Group to yield a reasonable return to its investment in this investment property and the Property Disposal was completed in September 2011.

Addition, due to the regulations and policies adopted by PRC government towards the speculation on the property market. On 29 February 2012, the Group entered into a sale and purchase agreement with Mr. Wong Wai Sing, an executive Director and the chairman of the Group in relation to the disposal (the "Xinjiang Disposal") of a Group's investment property located in the Xinjiang, PRC for a cash consideration of HK$15.74 million. The Directors consider that the Xinjiang Disposal represents a good opportunity for the Group to yield a reasonable return to its investment in this investment property and the Xinjiang Disposal was completed in May 2012.

Following the Property Disposal and the Xinjiang Disposal respectively, the Board is identifying the other investment property investments' opportunity in both HK and PRC respectively. In May 2012, the Group entered into a sale and purchase agreement in relation to the acquisition of a commercial property (the "Property") located in Tuen Mun, HK with the total gross floor area of approximately 18,294 square feet at a consideration of HK$88 million. The Property is located in HK and will generate steady rental income. The Directors consider that there is a higher profit potential for quality properties in HK and taking into account the fair value of the Property, the rental income that it is enabled to generate and potential capital appreciation of the Property and there are no other policies or implementation for the commercial property by the government as which applied on the residential property.

FINANCIAL REVIEW

For the year ended 31 March 2012, the Group achieved revenue of approximately HK$100.63 million (2011: approximately HK$54.80 million (restated)) for the Coal Trading Business and property investments respectively, representing a significant increased by approximately HK$45.83 million or 83.63% over the corresponding prior year ended. The increment was mostly contributed by the revenue stream which derived from the Coal Trading Business and the increase in income from the property investments.

For the year ended 31 March 2012, the Group recorded total revenue of approximately HK$100.63 million (2011: approximately HK$54.80 million (restated)) which was derived from the Coal Trading Business and property investments respectively which accounted for approximately of 98.69% and 1.31% respectively (for the continuing operations) (2011: approximately of 97.72% and 2.28% respectively (for the continuing operations)). Details of the Group's revenue are disclosed in the financial statements under Note 5 and Note 6 "SEGMENT INFORMATION" and "TURNOVER, OTHER INCOME, AND OTHER GAINS AND LOSSES, NET" respectively.

The Group generated an operating profit for the continuing operations of approximately HK$0.14 million for the year ended 31 March 2012 (2011: operating loss of approximately HK$35.18 million (restated)). The Group generated an operating profit of approximately HK$1.26 million for the year ended 31 March 2012 (2011: operating loss of approximately HK$31.03 million) for the Coal Trading Business segments. The Group generated an operating loss of approximately HK$1.12 million for the year ended 31 March 2012 (2011: approximately HK$4.15 million (restated)) for the property investments segments.

The Group's gross profit was approximately HK$6.45 million for the year ended 31 March 2012 (2011: approximately HK$3.46 million (restated)). The gross profit increased dramatically as compared to the corresponding prior year ended was mostly contributed by the revenue stream derived from the Coal Trading Business and increase in income from the property investments. The gross profit margin was approximately of 6.41% for the year ended 31 March 2012 (2011: approximately of 6.31% (restated)).

For the year ended 31 March 2012, the Group's selling and distribution costs amounted to approximately HK$0.73 million (2011: approximately HK$0.33 million), the selling and distribution costs are in relation to the selling expenses for the Coal Trading Business.

For the year ended 31 March 2012, the Group's administrative and other expenses amounted to approximately HK$39.50 million (2011: approximately HK$57.13 million (restated)), which represented the decreased by approximately HK$17.63 million or 30.86%, as compared to the corresponding prior year ended. The decrement was contributed by the decreased of the overseas and local travelling expenses incurred for the business trips and recorded of nil legal and professional fees in relation to the acquire of the Coal Trading Business and share-based payments respectively in the current year ended under reviewed.

For the year ended 31 March 2012, the Group's finance costs amounted to approximately HK$0.35 million (2011: approximately HK$0.15 million), the increased by approximately HK$0.20 million or by 133.33% was contributed by the imputed interest on the promissory notes in the current year ended under reviewed.

For the year ended 31 March 2012, the Group recorded a fair value gain on investment properties of approximately HK$0.66 million (2011: fair value loss on investment properties of approximately HK$1.70 million), which represented increased in fair value of the Group's investment properties which are hold for investment purposes during the current year ended under reviewed.

For the year ended 31 March 2012, the Group recorded a gain on disposal of the Property Disposal of approximately HK$0.01 million (2011: HK$Nil).

Chairman's Statement

For the year ended 31 March 2012, the Group recorded an impairment loss on intangible assets (the "Intangible Assets") of approximately of HK$3.66 million (2011: HK$8.92 million) arising from the China Indonesia Friendship Coal Trading Company Limited (the "CIFC") and its subsidiary (collectively referred to as the "CIFC Group") which the CIFC Group is principally engaged in the business of coal trading between PRC and Indonesia. An impairment testing has been carried out as at 31 March 2012 and impairment loss was recognised in the income statement. Details of the Group's impairment loss on Intangible Assets and disclosed in the financial statements under Note 18 "INTANGIBLE ASSETS".

The impairment loss on Intangible Assets is mostly due to the reduced of the quantity of coal sold during the current year ended under reviewed. The impairment loss on Intangible Assets recognised for the year ended 31 March 2012 did not have significant 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.

Apart from these, the CIFC Group had no other debts or borrowings and had a net cash position and a bank interest income of approximately HK$1.32 million (2011: HK$1.08 million) and approximately HK$131 (2011: HK$34) respectively for the year ended 31 March 2012.

The Group recorded the share of loss of associates, net of tax, of approximately HK$0.86 million for the corresponding prior year ended, 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 of on 16 August 2010 and the SFII Group ceased to be the associates of the Group simultaneously.

The Group recorded a loss for the corresponding prior year ended from discontinued operations of approximately HK$19.71 million (restated) which mainly represented the loss on disposal of associates for the prior year ended.

For the year ended 31 March 2012, the Group recorded a loss attributable to owners of the Company of approximately HK$36.36 million (2011: approximately HK$106.04 million) represented a significant decreased in loss by approximately HK$69.68 million or 65.71%. The overall decrease in loss attributable to the owners of the Company as compared to the corresponding prior year ended was mainly attributable by (i) the increased of the revenue stream derived from the Coal Trading Business and the increased of revenue stream from the General Trading Business and property investment respectively; (ii) the decrease of the administrative and other expenses; (iii) the recorded of nil loss from the discontinued operation for the disposal of the 49% equity interests in the SFII for the current year ended and (iv) the record of nil impairment losses on goodwill and decrease in impairment loss on Intangible Assets for the CIFC Group for the current year ended under reviewed.

PROSPECTS AND APPRECIATION

For the year ended 31 March 2012, the Group achieved revenue of approximately HK$100.63 million (2011: approximately HK$54.80 million (restated)) for the Coal Trading Business and property investments respectively, representing a significant increased by approximately HK$45.83 million or 83.63% over the corresponding prior year ended. The increment was mostly contributed by the revenue stream which derived from the Coal Trading Business and the increase in income from the property investments.

Pursuant to the rising property market in HK surpassed its previous peak in 1997 during the second quarter in the financial year 2011/2012, the government has implemented several policies aimed at cooling down the overheating residential property market and curbing speculation in the luxury residential property, such as the introduction of the Special Stamp Duty which had the direct impacts on the HK residential market. Hence, on 3 August 2011, the Group entered into a provisional sale and purchase agreement with the purchasers in relation to Property Disposal of a Group's investment property which acquired in August 2009 for a cash consideration of HK$11.3 million and for a gain of approximately of HK$0.01 million. The Directors consider that the Property Disposal represents a good opportunity for the Group to yield a reasonable return to its investment in this investment property and the Property Disposal was completed in September 2011.

For the Coal Trading Business which accounted for approximately of 98.69% of the Group's turnover (for the continuing operations) and the Directors expected that given the signed Customers LOI and the Suppliers LOI, the Coal Trading Business will continue and provide a stable and remain as a main source of turnover to the Group. In January 2012, the profit guarantee given by the vendor during the acquired of the Coal Trading Business was achieved and dividend of HK$3.6 million was received by the Group simultaneously.

In view of the low profit margins, facing the keen competitions from the local competitors and the infrequent orders from the Trading Customers since the ceased of the Acquisition Contracts. The Group cease to engage the General Trading Business start from the first quarter of 2012, the cessation of it will not have a material effects to the Group for the current year ended under reviewed, however, it will not further contributed any turnover to the Group on the forthcoming financial year of 2012/2013. During the current year ended under reviewed, the Group was more focused on the Coal Trading Business.

In April 2012, the Company entered into a placing agreement (the "Placing Agreement") pursuant to which the placing agent conditionally agreed to place, on a best effort basis, of not less than six placees for up to 33,760,000 new shares (the "Share") of the Company at a price of HK$0.28 per placing Share. The net proceeds from the placing (the "Placing") of approximately HK$8.8 million will be used for potential acquisition activities as identified by the Group from time to time and as the general working capital of the Group.

Chairman's Statement

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 (the "Shareholders") of the Company as a whole.

Pursuant to the regulations and policies adopted by PRC government towards the speculation on the property market. In February 2012, the Group entered into a sale and purchase agreement with the purchasers in relation to the Xinjiang Disposal of a Group's investment property for a cash consideration of HK$15.74 million. The Directors consider that the Xinjiang Disposal represents a good opportunity for the Group to yield a reasonable return to its investment in this investment property and the Xinjiang Disposal was completed in May 2012.

Following the Property Disposal and the Xinjiang Disposal respectively, the Board is identifying the other investment property investments' opportunity in both HK and PRC respectively. In May 2012, the Group entered into a conditional sales and purchase agreement in relation to the acquisitions of a Property. The Directors consider that there is a higher profit potential for quality properties in HK and taking into account the fair value of the Property, the rental income that it is enabled to generate, potential capital appreciation of the Property and there are no other policies or implementation for the commercial property by the government as which applied on the residential property.

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 and coal trading sectors or other sector(s) with growth potential to improve its Shareholders' value.

APPRECIATION

The Board has performed business review to streamline the current business operations and improve the financial position of the Group. New investment opportunities in any other business section with or within the property investments' sector and coal trading sector or other sectors respectively has also been constantly submitted for review. We believe that it would not only enhance the overall profitability but also improve the business scope of the Group.

Lastly, on behalf of the Board of Directors, I would like to take this opportunity to express my gratitude to all employees, Shareholders, partners and customers for their continued support and dedication. The Group will continue to put our best effects to produce good economic results and better returns to our Shareholders.

For and on behalf of the Board of
Ming Kei Holdings Limited
Mr. Wong Wai Sing
Chairman

Hong Kong
25 June 2012

Management Discussion and Analysis

Core Business Location


Shenzhen
Ming Kei Holdings Limited
明基控股有限公司
Hong Kong
Muara Sabak,
Jambi, Sumatra

Management Discussion and Analysis

OPERATIONAL REVIEW

General

The principal activity of Ming Kei Holdings Limited (the "Company") is an investment holding.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding in the People's Republic of China (the "PRC"), and business of coal trading between PRC and Indonesia 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 2012, the Group achieved revenue of approximately HK$100.63 million (2011: approximately HK$54.80 million (restated)) for the coal trading business (the "Coal Trading Business"), and business of property investments, representing a significant increased by approximately HK$45.83 million or 83.63% 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 and the increase in income from the property investments.

For the year ended 31 March 2012, the Group recorded total revenue of approximately HK$100.63 million (2011: approximately HK$54.80 million (restated)) which was derived from the Coal Trading Business and property investments respectively which accounted for approximately of 98.69% and 1.31% respectively (for the continuing operations) (2011: approximately of 97.72% and 2.28% respectively (for the continuing operations)). Details of the Group's revenue are disclosed in the financial statements under Note 5 and Note 6 "SEGMENT INFORMATION"and "TURNOVER, OTHER INCOME, AND OTHER GAINS AND LOSSES, NET" respectively.

The Group generated an operating profit for the continuing operations of approximately HK$0.14 million for the year ended 31 March 2012 (2011: operating loss of approximately HK$35.18 million (restated)). The Group generated an operating profit of approximately HK$1.26 million for the year ended 31 March 2012 (2011: operating loss of approximately HK$31.03 million) for the Coal Trading Business segments. The Group generated an operating loss of approximately HK$1.12 million for the year ended 31 March 2012 (2011: approximately HK$4.15 million (restated)) for the property investments segments.

The Group's gross profit was approximately HK$6.45 million for the year ended 31 March 2012 (2011: approximately HK$3.46 million (restated)). The gross profit increased dramatically as compared to the corresponding prior year ended was mostly contributed by the revenue stream derived from the Coal Trading Business and increase in income from the property investments. The gross profit margin was approximately of 6.41% for the year ended 31 March 2012 (2011: approximately of 6.31% (restated)).

For the year ended 31 March 2012, the Group's selling and distribution costs amounted to approximately HK$0.73 million (2011: approximately HK$0.33 million), the selling and distribution costs are in relation to the selling expenses for the Coal Trading Business.

For the year ended 31 March 2012, the Group's administrative and other expenses amounted to approximately HK$39.50 million (2011: approximately HK$57.13 million (restated)), which represented the decreased by approximately HK$17.63 million or 30.86%, as compared to the corresponding prior year ended. The decrement was contributed by the decreased of the overseas and local travelling expenses incurred for the business trips and recorded of nil legal and professional fees in relation to the acquire of the Coal Trading Business and share-based payments respectively in the current year ended under reviewed.

For the year ended 31 March 2012, the Group's finance costs amounted to approximately HK$0.35 million (2011: approximately HK$0.15 million), the increased by approximately HK$0.20 million or by 133.33% was contributed by the imputed interest on the promissory notes in the current year ended under reviewed.

For the year ended 31 March 2012, the Group recorded a fair value gain on investment properties of approximately HK$0.66 million (2011: fair value loss on investment properties of approximately HK$1.70 million), which represented increased in fair value of the Group's investment properties which are hold for investment purposes during the current year ended under reviewed.

For the year ended 31 March 2012, the Group recorded a gain on disposal of the investment properties of approximately HK$0.01 million (2011: HK$Nil).

For the year ended 31 March 2012, the Group recorded an impairment loss on intangible assets (the "Intangible Assets") of approximately of HK$3.66 million (2011: HK$8.92 million) arising from the China Indonesia Friendship Coal Trading Company Limited (the "CIFC") and its subsidiary (collectively referred to as the "CIFC Group") which the CIFC Group is principally engaged in the business of coal trading between PRC and Indonesia. An impairment testing has been carried out as at 31 March 2012 and impairment loss was recognised in the income statement. Details of the Group's impairment loss on Intangible Assets and disclosed in the financial statements under Note 18 "INTANGIBLE ASSETS".

Management Discussion and Analysis

The impairment loss on Intangible Assets is mostly due to the reduced of the quantity of coal sold during the current year ended under reviewed. The impairment loss on Intangible Assets recognised for the year ended 31 March 2012 did not have significant 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.

Apart from these, the CIFC Group had no other debts or borrowings and had a net cash position and a bank interest income of approximately HK$1.32 million (2011: HK$1.08 million) and approximately HK$131 (2011: HK$34) respectively for the year ended 31 March 2012.

The Group recorded the share of loss of associates, net of tax, of approximately HK$0.86 million for the corresponding prior year ended, 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 of on 16 August 2010 and the SFII Group ceased to be the associates of the Group simultaneously.

The Group recorded a loss for the corresponding prior year ended from discontinued operations of approximately HK$19.71 million (restated) which mainly represented the loss on disposal of associates for the prior year ended.

For the year ended 31 March 2012, the Group recorded a loss attributable to owners of the Company of approximately HK$36.36 million (2011: approximately HK$106.04 million) represented a significant decreased in loss by approximately HK$69.68 million or 65.71%. The overall decrease in loss attributable to the owners of the Company as compared to the corresponding prior year ended was mainly attributable by (i) the increased of the revenue stream derived from the Coal Trading Business and the increased of revenue stream from the General Trading Business and property investment respectively; (ii) the decrease of the administrative and other expenses; (iii) the recorded of nil loss from the discontinued operation for the disposal of the 49% equity interests in the SFII for the current year ended and (iv) the record of nil impairment losses on goodwill and decrease in impairment loss on Intangible Assets for the CIFC Group for the current year ended under reviewed.

Liquidity, financial resources and capital structure

As at 31 March 2012, the Group had net current assets of approximately HK$53.94 million (2011: approximately HK$41.03 million) including cash and bank balances of approximately HK$8.54 million (2011: approximately HK$18.03 million). The Group had no other bank overdraft facilities and bank borrowing as at 31 March 2011 and 2012 respectively.

The debt ratio (defined as total liabilities over total assets) of the Group as at 31 March 2012 was approximately 0.36 (2011: approximately 0.26).

In April 2012, the Company entered into a placing agreement (the "Placing") pursuant to which the placing agent conditionally agreed to place, on a best effort basis, of not less than six placees for up to 33,760,000 new shares (the "Share") of the Company at a price of HK$0.28 per placing Share. The net proceeds from the Placing of approximately HK$8.8 million will be used for potential acquisition activities as identified by the Group from time to time and as the general working capital of the Group.

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 of the Company (the "Shareholders") as a whole.

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.

5,000,000 new Shares (the "Conversion of the Unlisted Warrants 1") were issued and allotted on 10 January 2012 to the unlisted warrants' subscriber for the unlisted warrants which subscribed in September 2010 (the "Subscription of 2010 Unlisted Warrants").

5,000,000 new Shares (the "Conversion of the Unlisted Warrants 2") were issued and allotted on 14 February 2012 to the unlisted warrants' subscriber for the Subscription of 2010 Unlisted Warrants.

10,000,000 new Shares (the "Conversion of the Unlisted Warrants 3") were issued and allotted on 22 February 2012 to the unlisted warrants' subscriber for the Subscription of 2010 Unlisted Warrants.

7,940,104 share options (the "Share Options") were exercised by an eligible participant during the current year under reviewed and 7,940,104 new Shares were issued and allotted on 13 March 2012.

As a result of the Conversion of the Unlisted Warrants 1, Conversion of the Unlisted Warrants 2, Conversion of the Unlisted Warrants 3 and Share Options respectively, additional 27,940,104 new Shares were issued and allotted by the Company during the current year under reviewed.

As at 31 March 2012, the total issued Shares is 196,742,198.

Charge of group assets

As at 31 March 2012, the Group did not have any material charge of assets. (2011: 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 2012, 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 2012, 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 2012, 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

There was no significant investment held by the Group for the year ended 31 March 2012.

(2011: 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.)

Material acquisitions or disposals of subsidiaries and affiliated companies

On 29 February 2012, Star Fortune International Group Company Limited (the "Star Fortune"), a direct wholly owned subsidiary of the Company, entered into the agreement pursuant (the "Star Agreement") to which Star Fortune has agreed to sell and Mr. Wong Wai Sing, an executive Director and the chairman of the Group has agreed to purchase the entire issued share capital of Star International Business Company Limited (the "Star International"), an indirect wholly owned subsidiary of the Company, which is wholly-owned by Star Fortune and the sale loan for the consideration of HK$15.74 million.

The Star Agreement constituted a discloseable and connected transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

The Star Agreement was completed in May 2012 and the Star International ceased to be the subsidiary of the Group since then.

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 2012.

(2011: 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") with the purchaser, a wholly-owned subsidiary of the Nan Nan Resources Enterprise Limited (formerly known as International Resources Enterprise Limited and China Sonangol Resources Enterprise Limited respectively) (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, representing 49% equity interests in SFII, held by SFID for a total cash consideration of HK$50 million.

The Disposal Agreement 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.

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.)

Disposal of real property

On 3 August 2011, the Star Energy International Investment Company Limited, an indirect wholly-owned subsidiary of the Company entered into the provisional sale and purchase agreement with the purchasers, in relation to the disposal of an investment property held by the Group in Sorrento (the "Sorrento Property"), 1 Austin Road West, Kowloon, Hong Kong (the "Property Disposal") for a cash consideration of HK$11.3 million.

The Property Disposal constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

The Property Disposal completed in September 2011 and the Sorrento Property ceased to be an investment property of the Group since then.

There was no other disposal of property by the Group as at 31 March 2012.

(2011: There was no disposal of property by the Group as at 31 March 2011.)

Proposed Acquisition

There was no proposed acquisition held by the Group as at 31 March 2012.

(2011: 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.

There was no other proposed acquisition held by the Group as at 31 March 2011.)

Material events after reporting date

On 24 May 2012, Star International Business Development Company Limited (the "Star International Business") an indirect wholly owned subsidiary of the Company, the purchaser, entered into the agreement (the "Property Agreement") with the vendor pursuant to which Star International Business has agreed to acquire the sale shares and the sale loan from the vendor for a consideration of HK$88 million, which shall be payable by the Star International Business to the vendor as to (i) HK$20 million in cash upon the signing of the Property Agreement and the balance of the consideration being HK$68 million in cash at completion.

Details of the Property Agreement have been set out in the announcements of the Company dated 24 May 2012 and 8 June 2012 respectively.

The Property Agreement constituted a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

There was no other material events after reporting date held by the Group as at 31 March 2012.

(2011: There was no material events after reporting date held by the Group as at 31 March 2011.)

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 (ceased in January 2012);

— 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 prior year, details of which are set out in Note 11 of this annual report.

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 2012, the Group employed a total of 29 employees (2011: 25). 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. No 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 6.9% to approximately HK$5.25 million (2011: approximately HK$5.64 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 2012 under the Scheme are disclosed in the section of "Report of the Directors".

Details of future plans for material investment or capital assets

Save as disclosed above on the "Proposed Acquisition" and "Material events after reporting date" the Directors do not have any future plans for material investment or capital assets as at 31 March 2012.

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2011 and 2012 respectively.

Commitments

Operating lease commitments:

The Group leases its office premises and a director's quarter under operating lease arrangements, with leases negotiated for terms ranging from two to three years. None of the leases includes contingent rentals.

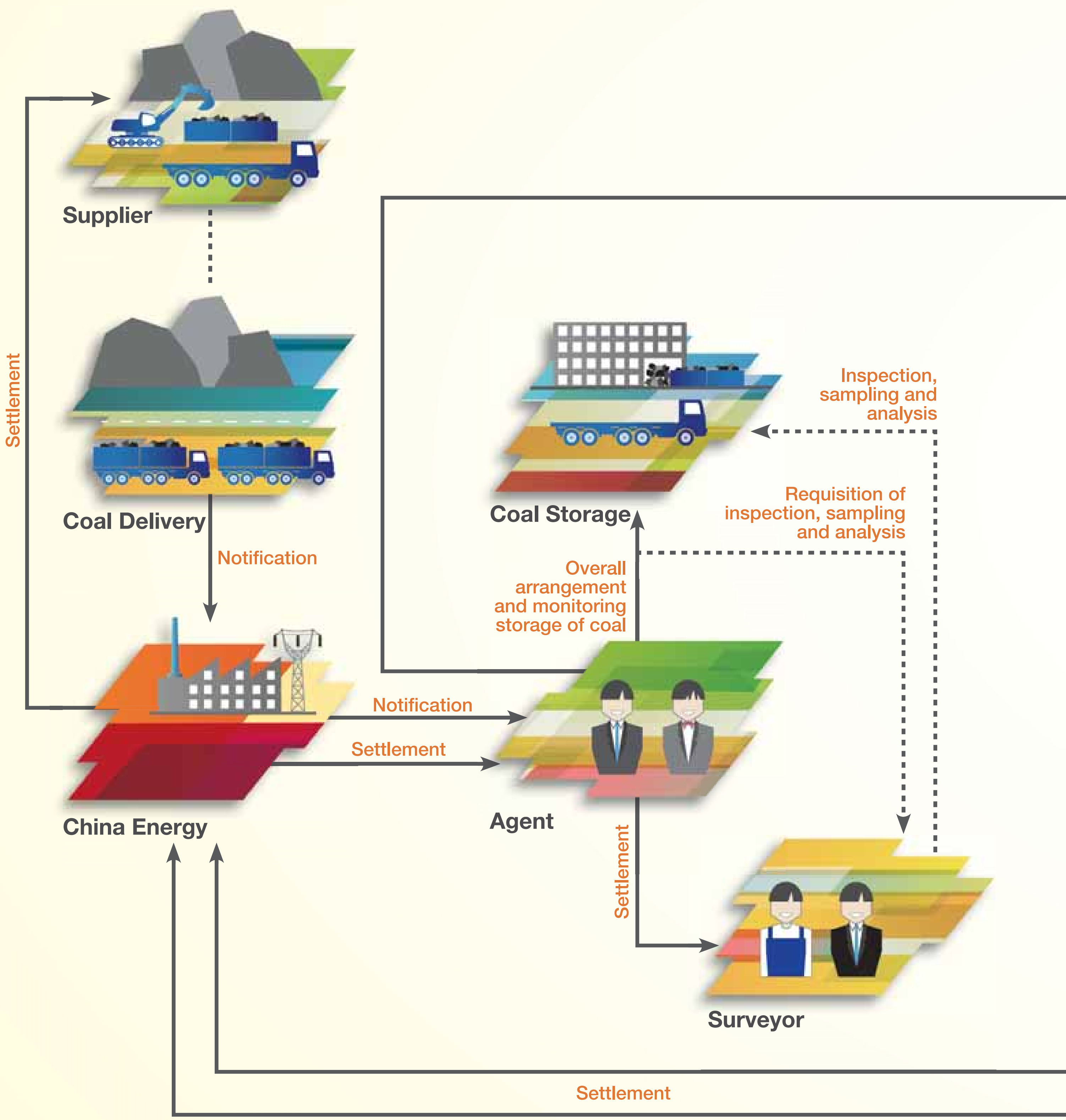
As at 31 March 2012, the Group had commitment for future minimum lease payments under non-cancellable operating lease which fall due as follows:

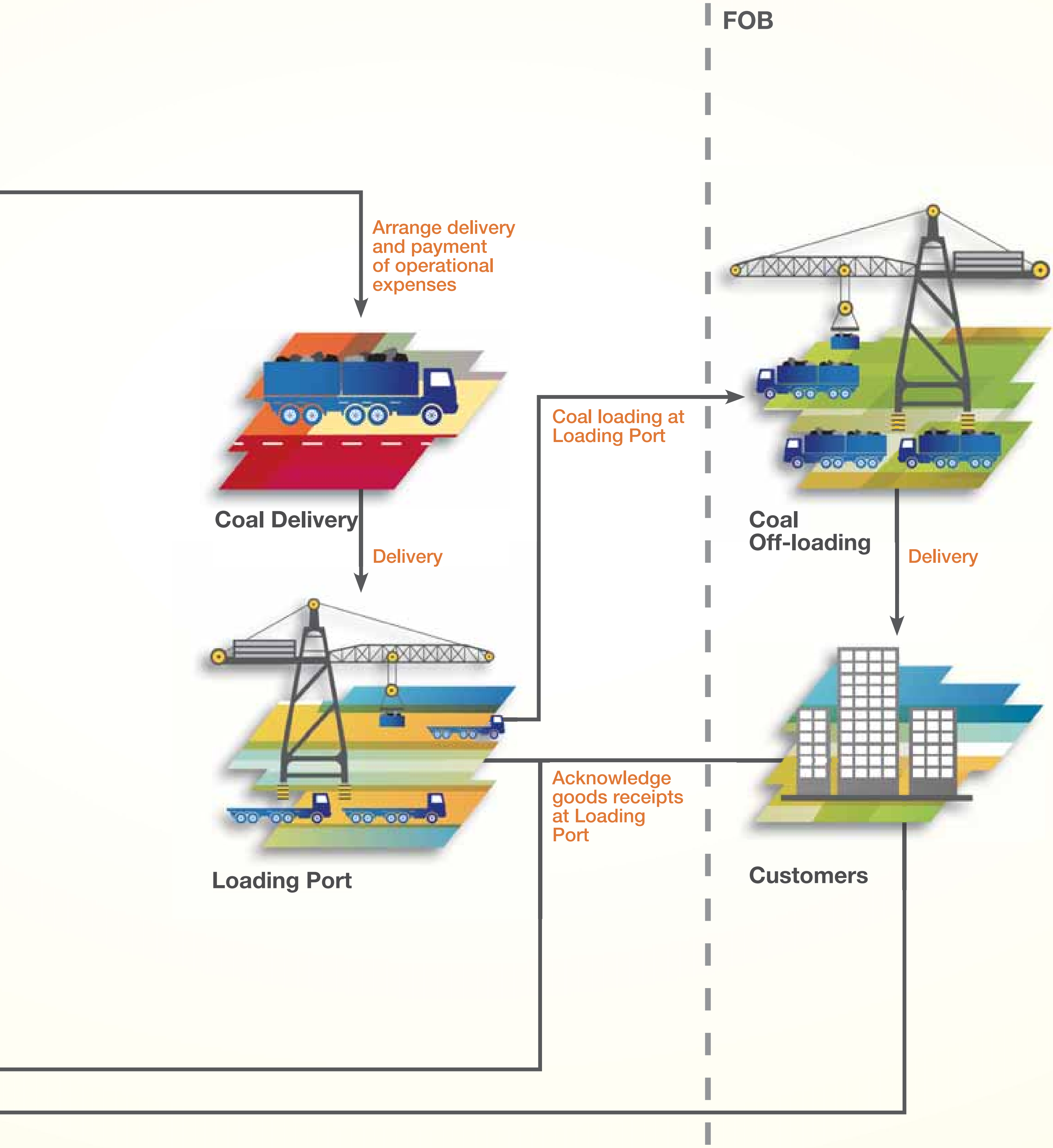
	2012	2011
	HK$'000	HK$'000
Within one year	**6,391**	4,342
In the second to fifth year inclusive	**6,815**	7,494
	13,206	11,836

The operating leases relate to office premises for terms of three years to year 2015.

Management Discussion and Analysis

Flow of Coal Trading




FOB
Arrange delivery and payment of operational expenses
Coal Delivery
Delivery
Coal loading at Loading Port
Coal Off-loading
Delivery
Loading Port
Acknowledge goods receipts at Loading Port
Customers

Aggressive Future Business Expansion Plans in **Indonesia**


PELABUHAN TALANG DUKU
SAFETY FIRST

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wong Wai Sing, aged 26, is a member of the Hong Kong Institute of Directors. Mr. Wong holds a bachelor of science degree in international business from the Canterbury University, London, an international master degree of business administration from the Stratford University, Falls Church, Virginia, the United State of America and a master of arts and a doctor of philosophy from the Universidad Empresarial De Costa Rica. He also obtained a certificate of three-tiers' integrate coal mine's safety (三級煤礦安全技術綜合考試) from the Bureau of Xinjiang Coal Mine Safety Supervision, the People's Republic of China (中國新疆煤礦安全監察局) and a diploma of lifestyle medicine for stress management from the Harvard Medical School Department of Continuing Education. Mr. Wong is also the Trade Adviser of the Honorary Consulate of Equatorial Guinea to Bucharest Romania and the Diplomatic Adviser to the Special Representatives for the People's Republic of China (the "PRC") of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, Federation of the Autonomous Priories.

Mr. Wong has experience in a wide range of business, including the coal mining, natural resources industry, international coal trading, business consultation, property investment, provision of internet e-gaming, rendering of travel agent services, entertainment programme production, events organization, TV series production, operation of an artist training school, provision of motor vehicles beauty services and provision of underwriting services for general insurance and reinsurance business. He is also the owner of Colors Securities Limited which is principally engaged in dealing in securities (Type 1), advising on securities (Type 4) and asset management (Type 9) and Colors Commodities Limited which is principally engaged in dealing in futures contracts (Type 2) and advising on futures contracts (Type 5).

Mr. Wong was a consultant of a Hong Kong-based medium-sized CPA firm for more than 1 year. He was also the chairman and an executive director of TLT Lottotainment Group Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 8022) from 17 April 2009 to 31 May 2011.

Mr. Wong is also an executive director, the vice chairman and the chief executive officer of the Newtree Group Holdings Limited (the "Newtree"), a company incorporated in Cayman Islands with limited liability and the issued shares of which are listed on the main board (the "Main Board) of the Stock Exchange (stock code: 1323).

Mr. Ho Pui Tin, Terence, aged 46, completed a professional diploma in accountancy in the Hong Kong Polytechnic University in 1989 and is also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Ho has over 24 years of extensive practical experiences and extensive knowledge in the accounting, corporate finance, financial, property investment and development, manufacturing, retail, securities and infrastructures industry. Prior to joining the Company, Mr. Ho had been the financial director and non-executive director of Wah Nam International Holdings Limited, a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange (stock code: 159) from 1997 – 1999. Mr. Ho is currently the director of Metro Capital Securities Limited, and responsible for oversees the accounting, compliance and reporting of the securities broker. Mr. Ho is also the member of the nomination and remuneration committee of the Company respectively.

Directors and Senior Management

Mr. Chow Pak Wah, Oliver, aged 52, completed a diploma course in the accounting and business development from the Hong Kong Management Association in 1980. Mr. Chow has over 33 years of extensive practical experience and extensive knowledge in the corporate finance and securities industry.

Prior to joining the Company, Mr. Chow had been head of operation, head of regional operations, and held a managerial position in different international securities companies including but not limited to Cazenove & Co (Overseas) Ltd., Jupiter Tyndall (Asia) Ltd., Credit Lyonnais Securities (Asia) Ltd., JS Cresvale Securities International Ltd. and Sunice Enterprise International Ltd.. Mr. Chow had also been a director of investor relationship of eForce Holdings Limited (stock code: 943), a company incorporated in Bermuda with limited liability and listed on the Main board of the Stock Exchange and a director of corporate finance of Ngai Lik Industrial Holdings Limited (stock code: 332), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. Mr. Chow is currently the managing director of Sure Success Investments Holdings Ltd., a private independent consulting company.

Mr. Tsang Ho Ka, Eugene, aged 30, is a Certified Practising Accountant of the CPA Australia, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a member of the Hong Kong Institute of Directors, an associate management accountant of the Institute of Certified Management Accountants, Australia, an associate of the Taxation Institute of Hong Kong, a full member of the Institute of Accountants Exchange, a Certified Tax Adviser of the Taxation Institute of Hong Kong and also the member of the Hong Kong Mining Investment Professionals Association. Mr. Tsang holds a bachelor's degree in commerce from the University of New South Wales, Australia and also completed an accounting extension course of Australian Taxation Law and Australian Corporations Law in the University of Sydney, Australia. Mr. Tsang has over 9 years of experience in accounting and financial management and previously worked in Deloitte Touche Tohmatsu, an international CPA firm and a company listed in the Hong Kong Special Administrative Region of the PRC. Mr. Tsang is also the founder of the Gattaca Company Limited, an independent consultancy company specializing in corporate restructuring and financial reengineering. Mr. Tsang has experience in a wide range of business, including trading and distribution of recycled computers and related accessories, the provision of information technology consulting and related maintenance services, trading of bags and accessories, coordination of various logistics services, the coal mining, sale and distribution of coals in the PRC, international coal trading, general trading in the PRC, property investments, business consultancy and financial printing services. Prior to join this Company, Mr. Tsang was the company secretary and the qualified accountant of the Richfield Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which were previously listed on the GEM (stock code: 8136) and subsequently transferred to the Main Board of the Stock Exchange (stock code: 183) from March 2006 – March 2007. Mr. Tsang is also an executive director and joint company secretary of the Newtree.

Ms. Yick Mi Ching, Dawnibilly, aged 52, holds a Master of Business Administration and a Master of Management from Macquarie Graduate School of Management, Australia respectively and Honours Degree of Bachelor of Arts in Business Administration from the University of Portsmouth, United Kingdom. Ms. Yick has also completed a diploma in secretarial and administration from the City and Guilds of London Institute and an advanced diploma in secretarial and administrative studies from the Hong Kong Management Association. Ms. Yick has over 17 years of experience in the field of administration. Ms. Yick has over the past years adopted a proactive management approach and delivered an outstanding performance in various areas, specifically in the areas of corporate management and providing secretarial support to the senior executives. Ms. Yick has taken up the management role as an executive director of a number of subsidiaries of the Company respectively. Ms. Yick is also an executive director of the Newtree.

Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Wong Wai Sing, redesignated from non-executive director to executive director on 19 September 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwok Kam Tim, aged 36, is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Mr. Kwok holds a bachelor's degree of engineering in electronics engineering from the Hong Kong University of Science and Technology and bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University. Mr. Kwok has over 11 years of experience in accounting and financial managements and previously worked in an international CPA firm. Mr. Kwok is currently a financial controller, company secretary and authorised representative of the Loudong General Nice Resources (China) Holdings Limited (stock code: 988), a company incorporated in the Bermuda with limited liability which listed on the Main Board of the Stock Exchange. Mr. Kwok is the chairman of the audit committee of the Company and also a member of the audit committee, remuneration committee and nomination committee of the Company respectively. Mr. Kwok is also an independent non-executive director of the Newtree.

Mr. Kinley Lincoln James Lloyd, aged 34, is a solicitor of the High Court of the Hong Kong Special Administrative Region, a solicitor of the Supreme Court of New South Wales, Australia and a barrister and solicitor of the Supreme Court of Western Australia. Mr. Kinley holds a graduate certificate in legal practice and bachelor's degree in law from the University of Technology, Sydney, Australia. Mr. Kinley has over 9 years legal experience in both Australia and Hong Kong respectively and his practice has been focused on the areas of employment law and general commercial litigation. Mr. Kinley is currently solicitor in a Hong Kong law firm. Mr. Kinely is also the member of the audit committee, remuneration committee and nomination committee of the Company respectively. Mr. Kinley is also an independent non-executive director of the Newtree.

Ir. Edmund Kwok King Yan, aged 49, holds a bachelor's degree in science (engineering) from the Imperial College of Science and Technology, University of London and a MBA degree from the London Business School, he is also a member of The Hong Kong Institution of Engineers, a Charter Member of The British Computer Society and also a U.K. Chartered Engineer. Ir. Kwok has over 21 years of extensive practical experiences and extensive knowledge in the accounting, financial, corporate finance, tel-communications, property investments and natural resources industry.

Ir. Kwok had been the chief financial officer and executive director of Jinchuan Group International Resources Co. Ltd (formerly known as Macau Investment Holdings Limited, Signal Media and Communications Holdings Limited and Goldigit Atom-Tech Holdings Limited respectively), a company incorporated in Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (stock code: 2362). Ir. Kwok is currently the executive director and chief financial officer of Hang Po Resources, a private company which specializes in natural resources industry especially in the mining right trading business. Ir. Kwok is also the chairman of the nomination and remuneration committee of the Company and a member of the audit, nomination and remuneration committee of the Company respectively.

Directors and Senior Management

Mr. Chan, Kin Sang, aged 60, is the sole proprietor of Messrs. Peter K.S. Chan & Co., Solicitors and Notaries and has been a practising solicitor in Hong Kong since 1982. Mr. Chan graduated from the University of Hong Kong with a bachelor's degree in laws in 1979. Mr. Chan was admitted as a notary public in 1997 and as a PRC appointed attesting officer in 2000 and also he is a fellow of the Hong Kong Institute of Directors.

Mr. Chan is currently the independent non-executive directors of the following Hong Kong and overseas' listed companies:

Name of company:	Stock code:	Period of appointment:
People's Food Holdings Limited *(a company incorporated in Bermuda with limited liability and listed on the main board of the Singapore Exchange Securities Trading Limited (the "Singapore Stock Exchange")*	P05	February 2001 – present
China Precious Metal Resources Holdings Co., Limited *(a company incorporated in Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange)*	1194	June 2004 – present
Luxking Group Holdings Limited *(a company incorporated in Bermuda with limited liability and listed on the main board of the Singapore Stock Exchange)*	L34	June 2005 – present
International Taifeng Holdings Limited *(a company incorporated in Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange)*	873	November 2009 – present

Directors and Senior Management

Mr. Chan is currently the non-executive directors of the following Hong Kong and overseas' listed companies:

Name of company:	Stock code:	Period of appointment:
Pan Hong Property Group Limited *(a company incorporated in Bermuda with limited liability and listed on the main board of the Singapore Stock Exchange)*	P36	August 2006 – present
United Pacific Industries Limited *(a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange)*	176	January 2011 – present
Combest Holdings Limited *(a company incorporated in Cayman Islands with limited liability and listed on the GEM of the Stock Exchange)*	8190	June 2011 – present
Pacific Plywood Holdings Limited *(a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange)*	767	December 2011 – present

Mr. Chan was the independent non-executive directors of the following Hong Kong and overseas listed companies held in the past 3 years since the date of this announcement:

Name of company:	Stock code:	Period of appointment:
Sunray Holdings Limited *(a company incorporated in Bermuda with limited liability and listed on the main board of the Singapore Stock Exchange)*	S38	September 2002 – September 2010
China CBM Group Limited (formerly known as Dynamic Energy Holdings Limited) *(a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange)*	578	April 2004 – April 2010
Combest Holdings Limited *(a company incorporated in Cayman Islands with limited liability and listed on the GEM of the Stock Exchange)*	8190	September 2004 – June 2011
New Smart Energy Holdings Limited *(a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange)*	91	July 2006 – September 2009
Wai Chun Group Holdings Limited# *(a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange)*	1013	November 2007 – August 2008
Pacific Plywood Holdings Limited *(a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange)*	767	April 2010 – December 2011

During the period from 1 November 2007 to 20 August 2008, Mr. Chan was appointed as an independent non-executive director of Plus Holdings Limited (now renamed as Wai Chun Group Holdings Limited (Stock Code: 1013)), a company incorporated in Bermuda with limited liability and listed on the main board of the Stock Exchange (the "Target Company"). At that time, the Target Company was engaged in the business of information technology and its shares were suspended for trading due to an outstanding petition for winding up commenced on 15 November 2006 for an outstanding amount of US$900,000 and the appointment of a provisional liquidator. Mr. Chan was appointed to sit on the audit committee formed in compliance with the requirements for resumption of trading. On 20 August 2008, the winding up petition was dismissed and the provisional liquidator was discharged.

Mr. Chan was a non-executive director of Mayer Holdings Limited, a company incorporated in Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (stock code: 1116) from June 2010 – December 2011. Mr. Chan is also a member of the audit committee, remuneration committee and nomination committee of the Company respectively.

Directors and Senior Management

Mr. Ng Wing Hang, aged 59, is a practising Certified Public Accountant in Hong Kong and is the managing director of Pan-China (H.K.) CPA Limited, a certified public accountants firm in Hong Kong. Mr. Ng also serves as an independent non-executive director of Shenyin Wanguo (H.K.) Limited, a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange (stock code: 218) and Far East Hotels and Entertainment Limited, a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange (stock code: 37). Mr. Ng was as an independent non-executive director of China CBM Group Limited (formerly known as Dynamic Energy Holdings Limited), a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange (stock code: 578) from April 2004 – April 2010. Mr. Ng is also a member of the audit committee, remuneration committee and nomination committee of the Company respectively.

Mr. Sung Wai Tak, Herman, resigned as an independent non-executive director on 17 February 2012.

Mr. Ho Kam Chuen, Alex appointed as independent non-executive director on 1 March 2012 and resigned on 28 May 2012.

SENIOR MANAGEMENT

Mr. Ho Pui Tin, Terence is currently an executive Director and the vice-chairman and the chief executive officer of the Group respectively. Biographical details are set out on page 38 of the Company's annual report.

Mr. Tsang Ho Ka, Eugene, is currently an authorised representative, the company secretary and an executive Director of the Company. Biographical details are set out on page 39 of the Company's annual report.

Ms. Yick Mi Ching, Dawnibilly, is currently an executive Director and the administrative manager of the Group. Biographical details are set out on page 39 of the Company's annual report.

Ms. Sung Ting Yee, aged 37, holds a bachelor's degree of arts (Honours) in accountancy from the Birmingham City University (formerly known as University of Central England in Birmingham), United Kingdom. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and has over 14 years of experience in accounting, auditing and internal audit in both Hong Kong and the PRC respectively and previously worked in an international CPA firm as an audit manager and a company listed on the main board of the Stock Exchange as an internal audit manager. Prior to join to this Company, Ms. Sung was a finance manager of the China Mining Resources Group Limited (stock code: 340) which is a company incorporated in the Bermuda with limited liability which listed on the main board of the Stock Exchange. Ms. Sung is currently the chief financial officer of the Group. Ms. Sung is also the financial controller and an executive director of the Newtree and also the company secretary and the chief financial officer of Colors Securities Limited and Colors Commodities Limited respectively.

Directors and Senior Management

Mr. Hui Ngai Hon, Edward, aged 37, holds a bachelor's degree in art from The University of British Columbia, Canada and a Certificate of Mining Economics issued by the Runge Limited, Australia. Mr. Hui has a wide range of experiences in the industry of stock brokerage, fund broker, asset management, financial projects, land development, mining and resource business. Mr. Hui is currently one of the shareholder and a director of Race Resources Limited and responsible in numerous inspection, assessment, exploration and exploitation work involving different types of mineral resources (including iron, nickel, tin, copper and gold mines) in different countries including Mongolia, Philippines, the PRC and Indonesia and also one of the shareholder and a director of Full House Limited and responsible for the management of the investment department. Mr. Hui first joined the Company as the Group's project manager in April 2012 and is also the chief investment officer of the Group.

Mr. Kong Chi Keung, aged 41, holds a bachelor's degree in business administration from the Hong Kong Baptist University. He has over 15 years of experience in project management in the PRC. Prior to join to this Company, Mr. Kong was a project manager of the Hopewell Highway Infrastructure Limited (stock code: 737) which is a company incorporated in the Cayman Islands with limited liability which listed on the main board of the Stock Exchange. Mr. Kong is currently the chief operating officer of the Group.

Mr. Woo Man Wai, David, aged 44, holds a bachelor's degree of arts (Honours) in the international business from the City University of Hong Kong. Mr. Woo has been a consultant of the Group since October 2009 and has periodically provided the Group with business advisory services in the PRC. Mr. Woo has over 21 years' experience in several industries in the PRC such as information technology, trading of industrial goods, natural resources and banking sectors who has established a sounds relationship. Mr. Woo has also taken up the management role for the group's general trading segments and taken up the management role as an executive director of a number of subsidiaries of the Company in relation to the Group's coal trading segments and also taken up the management role as an executive director of a number of subsidiaries of the Newtree in relation to the group's methyl tertiary butyl ether (M.T.B.E.) trading segments. Prior to joining the Company, Mr. Woo was the senior manager in an international CPA firm which based in Beijing, the PRC.

Corporate Governance Report

(A) CORPORATE GOVERNANCE PRACTICES

Ming Kei Holdings Limited (the "Company") and its subsidiaries (collectively refer to as 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 2012, the Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), save and except for the following:

1. A.1.3 of CG Code requires of at least 14 days notice should be given to all Directors for a regular Board Meeting. For all other Board meetings, reasonable notice should be given. Due to the practical reasons, 14 days' advanced notifications have not been given to all meetings of the Board of Directors. Reasons have been given in the notifications in respect of those meetings of the Board where it is not practical to give 14 days' advanced notification. The Board will use its best endeavours to give 14 days' advanced notifications of Board meeting to the extent practicable;

2. A.4.1 of the CG Code requires that all non-executive director should be appointed for a specific term, subject to re-election. Currently, 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

3. E.1.2 of the CG Code requires that the chairman of the Board should attend the annual general meeting. Due to other business commitment, Mr. Wong Wai Sing, the chairman of the Board, is unable to attend the Company's 2012 annual general meeting held on Thursday, 2 August 2012 but he has appointed Ms. Yick Mi Ching, Dawnibilly to act as his representative at the said meeting.

(B) 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 (the "Securities Code") of the GEM Listing Rules. During the year ended 31 March 2012, 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 Securities Code.

Corporate Governance Report

(C) BOARD OF DIRECTORS

At present, the Board of the Company comprises ten members are as follows:

EXECUTIVE DIRECTORS

Mr. Wong Wai Sing *(Chairman)* (redesignated from non-executive Director on 19 September 2011)
Mr. Ho Pui Tin, Terence *(Chief Executive Officer)* (appointed on 10 February 2012 and appointed as Chief Executive Officer and Vice-Chairman on 24 February 2012)
Mr. Tsang Ho Ka, Eugene (resigned as Chief Executive Officer on 24 February 2012)
Ms. Yick Mi Ching, Dawnibilly
Mr. Chow Pak Wah, Oliver (appointed on 10 February 2012)

NON-EXECUTIVE DIRECTOR

Mr. Wong Wai Sing *(Chairman)* (redesignated to executive Director on 19 September 2011)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwok Kam Tim
Mr. Kinley Lincoln James Lloyd
Ir. Edmund Kwok King Yan (appointed on 10 February 2012)
Mr. Sung Wai Tak, Herman (resigned on 17 February 2012)
Mr. Chan Kin Sang (appointed on 1 March 2012)
Mr. Ng Wing Hang (appointed on 1 March 2012)
Mr. Ho Kam Chuen, Alex (appointed on 1 March 2012 and resigned on 28 May 2012)

The Company believes that it is headed by an effective Board, lead by Mr. Wong Wai Sing, which assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

The Board meets regularly on a quarterly basis. Apart from the regular Board meetings of the year, the Board also meets on other occasions when a Board-level decision on a particular matter is required. All Directors are provided with details of agenda items for decisions making with reasonable notice. Directors have access to the advice and services of the company secretary who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

(C) BOARD OF DIRECTORS *(Continued)*

Generally, the responsibilities of the Board include:

- Formulation of operational strategies and review of its financial performance and results and the internal control systems;
- Policies relating to key business and financial objectives of the Company;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Communication with key stakeholders, including shareholders and regulatory bodies; and
- Recommendation to shareholders on final dividend and the declaration of any interim dividends.

Decisions regarding the daily operation and administration of the Company are delegated to the management, led by the chief executive officer (the "CEO"), Mr. Ho Pui Tin, Terence.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates shareholders on the operations and financial position of the Group through quarterly, half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Board meets four times a year to review the financial and operating performance of the Group and other Board Meetings which Board level decisions is required. Details of attendance of the meeting of the Board are as follows:

Directors	No. of Board Meetings Held	No. of Board Meetings Attended	No. of Other Board Meetings Held	No. of Other Board Meetings Attended
Mr. Wong Wai Sing *(Chairman)* (redesignated from non-executive director on 19 September 2011)	4	4	27	20
Mr. Ho Pui Tin, Terence *(Chief Executive Officer)* (appointed on 10 February 2012 and appointed as Chief Executive Officer and Vice-Chairman on 24 February 2012)	4	1	27	8
Mr. Tsang Ho Ka, Eugene (resigned as Chief Executive Officer on 24 February 2012)	4	4	27	27
Ms. Yick Mi Ching, Dawnibilly	4	4	27	27
Mr. Chow Pak Wah, Oliver (appointed on 10 February 2012)	4	1	27	8
Mr. Kwok Kam Tim	4	4	27	16
Mr. Kinley Lincoln James Lloyd	4	4	27	16
Ir. Edmund Kwok King Yan (appointed on 10 February 2012)	4	1	27	7
Mr. Sung Wai Tak, Herman (resigned on 17 February 2012)	4	3	27	9
Mr. Chan Kin Sang (appointed on 1 March 2012)	4	1	27	3
Mr. Ng Wing Hang (appointed on 1 March 2012)	4	1	27	3
Mr. Ho Kam Chuen, Alex (appointed on 1 March 2012 and resigned on 28 May 2012)	4	0	27	3

(C) BOARD OF DIRECTORS *(Continued)*

Details of attendances of the general meeting of the Directors are as follows during the current year ended under reviewed:

Directors	No. of General Meetings Held	No. of General Meetings Attended
Mr. Wong Wai Sing *(Chairman)* (redesignated from non-executive director on 19 September 2011)	4	0
Mr. Ho Pui Tin, Terence *(Chief Executive Officer)* (appointed on 10 February 2012 and appointed as Chief Executive Officer and Vice-Chairman on 24 February 2012)	4	1
Mr. Tsang Ho Ka, Eugene (resigned as Chief Executive Officer on 24 February 2012)	4	4
Ms. Yick Mi Ching, Dawnibilly	4	3
Mr. Chow Pak Wah, Oliver (appointed on 10 February 2012)	4	0
Mr. Kwok Kam Tim	4	1
Mr. Kinley Lincoln James Lloyd	4	0
Ir. Edmund Kwok King Yan (appointed on 10 February 2012)	4	0
Mr. Sung Wai Tak, Herman (resigned on 17 February 2012)	4	0
Mr. Chan Kin Sang (appointed on 1 March 2012)	4	0
Mr. Ng Wing Hang (appointed on 1 March 2012)	4	0
Mr. Ho Kam Chuen, Alex (appointed on 1 March 2012 and resigned on 28 May 2012)	4	0

(C) BOARD OF DIRECTORS *(Continued)*

During the current year ended under reviewed, Directors had participated in different continuous professional development (the "CPD") to develop and refresh their knowledge and skills and each Directors provided their records of training to the Company respectively. The Company is of the view that all Directors meet the A.6.5 of the CG Code and details as follow:

	(Notes)
Mr. Wong Wai Sing *(Chairman)* (redesignated from non-executive director on 19 September 2011)	2 and 8
Mr. Ho Pui Tin, Terence *(Chief Executive Officer)* (appointed on 10 February 2012 and appointed as Chief Executive Officer and Vice-Chairman on 24 February 2012)	1, 6 and 8
Mr. Tsang Ho Ka, Eugene (resigned as Chief Executive Officer on 24 February 2012)	3, 4, 6, 7 and 8
Ms. Yick Mi Ching, Dawnibilly	6 and 8
Mr. Chow Pak Wah, Oliver (appointed on 10 February 2012)	8
Mr. Kwok Kam Tim	3
Mr. Kinley Lincoln James Lloyd	4, 5 and 8
Ir. Edmund Kwok King Yan (appointed on 10 February 2012)	8
Mr. Chan Kin Sang (appointed on 1 March 2012)	8
Mr. Ng Wing Hang (appointed on 1 March 2012)	1, 2, 4 and 8
Mr. Sung Wai Tak, Herman (resigned on 17 February 2012)	N/A
Mr. Ho Kam Chuen, Alex (appointed on 1 March 2012 and resigned on 28 May 2012)	N/A

Notes:

1. Annual updated conferences for different regulations (including but not limit to accounting, tax and GEM Listing Rules).
2. Attending local or/and overseas seminars.
3. Attending local or/and overseas tertiary institution by distances learning or/and by physical attendances.
4. CPD Seminars.
5. CPD Workshops.
6. e-Seminars and/or e-CPD learning.
7. Acting as authorized supervisor for a professional body.
8. Reading related journals or/and learning materials.

All Directors, including independent non-executive Directors assume the responsibilities to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

Each of the independent non-executive Director has made an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non- executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

Corporate Governance Report

(D) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As at 31 March 2012, the role of the chairman (the "Chairman") of the Group is taken up by Mr. Wong Wai Sing and the role of the CEO is taken up by Mr. Ho Pui Tin,Terence, hence, the role of the Chairman and CEO are separated.

(E) INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has five independent non-executive Directors, namely Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Ir. Edmund Kwok King Yan, Mr. Chan Kin Sang and Mr. Ng Wing Hang respectively.

The five independent non-executive Directors are not appointed for a fixed term of office, but they are subject to the retirement by rotation and re-election of Directors in the Bye-laws of the Company, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

(F) APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

According to the Bye-laws, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years. According to the code provision A.4.1 of the CG Code, non-executive Directors should be appointed for a specific term of service. None of Independent Non-Executive Directors have entered into an appointment letter with the Company for a specific term of service but their appointments are subject to retirement by rotation and they shall offer themselves for re-election in accordance with the Bye- laws.

(G) REMUNERATION COMMITTEE

The remuneration committee (the "RC") was set up on 20 March 2006 with written terms of references to oversee the remuneration policy and structure for all Directors and senior management. The RC is chaired by Ir. Edmund Kwok King Yan, being an independent non-executive Director, and five other members, namely, Mr. Ho Pui Tin, Terence, being an executive Director, Mr. Chan Kin Sang, Mr. Ng Wing Hang, Mr. Kwok Kam Tim and Mr. Kinley Lincoln James Lloyd respectively, all are being independent non-executive Directors. The role of the RC is to recommend to the Board a framework for remunerating the Directors and key executives and to determine specific remuneration packages for them. They are provided with sufficient resources by the Company to discharge its duties.

The remuneration package for executive Directors comprises a basic salary and a performance related bonus for their contributions in according to the CG Code B.12(c)(ii). All revision to the remuneration packages of the Directors are subject to the review and approval of the Board. Details of Directors' remuneration are set out in note 9 to the financial statements in this annual report.

The Company has conditionally adopted the Share Option Scheme (the "Scheme") on 26 October 2002. The purpose of the Scheme is to enable the Board, at its discretion, to grant options to selected eligible participants to motivate them and to optimise their performance and efficiency for the benefit of the Group.

(G) REMUNERATION COMMITTEE *(Continued)*

Details of the attendance of the RC meeting are as follows during the current year ended under reviewed:

Directors	No. of RC Meetings Held	No. of RC Meetings Attended
Ir. Edmund Kwok King Yan *(Chairman)* (appointed on 10 February 2012 and Chairman on 24 February 2012)	1	1
Mr. Kwok Kam Tim (appointed and resigned as Chairman on 1 February 2012 and 24 February 2012)	1	1
Mr. Ho Pui Tin, Terence (appointed on 24 February 2012)	1	1
Mr. Kinley Lincoln James Lloyd	1	1
Mr. Tsang Ho Ka, Eugene (resigned as Chairman on 1 February 2012 and member on 24 February 2012)	1	0
Mr. Sung Wai Tak, Herman (resigned on 17 February 2012)	1	0
Mr. Chan Kin Sang (appointed on 1 March 2012)	1	1
Mr. Ng Wing Hang (appointed on 1 March 2012)	1	1
Mr. Ho Kam Chuen, Alex (appointed on 1 March 2012 and resigned on 28 May 2012)	1	0

(H) NOMINATION COMMITTEE

The nomination committee (the "NC") was set up on 1 February 2012 with written terms of references to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The NC is chaired by Ir. Edmund Kwok King Yan, being an independent non-executive Director, and five other members, Mr. Ho Pui Tin, Terence, being an executive Director, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Mr. Chan Kin Sang and Mr. Ng Wing Hang, all are being independent non-executive Directors. The role and function of the NC include to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships and to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive.

(H) NOMINATION COMMITTEE *(Continued)*

Details of the attendance of the NC meetings are as follows during the current year ended under reviewed:

	No. of NC Meetings Held	No. of NC Meetings Attended
Ir. Edmund Kwok King Yan *(Chairman)* (appointed on 10 February 2012 and Chairman on 24 February 2012)	1	1
Mr. Kwok Kam Tim (appointed and resigned as Chairman on 1 February 2012 and 24 February 2012)	1	1
Mr. Ho Pui Tin, Terence (appointed on 24 February 2012)	1	1
Mr. Kinley Lincoln James Lloyd	1	1
Mr. Tsang Ho Ka, Eugene (appointed and resigned on 1 February 2012 and 24 February 2012)	1	0
Mr. Sung Wai Tak, Herman (appointed on 1 February 2012 resigned on 17 February 2012)	1	0
Mr. Chan Kin Sang (appointed on 1 March 2012)	1	1
Mr. Ng Wing Hang (appointed on 1 March 2012)	1	1
Mr. Ho Kam Chuen, Alex (appointed on 1 March 2012 and resigned on 28 May 2012)	1	0

(I) AUDITOR'S REMUNERATION

During the year ended 31 March 2012, the fees paid to the auditor in respect of audit and non-audit services provided by the auditor of the Group were as follows:

Nature of services	**2012 Amount (HK$)'000**	2011 Amount (HK$)'000
Audit services	**380**	630
Non-audit services	**248**	915

(J) AUDIT COMMITTEE

The audit committee (the "AC") of the Company comprises all independent non-executive Directors and headed by Mr. Kwok Kam Tim. The AC performs, amongst others, the following functions:

- ensure that co-operation is given by the Company's management to the external auditors where applicable;
- review the Group's quarterly, half-yearly and annual results announcements and the financial statements prior to their recommendations to the Board for approval;
- review the Group's financial reporting process and internal control system; and
- review of transactions with connected persons (as if any).

Corporate Governance Report

(J) AUDIT COMMITTEE *(Continued)*

Details of the attendance of the AC meetings are as follows during the current year ended under reviewed:

Directors	No. of AC Meetings Held	No. of AC Meetings Attended
Mr. Kwok Kam Tim *(Chairman)*	4	4
Mr. Kinley Lincoln James Lloyd	4	4
Ir. Edmund Kwok King Yan (appointed on 10 February 2012)	4	1
Mr. Sung Wai Tak, Herman (resigned on 17 February 2012)	4	3
Mr. Chan Kin Sang (appointed on 1 March 2012)	4	1
Mr. Ng Wing Hang (appointed on 1 March 2012)	4	1
Mr. Ho Kam Chuen, Alex (appointed on 1 March 2012 and resigned on 28 May 2012)	4	0

(K) CORPORATE GOVERNANCE FUNCTIONS

The written terms of references of the corporate governance functions was adopted by the Company on 1 February 2012 and the Board is responsible

- to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
- to review and monitor the training and continuous professional development of Directors and senior managements;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board are responsible.

(L) ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or condition that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

(L) ACCOUNTABILITY AND AUDIT *(Continued)*

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual, half-yearly and quarterly reports, other price-sensitive announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 67 to 137 of this annual report.

(M) INTERNAL CONTROL

The Board has conducted annual review on the system of internal control of the Group and its effectiveness covering the financial, operational, compliance controls and risk management functions. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets.

(N) COMPANY SECRETARY

As at 31 March 2012, the company secretary of the Company (the "Company Secretary") is Mr. Tsang Ho Ka, Eugene (the "Mr. Tsang") and a written confirmation had been received by the Company from Mr. Tsang to confirm he took not less than 15 hours of relevant professional training during the current year ended under reviewed. The Company is on the view that Mr. Tsang comply with the GEM Listing Rule of 5.15.

(O) INVESTOR RELATIONS

The Company's web site (http://www.mingkeiholdings.com) offers communication channel between the Company and the Company's shareholders (the "Shareholders") and potential investors. Apart from disclosure of all necessary information to the shareholders in compliance with the GEM Listing Rules of the Stock Exchange, news update of the Company's business development and operation are available on the Company's website.

The Group reports to its Shareholders four times a year. Quarter one, interim, quarter three and annual results are announced as early as practicable to keep Shareholders informed of the Group's performance. The general meetings of the Company provide a forum for communication between the Shareholders and the Board. All Shareholders are encouraged to attend the annual general meetings to discuss the progress of the Group's business. The chairman of each of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee, or in their absence, other members of the respective Committees are available to answer questions at the general meetings. Separate resolutions are proposed at the general meetings on each substantial issue, including re-election of Directors. The Company's website, which contains corporate information, quarter, interim and annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group, enables the Shareholders to access information on the Group on a timely basis.

During the current year ended under reviewed, two special resolutions was proposed for the amendment of the Bye-laws of the Company and being approved by the Shareholders, further details can refers to the announcement of the Company dated 8 February 2012 and 5 March 2012 and circular of the Company dated 8 February 2012 respectively. The amended and restated Bye-laws of the Company is available on the GEM website at http://www.hkgem.com and on the website of the Company at http://www.mingkeiholdings.com.

(P) SHAREHOLDERS' RIGHTS

In accordance with the Company's Bye-laws 58, shareholders of the Company (the "Shareholders") holding at the date of deposit of the requisition not less than one-tenth of the issued share capital of the Company carrying the right of voting at extraordinary general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of section 74(3) of the Companies Act 1981 of Bermuda.

A Shareholders' communication policy (the "Policy") was adopted by the Company on March 2012 to maintain an on-going dialogue with Shareholders and encourage them to communicate actively with the Company and also establishing the Policy and reviewing the Policy on a regular basis to ensure its effectiveness.

Report of the Directors

The board (the “Board”) of directors (the “Directors”) herein present the annual report and the audited financial statements of the Ming Kei Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2012.

DATE OF INCORPORATION

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 and continued in Bermuda as an exempted company with limited liability in accordance with the section 132C(4)(d) of the Companies Act 1981 of the Bermuda. The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is Unit 01, 3/F., Wheelock House, 20 Pedder Street, 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.

PRINCIPAL ACTIVITIES

The principal activity of the Company is an investment holding. Details of the principal activities of the subsidiaries and associates of the Company are set out in notes 19 and 20 to the financial statements, respectively. During the current year ended under reviewed, investment properties of the Group in the Hong Kong and the Xinjiang, the People’s Republic of China were disposed.

SEGMENT INFORMATION

An analysis of the Group’s turnover and contribution to results by principal activities and geographical areas of operations for the year is set out in note 5 to the financial statements.

RESULTS AND DIVIDENDS

The Group’s consolidated loss for the year ended 31 March 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 67 to 137.

The Directors do not recommend any dividends during the year.

Report of the Directors

SUMMARY FINANCIAL INFORMATION

The following is a summary of the consolidated results of the Group for each of the five years ended 31 March 2012 and of the assets and liabilities of the Group as at 31 March 2012, 2011, 2010, 2009 and 2008 respectively prepared on the basis set out in the note below.

CONSOLIDATED RESULTS

	Year ended 31 March				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(restated)	(restated)		(restated)
Revenue					
Continuing operations	**100,631**	54,804	15,096	127,705	35,071
Discontinued operation	**22,936**	22,177	63,461	6,054	16,068
	123,567	76,981	78,557	133,759	51,139
(Loss)/profit before income tax from continuing and discontinued operations	**(36,025)**	(107,630)	(69,227)	(1,058,072)	13,414
Income tax from continuing and discontinued operations	**(224)**	1,040	(1,852)	292,141	1,974
(Loss)/profit attributable to:					
Owners of the Company	**(36,356)**	(106,038)	(71,079)	(765,931)	15,388
Non-controlling interest	**107**	(552)	—	—	—
	(36,249)	(106,590)	(71,079)	(765,931)	15,388

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**60,545**	94,380	124,311	249,103	1,448,486
Current assets	**91,822**	77,473	82,841	139,590	187,668
Assets held for sale	**15,150**	—	—	—	—
Current liabilities	**52,421**	36,439	3,764	49,565	87,396
Liabilities held for sale	**607**	—	—	—	—
Net current assets	**53,944**	41,034	79,077	90,025	100,272
Non-current liabilities	**7,825**	8,429	2,834	154,876	604,368
	106,664	126,985	200,554	184,252	944,390
Attributable to:					
Owners of the Company	**102,399**	122,427	200,554	184,252	944,390
Non-controlling interest	**4,265**	4,558	—	—	—
	106,664	126,985	200,554	184,252	944,390

Note: The consolidated results of the Group for the years ended 31 March 2012 and 2011 and the consolidated assets and liabilities of the Group as at 31 March 2012 and 2011 are set out on pages 69 to 72 of the annual report.

The revenue figures have been re-presented as if the logistic business segment, the mining business segment and general trading business segment had been discontinued during the year ended 31 March 2008, 31 March 2011 and 31 March 2012 respectively, the earliest period presented.

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the year ended 31 March 2012 are set out in notes 15 and 16 to the financial statements respectively.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31 March 2012. The revaluation resulted in a fair value gain approximately of HK$664,000 (2011: fair value loss approximately of HK$1,703,000), which has been charged to the Group's consolidated income statement. Further details of the Group's investment properties are set out in note 16 to the financial statements.

PROPERTIES

Details of the properties of the Group at 31 March 2012 are set out on page 138.

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of movements in the Company's issued share capital, together with the details of the Company's share option scheme, are set out in the Report of the Directors, titled SHARE OPTION SCHEME and notes 29 and 33 to the financial statements respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the Bye-laws of Bermuda which would oblige the Company to offer new shares on a pro rate basis to existing shareholders.

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 (2011: HK$Nil).

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended are set out in the consolidated statement of changes in equity on page 74 of the annual report and in note 30(b) to the financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 March 2012, the Company had no retained profits (2011: HK$Nil) available for cash distribution. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company at 31 March 2012 amounted to approximately HK$131.11 million (2011: HK$131.11 million).

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contribution surplus if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

During the year, turnover made to the Group's five largest customers accounted for approximately 100% (2011: approximately 100%) of the total turnover for the year. Turnover made to the largest customer included therein accounted for approximately 80% (2011: approximately 70%) of the total turnover for the year.

During the year, purchases from the Group's five largest suppliers accounted for approximately 100% (2011: approximately 100%) of the total purchases for the year. Purchases from the Group's largest supplier included therein accounted for approximately 81% (2011: approximately 71%) of the total purchases for the year.

As far as the Directors are aware, neither the Directors of the Company, any of their associates nor any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interests in the Group's five largest customers or five largest suppliers during the year.

DONATIONS

No charitable donations was made by the Group during the year (2011: HK$Nil).

DIRECTORS

The Directors during the year and up to the date of this annual report were:

Executive Directors

Mr. Wong Wai Sing *(Chairman)*
Mr. Ho Pui Tin, Terence *(Chief Executive Officer)*
Mr. Tsang Ho Ka, Eugene
Ms. Yick Mi Ching, Dawnibilly
Mr. Chow Pak Wah, Oliver

Independent Non-Executive Directors

Mr. Kwok Kam Tim
Mr. Kinley Lincoln James Lloyd
Ir. Edmund Kwok King Yan
Mr. Sung Wai Tak, Herman (resigned on 17 February 2012)
Mr. Chan Kin Sang
Mr. Ng Wing Hang
Mr. Ho Kam Chuen, Alex (appointed on 1 March 2012 and resigned on 28 May 2012)

According to Bye-law 83(2), any Director appointed to fill a casual vacancy on the Board shall hold office until the first general meeting of the shareholders of the Company (the "Shareholders") after his/her appointment and be subject to re-election at such meeting.

According to Bye-laws 84(1) and 84(2), at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. A retiring Director shall be eligible for re-election.

DIRECTORS *(Continued)*

In accordance with Bye-law 83(2), Mr. Ho Pui Tin Terence, Mr. Chow Pak Wah Oliver, Ir. Edmund Kwok King Yan, Mr. Chan Kin Sang and Mr. Ng Wing Hang shall retire from office at the forthcoming annual general meeting (the "AGM"); whereas in accordance with Bye-laws 84(1) and 84(2), Ms. Yick Mi Ching Dawnibilly and Mr. Kinley Lincoln James Lloyd shall retire from office by rotation at the AGM. Being eligible, each of Mr. Ho Pui Tin Terence and Mr. Chow Pak Wah Oliver will offer himself for re-election as an executive Director and Ms. Yick Mi Ching Dawnibilly, Mr. Kinley Lincoln James Lloyd, Ir. Edmund Kwok King Yan, Mr. Chan Kin Sang and Mr. Ng Wing Hang will not offer himself/herself for re-election as an executive/independent non-executive Director (as the case may be). Each of Ms. Yick Mi Ching Dawnibilly, Mr. Kinley Lincoln James Lloyd, Ir. Edmund Kwok King Yan, Mr. Chan Kin Sang and Mr. Ng Wing Hang confirm that he/she has no claims whatsoever against the Company for fees, compensation for loss of office, remuneration, severance payments, pension, expenses or otherwise and there is no disagreement with the board and there are no matters relating to his/her retirement that need to be brought to the attention of the Shareholders and the Stock Exchange.

At the AGM, ordinary resolutions will be proposed to re-elect each of Mr. Ho Pui Tin Terence and Mr. Chow Pak Wah Oliver as an executive Director.

The Company confirmed that it has received from each of its independent non-executive Directors the annual confirmation for his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on Growth Enterprise Market (the "GEM Listing Rules") of the Stock Exchange and still considers them to be independent as at the date of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 38 to 45 of the Company's annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Wong Wai Sing, one of the executive Director, entered into the services contract with the Company for a term of one year commencing from 3 November 2008 and shall continue thereafter until terminated by either party giving to the other not less than one month notice in writing.

Mr. Tsang Ho Ka, Eugene, one of the executive Director, entered into the services contract with the Company for a term of one year commencing from 26 August 2008 and shall continue thereafter until terminated by either party giving to the other not less than one month notice in writing.

Ms. Yick Mi Ching, Dawnibilly, one of the executive Director, entered into the services contract with the Company for a term of one year commencing from 23 July 2008 and shall continue thereafter until terminated by either party giving to the other not less than one month notice in writing.

Mr. Ho Pui Tin, Terence, one of the executive Director, entered into the services contract with the Company for a term of one year commencing from 10 February 2012 and shall continue thereafter until terminated by either party giving to the other not less than one month notice in writing.

Mr. Chow Pak Wah, Oliver, one of the executive Director, entered into the services contract with the Company for a term of one year commencing from 10 February 2012 and shall continue thereafter until terminated by either party giving to the other not less than one month notice in writing.

DIRECTORS' SERVICE CONTRACTS *(Continued)*

Mr. Kwok Kam Tim, one of the independent non-executive Director, entered into the services contract with the Company for a term of one year commencing from 5 October 2009 and shall continue thereafter until terminated by either party giving to the other not less than one month notice in writing.

Mr. Kinley Lincoln James Lloyd, one of the independent non-executive Director, entered into the services contract with the Company for a term of one year commencing from 5 October 2010 and shall continue thereafter until terminated by either party giving to the other not less than one month notice in writing.

Ir. Edmund Kwok King Yan, one of the independent non-executive Director, entered into the services contract with the Company for a term of one year commencing from 10 February 2012 and shall continue thereafter until terminated by either party giving to the other not less than one month notice in writing.

Mr. Chan Kin Sang, one of the independent non-executive Director, entered into the services contract with the Company for a term of one year commencing from 1 March 2012 and shall continue thereafter until terminated by either party giving to the other not less than one month notice in writing.

Mr. Ng Wing Hang, one of the independent non-executive Director, entered into the services contract with the Company for a term of one year commencing from 1 March 2012 and shall continue thereafter until terminated by either party giving to the other not less than one month notice in writing.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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 report, 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.

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 year under reviewed.

Report of the Directors

COMPETITION AND CONFLICT OF INTERESTS

As at 31 March 2012, 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 "Securities 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 Securities Code.

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

As at 31 March 2012, 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	75,676 (L) (Note 2 and 3)	0.038
Mr. Wong Wai Sing (the "Mr. Wong")	Beneficial owner	36,400 (L) (Note 3)	0.018
	Interest of controlled corporation	75,676 (L) (Note 2 and 3)	0.038
Mr. Tsang Ho Ka, Eugene (the "Mr. Tsang")	Beneficial owner	7,940,104 (L) (Note 3)	4.035

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(ii) Interests in share options

Name of Director	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 3)	4.035

Notes:

1. Ming Kei is wholly and beneficially owned by Mr. Wong, an 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 75,676 Shares in which Ming Kei is interested.
3. The letter "L" denoted a long position in shares.

Save as disclosed above, as at 31 March 2012, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES" above and the share option scheme disclosures in note 33 to the financial statements, at no time during the year 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.

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 2012, 7,940,104 granted share options during the current year ended under reviewed were still 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 01/04/2011	Granted during the year	Exercised during the year	Outstanding as at 31/03/2012
Directors								
Ms. Yick Mi Ching, Dawnibilly	3 September 2010	3 September 2010 – 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 – 2 September 2020	0.755	0.755 (Note)	7,940,104	–	7,940,104	–
					15,880,208	–	7,940,104	7,940,104

SHARE OPTION SCHEME (Continued)

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.

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

As at 31 March 2012, there are no 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.

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 report, there is sufficient public float of the Company's issued shares as required under the Listing Rules throughout the year ended 31 March 2012.

CORPORATE GOVERNANCE

Subject to the deviations as disclosed in Corporate Governance Report set out on page 46 of the Company's annual report, the Company has complied with Corporate Governance Code and Corporate Governance Report set out in the Appendix 15 to the GEM Listing Rules during the current year ended under reviewed.

In order to maintain high standard of disclosure, an announcement of "PROFIT WARNING" dated 1 June 2012 was announced by the Company that the Group expected to record a significant decrease in net loss the Group respectively as compared to the corresponding prior year.

AUDIT COMMITTEE

The audit committee was set up 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 (the "AC") are to review and supervise the financial reporting process and internal control system of the Group. As of the date of this annual report, the AC comprises of five members, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Ir. Edmund Kwok King Yan, Mr. Chan Kin Sang and Mr. Ng Wing Hang respectively, all are being independent non-executive Directors. The AC held four meetings during the year. The Group's audited results for the year ended 31 March 2012 have been reviewed by the AC, 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 AC is chaired by Mr. Kwok Kam Tim.

REMUNERATION COMMITTEE

A remuneration committee (the "RC") was set up on 20 March 2006 with written terms of reference to oversee the RC policy and structure for all Directors and senior management. As of the date of this annual report, the RC comprised six members, namely Mr. Ho Pui Tin, Terence, being an executive Director, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Ir. Edmund Kwok King Yan, Mr. Chan Kin Sang and Mr. Ng Wing Hang, all being independent non-executive Directors. The role and function of the RC 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 RC is chaired by Ir. Edmund Kwok King Yan.

Report of the Directors

NOMINATION COMMITTEE

The nomination committee (the “NC”) was set up on 1 February 2012 with written terms of references to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy. As at the date of this annual report, the NC comprised of six members, namely Mr. Ho Pui Tin, Terence, being an executive Director, Ir. Edmund Kwok King Yan, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Mr. Chan Kin Sang and Mr. Ng Wing Hang respectively, all being independent non-executive Directors. The role and function of the NC include to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships and to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive. The NC is chaired by Ir. Edmund Kwok King Yan.

CONNECTED TRANSACTIONS

On 8 July 2011, the Group has paid a refundable deposit of HK$3,000,000 (the “Deposit”) to Mr. Woo Man Wai, David (the “Vendor David”), being the ultimate beneficial owner of the Target Company (as defined below) and who is also a substantial shareholder of the Group’s subsidiary and also the director of the Group’s subsidiaries, forthwith upon the signing of the non-legal binding memorandum of understanding in related to acquire of a target company (the “Target Company”).

On 29 February 2012, Star Fortune International Group Company Limited (the “Star Fortune”), a direct wholly owned subsidiary of the Company, entered into the agreement pursuant to which Star Fortune has agreed to sell and Mr. Wong Wai Sing, an executive Director and the chairman of the Group has agreed to purchase the entire issued share capital of Star International Business Company Limited, an indirect wholly owned subsidiary of the Company, which is wholly-owned by Star Fortune and the sale loan for the consideration of HK$15.74 million.

AUDITOR

The consolidated financial statements for the year ended 31 March 2012 have been audited by BDO Limited who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

PUBLICATION OF INFORMATION ON WEBSITES

This annual report 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.

For and on behalf
of the Board of
Ming Kei Holdings Limited
Mr. Wong Wai Sing
Chairman

Hong Kong, 25 June 2012

Independent Auditor's Report

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TO THE SHAREHOLDERS OF MING KEI HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Ming Kei Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 69 to 137, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Lam Siu Fung
Practising Certificate number P05308

Hong Kong, 25 June 2012

Consolidated Income Statement

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
Continuing operations			
Turnover	6	**100,631**	54,804
Cost of sales		**(93,892)**	(51,083)
Direct operating expenses		**(291)**	(261)
Gross profit		**6,448**	3,460
Other income, and other gains and losses, net	6	**(1,217)**	(33,771)
Selling and distribution costs		**(728)**	(325)
Administrative and other expenses		**(39,499)**	(57,134)
Finance costs	8	**(350)**	(150)
Loss before income tax from continuing operations		**(35,346)**	(87,920)
Income tax	10	**(224)**	1,040
Loss for the year from continuing operations		**(35,570)**	(86,880)
Discontinued operations			
Loss for the year from discontinued operations	11	**(679)**	(19,710)
Loss for the year	7	**(36,249)**	(106,590)
Attributable to:			
Owners of the Company	12	**(36,356)**	(106,038)
Non-controlling interest		**107**	(552)
		(36,249)	(106,590)
Loss per share attributable to owners of the Company	14		
From continuing and discontinued operations			
— Basic (Hong Kong dollar)		**(0.211)**	(0.647)
— Diluted (Hong Kong dollar)		**(0.211)**	(0.647)
From continuing operations			
— Basic (Hong Kong dollar)		**(0.207)**	(0.527)
— Diluted (Hong Kong dollar)		**(0.207)**	(0.527)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Loss for the year	**(36,249)**	(106,590)
Other comprehensive income for the year, net of tax:		
— Change in fair value of available-for-sale financial assets	**–**	448
— Reclassification adjustment of fair value gain included in profit or loss on redemption of available-for-sale financial assets	**–**	(780)
— Exchange differences on translation of financial statements of overseas subsidiaries	**1,143**	1,811
— Exchange differences on translation of financial statements of overseas associates	**–**	471
— Reclassification adjustment of exchange reserves on disposal of interests in overseas associates	**–**	(7,218)
Total comprehensive income for the year	**(35,106)**	(111,858)
Attributable to:		
Owners of the Company	**(35,213)**	(111,306)
Non-controlling interest	**107**	(552)
	(35,106)	(111,858)

Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**13,120**	17,282
Investment properties	16	**—**	22,004
Intangible assets	18	**47,425**	51,085
Deposit and direct cost paid for possible acquisition of subsidiaries	21	**—**	4,009
		60,545	94,380
Current assets			
Trade receivables	23	**51,969**	33,724
Refundable deposit	22	**19,411**	19,448
Prepayments, deposits and other receivables		**11,879**	6,269
Tax recoverable		**20**	—
Cash and cash equivalents	24	**8,543**	18,032
		91,822	77,473
Assets of a disposal group classified as held for sale	32	**15,150**	—
Total current assets		**106,972**	77,473
Current liabilities			
Trade payables	25	**46,296**	30,106
Accrued expenses and other payables		**2,987**	2,251
Amount due to a non-controlling owner of a subsidiary	36(e)	**1,950**	—
Promissory note	28	**—**	3,650
Tax payables		**1,188**	432
		52,421	36,439
Liabilities of a disposal group classified as held for sale	32	**607**	—
Total current liabilities		**53,028**	36,439
Net current assets		**53,944**	41,034
Total assets less current liabilities		**114,489**	135,414
Non-current liabilities			
Deferred tax liabilities	26	**7,825**	8,429
Net assets		**106,664**	126,985

Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
CAPITAL AND RESERVES			
Issued capital	29	**1,967**	1,688
Reserves	30(a)	**100,432**	120,739
Equity attributable to owners of the Company		**102,399**	122,427
Non-controlling interest		**4,265**	4,558
Total equity		**106,664**	126,985

These financial statements were approved and authorised for issue by the board of directors on 25 June 2012 and were signed on its behalf.

Mr. Wong Wai Sing
Director

Mr. Ho Pui Tin, Terence
Director

Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**2,030**	—
Interests in subsidiaries	19	**41,862**	69,513
Deposit and direct cost paid for possible acquisition of subsidiaries	21	**—**	4,009
		43,892	73,522
Current assets			
Prepayments, deposits and other receivables		**2,574**	1,937
Amounts due from subsidiaries	19	**31,603**	31,707
Cash and cash equivalents	24	**6,875**	8,409
		41,052	42,053
Current liabilities			
Accrued expenses and other payables		**1,027**	961
Promissory note	28	**—**	3,650
		1,027	4,611
Net current assets		**40,025**	37,442
Net assets		**83,917**	110,964
CAPITAL AND RESERVES			
Issued capital	29	**1,967**	1,688
Reserves	30(b)	**81,950**	109,276
Total equity		**83,917**	110,964

These financial statements were approved and authorised for issue by the board of directors on 25 June 2012 and were signed on its behalf.

Mr. Wong Wai Sing
Director

Mr. Ho Pui Tin, Terence
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Issued capital HK$'000 (Note 29)	Share premium HK$'000 (Note 30 (a)(i))	Con-tributed surplus HK$'000 (Note 30 (a)(ii))	Capital reserve HK$'000 (Note 30 (a)(ii))	Statutory reserve fund HK$'000 (Note 30 (a)(iii))	Warrant reserve HK$'000 (Note 30 (a)(iv))	Share option reserve HK$'000 (Note 30 (a)(iv))	Con-vertible bonds reserve HK$'000 (Note 30 (a)(v))	Asset revaluation reserve HK$'000 (Note 30 (a)(vi))	Exchange reserve HK$'000 (Note 30 (a)(vii))	Accu-mulated losses HK$'000	Attributable to owners of the Company HK$'000	Non-controlling interest HK$'000	Total HK$'000
Balance at 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
Issue of new shares on 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
Balance at 31 March 2011 and 1 April 2011	1,688	49,362	131,109	120,794	–	2,164	8,969	–	–	1,869	(193,528)	122,427	4,558	126,985
Loss for the year	–	–	–	–	–	–	–	–	–	–	(36,356)	(36,356)	107	(36,249)
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–	1,143	–	1,143	–	1,143
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	1,143	(36,356)	(35,213)	107	(35,106)
Dividend paid to a non-controlling owner of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(400)	(400)
Issue of new shares on exercise of warrants	200	11,164	–	–	–	(2,164)	–	–	–	–	–	9,200	–	9,200
Issue of new shares on exercise of share options	79	10,391	–	–	–	–	(4,485)	–	–	–	–	5,985	–	5,985
Balance at 31 March 2012	**1,967**	**70,917**	**131,109**	**120,794**	**–**	**–**	**4,484**	**–**	**–**	**3,012**	**(229,884)**	**102,399**	**4,265**	**106,664**

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Cash flows from operating activities		
Loss before income tax from continuing and discontinued operations	**(36,025)**	(107,630)
Adjustments for:		
Interest income	**(15)**	(281)
Gain on redemption of available-for-sale financial assets	**—**	(780)
Written off/loss on disposal of property, plant and equipment	**82**	72
Gain on disposal of investment property	**(14)**	—
Impairment loss on goodwill	**—**	24,425
Impairment loss on intangible assets	**3,660**	8,915
Fair value (gain)/loss on investment properties, net	**(664)**	1,703
Loss on disposal of associates	**—**	20,211
Depreciation	**4,580**	3,974
Share-based payments	**—**	9,162
Share of results of associates	**—**	861
Finance costs	**350**	150
	(28,046)	(39,218)
Increase in trade receivables	**(18,259)**	(28,844)
Increase in refundable deposit	**—**	(7,022)
Increase in prepayments, deposits and other receivables	**(5,626)**	(85)
Increase in trade payables	**16,276**	30,106
Increase/(decrease) in accrued expenses and other payables	**1,343**	(1,432)
Decrease in amount due to an associate	**—**	(81)
Increase/(decrease) in amount due to a non-controlling owner of a subsidiary	**1,950**	(13,106)
Cash used in operations	**(32,362)**	(59,682)
Interest received	**15**	281
Tax paid	**(92)**	—
Net cash used in operating activities	**(32,439)**	(59,401)

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Cash flows from investing activities		
Acquisition of subsidiaries	–	(65,220)
Escrow money received	–	10,000
Repayment of loan from an associate	–	28,500
Disposal of associates	–	43,618
Purchases of property, plant and equipment	(2,459)	(1,960)
Proceeds from disposal of an investment property	10,944	–
Proceeds from disposal of property, plant and equipment	–	563
Proceeds from disposal of available-for-sale financial assets	–	11,008
Deposits and direct cost refunded from/(paid for) possible acquisition of subsidiaries, net	4,000	(4,009)
Net cash generated from investing activities	12,485	22,500
Cash flows from financing activities		
Proceeds from issue of new shares on exercise of warrants	9,200	18,435
Proceeds from issue of new shares on exercise of shares options	5,985	–
Proceeds from issue of warrants	–	3,246
Direct costs of bonus issue	–	(320)
Direct costs on issue of share options	–	(193)
Dividend paid to a non-controlling owner of a subsidiary	(400)	–
Repayment of promissory note	(4,000)	–
Net cash generated from financing activities	10,785	21,168
Net decrease in cash and cash equivalents	(9,169)	(15,733)
Cash and cash equivalents at beginning of year	18,032	33,277
Effect of foreign exchange rate, net	216	488
Cash and cash equivalents at end of year	9,079	18,032
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	8,543	18,032
Cash and cash equivalents attributable to assets of a disposal group classified as held for sale	536	–
	9,079	18,032

(Expressed in Hong Kong dollars)

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 Unit 01, 3/F., Wheelock House, 20 Pedder Street, Central, Hong Kong.

The Company principally engaged in investment holding and its subsidiaries (collectively referred to as the "Group") are principally engaged in business of coal trading between the People's Republic of China (the "PRC") and Indonesia, property investment, and business of general trading in the PRC, further details of which are set out in Notes 5, 11 and 19.

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

(a) Adoption of new/revised HKFRSs – effective 1 April 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

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

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationship of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in Note 36.

(Expressed in Hong Kong dollars)

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

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

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures –Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[5]
Amendments to HKAS 1 (Revised)	Clarification of the Requirements for Comparative Information[4]
Amendments to HKAS 16	Classification of Servicing Equipment[4]
Amendments to HKAS 32	Tax Effect of Distribution to Holders of Equity Instruments[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

The amendments to HKFRS 7 improve the 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.

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 amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

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

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

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, classification 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.

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

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

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

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

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

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

(b) Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention, except for investment properties which were stated at fair value as explained in the accounting policies set out below. The disposal group held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in Note 3(l).

(c) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Business combination and basis of consolidation *(Continued)*

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represents present ownership interest in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest that represents present ownership interest in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interest even if this results in the non-controlling interest having a deficit balance.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies, so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

Investments in subsidiaries are included in the Company's statement of financial position at cost less any impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(e) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test, by comparing the carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

(f) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Goodwill *(Continued)*

Where the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is charged so as to write off the cost of assets, other than construction in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives of property, plant and equipment are as follows:

Land and buildings	30 years or the terms of land use rights, if shorter
Leasehold improvements	5 years or over the lease terms, whichever is shorter
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 – 10 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation and not occupied by the Group or held for sale in the ordinary course of business. Investment properties are stated at fair value. Changes in fair value are recognised in profit or loss.

For a transfer of an owner-occupied property to an investment property, the deemed cost of investment properties is the fair value of the owner-occupied property at the date of transfer.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(i) Intangible assets (other than goodwill)

Master framework purchase agreements (the "LOIs")

The LOIs are accounted as intangible assets with indefinite useful lives and are not amortised. They are stated at cost less any impairment losses.

(j) Impairment of assets excluding goodwill

At end of reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment losses (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

– significant financial difficulty of the debtor;
– a breach of contract, such as a default or delinquency in interest or principal payments;
– granting concession to a debtor because of debtor's financial difficulty;
– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables, an impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

(iii) Financial liabilities *(Continued)*

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, and amount due to a non-controlling owner of a subsidiary are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments are equity instruments. The net proceeds received from the issue of warrants are recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants. When the warrants are still not exercised at the expiry date, the amount previously recognised in warrant reserve will be transferred to accumulated losses.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when, and only when, the obligation specified in the relevant contract is discharged, cancelled or expires.

(l) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and

- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits at banks, and, for the purpose of consolidated statement of cash flows, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Leases *(Continued)*

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Rental payable under operating leases is charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease in property, plant and equipment.

(o) Provisions and contingent liabilities

Provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(p) Income tax

Income tax expense represents the sum of the current and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(p) Income tax *(Continued)*

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(q) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Hong Kong dollar which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. At end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Foreign currencies *(Continued)*

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, on consolidation, they are recognised in the exchange reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollar using exchange rates prevailing at the end of reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and transferred to the Group's exchange reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(r) Employees' benefits

(i) Short term benefits

Salaries, annual bonuses, and paid annual leaves are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are discounted and stated at their present value.

(ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to profit or loss when incurred. The Group has no further payment obligations once the contribution has been made.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

(s) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the share options granted at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expected to be vested on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At end of each report period, the Group revises its estimate of the number of equity instruments expected to be vested. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(t) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(v) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities and rental income. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

(i) Sale of goods

Revenue associated with the sale of goods are recognised when the goods have been delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

(ii) Interest income

Interest income is recognised on a time proportion basis by reference to the principal outstanding using the effective interest method.

(iii) Rental income

Rental income is recognised in accordance with the Group's accounting policy for leases set out in Note 3(n).

(iv) Service income

Service income is recognised when the services are rendered.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Carrying value of assets excluding intangible assets and impairment of assets

Assets, excluding intangible assets, are carried at cost less accumulated depreciation, where appropriate, and impairment losses. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position. The Company assessed the impairment on its amounts due from subsidiaries, details of which are set out in Note 19.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Impairment of intangible assets

Determining whether intangible assets of the Group are impaired requires an estimation of recoverable amount of the cash-generating units to which intangible assets have been allocated, which is the higher of the related fair value less costs to sell and value in use. The calculations require the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(d) Trade and other receivables

The Group's management determines the allowance for impairment of trade and other receivables. This estimate is based on the credit history of its customers and other debtors, and current market conditions. Management reassesses the allowance at end of each reporting period.

(e) Income tax

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. In addition, the realisation of the future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and income tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on earnings.

(f) Intangible assets and amortisation

The Group determines the estimated useful lives and related amortisation for the Group's intangible assets. The useful lives of intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Intangible assets are not amortised as their useful lives are assessed to be indefinite. The conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. The Group may need to amortise intangible assets in future periods or recognise impairment losses on intangible assets if events and circumstances indicate that the useful life is not indefinite. Intangible assets with finite useful lives are amortised over the expected useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired.

5. 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 property investment segment comprised investment in various properties for rental income purposes;

(c) The general trading segment comprised the business of trading of other merchandise goods. During the current year, the Group decided to cease the operation of the general trading segment. Accordingly, the general trading 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 11; 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 prior year. Accordingly, the mining segment was classified as a discontinued operation during the prior year, details of which are set out in Note 11.

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.

5. SEGMENT INFORMATION *(Continued)*

(i) Business segments

2012

	Continuing operations			Discontinued operation	
	Coal trading HK$'000	Property investment HK$'000	Subtotal HK$'000	General trading HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales and services	99,307	1,324	100,631	22,936	123,567
Inter-segment revenue	–	–	–	–	–
Reportable segment revenue	99,307	1,324	100,631	22,936	123,567
Reportable segment profit/(loss)	1,259	(1,124)	135	(2,325)	(2,190)
Interest income	–	5	5	10	15
Depreciation charges	–	(198)	(198)	(3)	(201)
Impairment loss on intangible asset	(3,660)	–	(3,660)	–	(3,660)
Gain on disposal of investment properties	–	14	14	–	14
Fair value gain on investment properties	–	664	664	–	664
Reportable segment assets	117,963	15,170	133,133	2,989	136,122
Additions to non-current assets	–	–	–	–	–
Reportable segment liabilities	(57,574)	(639)	(58,213)	(3)	(58,216)

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

5. SEGMENT INFORMATION *(Continued)*

(i) Business segments *(Continued)*

2011

	Continuing operations			Discontinued operations (Restated)			
	Coal trading HK$'000	Property investment HK$'000	Subtotal HK$'000	General trading HK$'000	Mining HK$'000	Subtotal HK$'000	Consolidated HK$'000
SEGMENT REVENUE							
External sales and services	53,555	888	54,443	22,177	–	22,177	76,620
Inter-segment revenue	–	369	369	–	–	–	369
Reportable segment revenue	53,555	1,257	54,812	22,177	–	22,177	76,989
Reportable segment (loss)/profit	(31,033)	(4,152)	(35,185)	1,362	(21,072)	(19,710)	(54,895)
Interest income	–	4	4	8	–	8	12
Depreciation charges	–	(247)	(247)	(3)	–	(3)	(250)
Share of results of associates	–	–	–	–	(861)	(861)	(861)
Loss on disposal of associates	–	–	–	–	(20,211)	(20,211)	(20,211)
Impairment loss on goodwill	(24,425)	–	(24,425)	–	–	–	(24,425)
Impairment loss on intangible asset	(8,915)	–	(8,915)	–	–	–	(8,915)
Fair value loss on investment properties	–	(1,703)	(1,703)	–	–	–	(1,703)
Reportable segment assets	103,320	25,561	128,881	9,505	–	9,505	138,386
Additions to non-current assets	51,085	42	51,127	1	–	1	51,128
Reportable segment liabilities	(42,899)	(440)	(43,339)	(2)	–	(2)	(43,341)

5. SEGMENT INFORMATION *(Continued)*

(i) Business segments *(Continued)*

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

	2012 HK$'000	2011 HK$'000
Revenue		
Reportable segment revenue	**123,567**	76,989
Elimination of inter-segment revenue	**–**	(8)
Consolidated revenue from continuing and discontinued operations	**123,567**	76,981

	2012 HK$'000	2011 HK$'000 (Restated)
Loss before income tax from continuing operations		
Reportable segment profit/(loss)	**135**	(35,185)
Interest income	**–**	269
Gain on disposal of available-for-sale financial assets	**–**	780
Sundry income	**147**	–
Unallocated corporate expenses	**(35,278)**	(53,634)
Finance costs	**(350)**	(150)
Consolidated loss before income tax from continuing operations	**(35,346)**	(87,920)

	2012 HK$'000	2011 HK$'000
Total assets		
Reportable segment assets	**136,122**	138,386
Unallocated corporate assets	**31,395**	33,467
Consolidated total assets	**167,517**	171,853

5. SEGMENT INFORMATION *(Continued)*

(i) Business segments *(Continued)*

	2012 HK$'000	2011 HK$'000
Total liabilities		
Reportable segment liabilities	**(58,216)**	(43,341)
Unallocated corporate liabilities	**(2,637)**	(1,527)
Consolidated total liabilities	**(60,853)**	(44,868)

(ii) Geographical segments

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

	Revenue from external customers		Specified non-current assets	
	2012 **HK$'000**	2011 HK$'000	**2012** **HK$'000**	2011 HK$'000
Hong Kong	**99,432**	53,855	**49,455**	67,569
PRC	**24,135**	23,126	**11,090**	26,811
	123,567	76,981	**60,545**	94,380

(iii) Information about major customers

Revenue from one customer (2011: two customers) contributed to more than 10% of the Group's revenue in the amount of HK$99,307,000, (2011: HK$53,555,000 and HK$21,280,000 respectively) for the year ended 31 March 2012 as included in the above disclosures for coal trading segment revenue (2011: coal trading and general trading segment revenue respectively).

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

6. TURNOVER, OTHER INCOME, AND OTHER GAINS AND LOSSES, NET

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

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
Continuing operations			
Turnover:			
Sale of goods		**99,307**	53,555
Rental income		**1,324**	1,249
		100,631	54,804
Other income, and other gains and (losses), net:			
Interest income		**5**	273
Gain on redemption of available-for-sale financial assets		**–**	780
Loss on disposal of property, plant and equipment		**–**	(72)
Gain on disposal of investment property		**14**	–
Sundry income		**410**	291
Consultancy service income		**1,350**	–
Impairment loss on goodwill	17	**–**	(24,425)
Impairment loss on intangible assets	18	**(3,660)**	(8,915)
Fair value gain/(loss) on investment properties	16	**664**	(1,703)
		(1,217)	(33,771)
Discontinued operation			
Turnover:			
Sale of goods	11	**22,936**	22,177
Other income, and other gains and (losses), net:			
Interest income		**10**	8
Loss on disposal of associates	20	**–**	(20,211)
	11	**10**	(20,203)

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

7. LOSS FOR THE YEAR

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

	2012 HK$'000	2011 HK$'000
Cost of inventories sold	**115,610**	71,759
Auditor's remuneration	**380**	630
Direct operating expenses arising on rental-earning investment properties	**291**	261
Depreciation (Note 15)	**4,580**	3,974
Write-off of property, plant and equipment	**82**	–
Net exchange loss	**41**	59
Staff costs (excluding directors' remuneration (Note 9(a)):		
Salaries and wages	**5,065**	5,464
Pension scheme contributions	**187**	180
	5,252	5,644
Total share-based payments (Note 33)	**–**	9,162
Minimum lease payments under operating leases for land and buildings*	**4,728**	2,340

* Included in the balance as at 31 March 2012 is approximately HK$1,928,000 (2011: HK$402,000) in respect of rental expenses for a director's quarter. This balance has been included in the amount of directors' remuneration disclosed in Note 9(a).

8. FINANCE COSTS

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

	2012 HK$'000	2011 HK$'000
Continuing operations		
Promissory notes (Note 28)	**350**	135
Convertible bonds (Note 27)	**–**	15
Total	**350**	150

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Details of directors' remuneration, disclosed pursuant to the GEM Listing Rules and Section 161 of the Hong Kong Companies Ordinance, are as follows:

2012

Name of Directors	Fees HK$'000	Basis salaries, allowance and bonus HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive Directors					
Mr. Wong Wai Sing ("Mr. Wong") (re-designated to an executive director on 19 September 2011)	2,688	947	6	–	3,641
Mr. Tsang Ho Ka, Eugene	189	2,377	12	–	2,578
Ms. Yick Mi Ching, Dawnibilly	756	63	22	–	841
Mr. Ho Pui Tin, Terence	17	80	–	–	97
Mr. Chow Pak Wah, Oliver	17	20	–	–	37
Non-executive Director					
Mr. Wong (re-designated to an executive director on 19 September 2011)	2,352	828	6	–	3,186
Independent Non-executive Directors					
Mr. Kinley Lincoln James Lloyd	120	10	–	–	130
Mr. Kwok Kam Tim	120	10	–	–	130
Mr. Sung Wai Tak, Herman	105	20	–	–	125
Ir. Kwok King Yan, Edmund	17	–	–	–	17
Mr. Chan Kin Sang	10	–	–	–	10
Mr. Ho Kam Chuen, Alex	10	–	–	–	10
Mr. Ng Wing Hang	10	–	–	–	10
	6,411	4,355	46	–	10,812

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(Continued)

(a) Directors' remuneration *(Continued)*

2011

Name of Directors	Fees HK$'000	Basis salaries, allowance and bonus HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive Directors					
Mr. Tsang Ho Ka, Eugene	197	2,314	12	4,581	7,104
Ms. Yick Mi Ching, Dawnibilly	197	576	21	4,581	5,375
Non-executive Director					
Mr. Wong	5,260	1,336	12	–	6,608
Independent Non-executive Directors					
Mr. Sung Wai Tak, Herman	150	–	–	–	150
Mr. Kinley Lincoln James Lloyd	89	–	–	–	89
Mr. Kwok Kam Tim	150	–	–	–	150
	6,043	4,226	45	9,162	19,476

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2011: HK$Nil). In addition, no emolument was paid by the Group to the directors as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2011: HK$Nil).

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(Continued)

(b) Five highest paid individuals

Of the five highest paid individuals in the Group, three (2011: three) are directors of the Company whose emoluments are set out in Note 9(a) above. The emoluments of the remaining two (2011: two) non-director individuals are as follows:

	2012 **HK$'000**	2011 HK$'000
Basic salaries and other allowances	**1,760**	1,671
Pension scheme contributions	**24**	24
	1,784	1,695

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees **2012**	2011
HK$1,000,001 to HK$1,500,000	**1**	–
HK$Nil to HK$1,000,000	**1**	2
	2	2

In prior year, share options were granted to two directors, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in Note 33. The fair value of such options, which has been recognised to the profit or loss over the vesting period, was determined as at the respective date of grant and the amount included in the profit or loss for the prior year were included in the above directors' remuneration disclosure in Note 9(a).

10. INCOME TAX

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

	2012 HK$'000	2011 HK$'000
Continuing operations:		
Hong Kong		
Current tax charge for the year	**805**	416
Deferred tax credit (Note 26)	**(604)**	(1,471)
PRC		
Current tax charge for the year	**23**	15
	224	(1,040)

Provision for Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 March 2012 (2011: 16.5%). 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.

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

	2012 HK$'000	2011 HK$'000 (Restated)
Loss before income tax		
– from continuing operations	**(35,346)**	(87,920)
– from discontinued operation (Note 11)	**(679)**	(19,710)
	(36,025)	(107,630)
Tax calculated at the rate of 16.5% (2011: 16.5%)	**(5,944)**	(17,759)
Tax effect of tax rates of other jurisdictions	**(357)**	(272)
Tax effect of income non-taxable for taxation purpose	**–**	(46)
Tax effect on unused tax losses not recognised and expenses not deductible for taxation purpose	**6,525**	17,037
Income tax charge/(credit) for the year	**224**	(1,040)

11. DISCONTINUED OPERATIONS

General trading operation

During the current year, in view of the low profit margins and keen competitions in the general trading industry, the Group decided to cease its general trading operation. Accordingly, the general trading operation was classified as a discontinued operation. For the purpose of presenting this discontinued operation, the comparative consolidated income statement and the related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

Mining operation

During the 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 ("SFII") and its subsidiaries (collectively referred to as the "SFII Group").

Pursuant to the disposal of all of the Group's equity interest in the SFII Group during the prior years, 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 discontinued in the prior year.

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

	Notes	**2012** **HK$'000**	2011 HK$'000 (Restated)
Turnover	6	**22,936**	22,177
Cost of inventories sold		**(21,718)**	(20,676)
Gross profit		**1,218**	1,501
Other income, and other gains and losses, net	6	**10**	(20,203)
Administrative and other expenses		**(1,907)**	(147)
Share of results of associates	20	**–**	(861)
Loss before income tax		**(679)**	(19,710)
Income tax		**–**	–
Loss for the year from discontinued operations		**(679)**	(19,710)

11. DISCONTINUED OPERATIONS *(Continued)*

The cash flows of the discontinued operations were as follows:

	2012 HK$'000	2011 HK$'000 (Restated)
Net cash (used in)/generated from operating activities	**(2,524)**	4,429
Net cash generated from investing activities	**–**	43,618
Effect of foreign exchange rate changes, net	**148**	201
Total net cash (outflows)/inflows	**(2,376)**	48,248

Basic and diluted loss per share for the discontinued operations for the current year is approximately HK$0.004 (2011: HK$0.120 (restated)) based on the loss for the current year from the discontinued operations of approximately HK$679,000 (2011: HK$19,710,000 (restated)).

The denominators used are the same as those detailed in Note 14 for the basic loss per share for continuing operations attributable to owners of the Company.

12. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company for the year ended 31 March 2012 dealt with in the financial statements of the Company was approximately HK$29,046,000 (2011: HK$35,709,000).

13. DIVIDEND

No dividend has been paid or declared by the Company during the year (2011: HK$Nil).

14. 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. Basic and diluted loss per share amounts for the year ended 31 March 2011 was adjusted to reflect the bonus issue that took place during the year ended 31 March 2011 (Note 29(iii)).

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.

14. LOSS PER SHARE *(Continued)*

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:

	2012	2011
	HK$'000	HK$'000
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculations	**(36,356)**	(106,038)

	Number of shares	
	2012	2011
	'000	'000
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculations	**171,974**	163,786

(ii) From continuing operations

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

	2012	2011
	HK$'000	HK$'000
		(Restated)
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculations	**(35,677)**	(86,328)

	Number of shares	
	2012	2011
	'000	'000
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculations	**171,974**	163,786

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings located in the PRC HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
The Group					
Cost:					
At 1 April 2010	11,692	810	7,230	2,628	22,360
Additions	–	–	54	1,906	1,960
Disposal	–	–	(52)	(830)	(882)
Exchange realignments	526	24	291	100	941
At 31 March 2011	12,218	834	7,523	3,804	24,379
Additions	–	1,640	819	–	2,459
Re-classification into assets held for sale (Note 32)	–	–	(6)	(3,868)	(3,874)
Disposal	–	–	(42)	–	(42)
Written off	–	(267)	(242)	–	(509)
Exchange realignments	408	19	224	64	715
At 31 March 2012	**12,626**	**2,226**	**8,276**	**–**	**23,128**
Accumulated depreciation:					
At 1 April 2010	375	348	1,970	489	3,182
Disposal	–	–	(31)	(216)	(247)
Charge for the year (Note 7)	658	142	2,597	577	3,974
Exchange realignments	31	7	129	21	188
At 31 March 2011	1,064	497	4,665	871	7,097
Disposal	–	–	(12)	–	(12)
Written off	–	(267)	(160)	–	(427)
Charge for the year (Note 7)	687	549	2,769	575	4,580
Re-classification into assets held for sale (Note 32)	–	–	(4)	(1,466)	(1,470)
Exchange realignments	43	9	168	20	240
At 31 March 2012	**1,794**	**788**	**7,426**	**–**	**10,008**
Net carrying amount:					
At 31 March 2012	**10,832**	**1,438**	**850**	**–**	**13,120**
At 31 March 2011	11,154	337	2,858	2,933	17,282

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The net carrying amount of leasehold land and buildings shown above comprises:

	2012 HK$'000	2011 HK$'000
Located in the PRC held under medium lease terms	**10,832**	11,154

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
The Company			
Cost:			
At 1 April 2011	–	–	–
Additions	1,640	819	2,459
Transfer from a subsidiary	–	151	151
At 31 March 2012	**1,640**	**970**	**2,610**
Accumulated depreciation:			
At 1 April 2011	–	–	–
Charge for the year	402	178	580
At 31 March 2012	**402**	**178**	**580**
Net carrying amount:			
At 31 March 2012	**1,238**	**792**	**2,030**
At 31 March 2011	–	–	–

16. INVESTMENT PROPERTIES

	2012 **HK$'000**	2011 HK$'000
Fair value:		
At beginning of year	**22,004**	23,136
Fair value gain/(loss) on investment properties (Note 6)	**664**	(1,703)
Disposal of an investment property	**(10,900)**	–
Re-classified into assets held for sale (Note 32)	**(12,153)**	–
Exchange realignments	**385**	571
At the end of the year	**–**	22,004

The Group's entire properties interest are held under operating leases to earn rentals or capital appreciation purposes which 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:

	2012 **HK$'000**	2011 HK$'000
Located in Hong Kong, held under medium term lease	**–**	10,600
Located in the PRC, held under medium term lease	**–**	11,404
	–	22,004

During the year, an investment property located in the PRC was re-classified as asset held for sale pursuant to the Disposal Agreement (as defined in Note 32), which were revalued at its open market value at the date of re-classification by reference to a valuation carried out by Greater China Appraisal Limited ("Greater China Appraisal"), an independent firm of professionally qualified valuers.

As at 31 March 2011, the investment properties of the Group were revalued at their open market value by reference to a valuation carried out on that date by Greater China Appraisal.

A revaluation surplus of HK$664,000 (2011: deficit of HK$1,703,000) was resulted, which was recognised in profit or loss for the year ended 31 March 2012.

17. GOODWILL

	2012 **HK$'000**	2011 HK$'000
At beginning of year:		
Cost	**24,425**	–
Acquisition of subsidiaries (Note 31)	**–**	24,425
Impairment loss	**(24,425)**	(24,425)
At end of year	**–**	–
At end of year:		
Cost	**24,425**	24,425
Accumulated impairment losses	**(24,425)**	(24,425)
Net carrying amount	**–**	–

Goodwill arising during the prior year related to the acquisition of equity interest in the China Indonesia Friendship Coal Trading Company Limited ("CIFC", together with its 90%-owned subsidiary are collectively referred to as the "CIFC Group") and has been allocated to the coal trading cash generating unit (the "Coal Trading CGU").

Goodwill attributable to the Coal Trading CGU was fully impaired during the year ended 31 March 2011, details of which are set out in Note 18.

18. INTANGIBLE ASSETS

	The LOIs HK$'000
The Group	
Cost:	
At 1 April 2010	–
Acquisition of subsidiaries (Note 31)	60,000
At 31 March 2011 and 2012	**60,000**
Accumulated impairment losses:	
At 1 April 2010	–
Impairment loss (Note 6)	8,915
At 31 March 2011	8,915
Impairment loss (Note 6)	3,660
At 31 March 2012	**12,575**
Carrying amount:	
At 31 March 2012	**47,425**
At 31 March 2011	51,085

The LOIs relate 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 31. 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.

Impairment testing of the Coal Trading CGU

The recoverable amounts of the Coal Trading CGU as at 31 March 2012 and 31 March 2011 were assessed by the directors by reference to the professional valuation performed by Greater China Appraisal.

18. INTANGIBLE ASSETS *(Continued)*

Impairment testing of the Coal Trading CGU *(Continued)*

The recoverable amount of the Coal Trading CGU is determined based on a fair value less costs to sell 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 fair value less costs to sell calculation:

	2012
– Growth in revenue year-on-year	No growth
– Post-tax discount rate per annum	13.68%
– Budgeted gross margins	5.6%

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 the fair value less costs to sell calculation, the intangible assets representing LOIs of the Coal Trading CGU are partially impaired by the amount of HK$3,660,000 as compared with their recoverable amounts as at 31 March 2012 and was charged to profit or loss during the current year. The above impairment losses are mainly attributable to the decrease in the estimated future profitability of the Coal Trading CGU as a result of a decrease in the expected sales volume of the coal traded from the Coal Trading CGU, and hence the recoverable amount of the Coal Trading CGU arising from the fair value less costs to sell calculation.

19. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

	The Company	
	2012	2011
	HK$'000	HK$'000
Unlisted shares, at cost	**–**	–
Amounts due from subsidiaries	**990,736**	1,005,305
	990,736	1,005,305
Less: Allowance for amounts due from subsidiaries	**(917,271)**	(904,085)
	73,465	101,220
Less: non-current portion	**(41,862)**	(69,513)
Current portion	**31,603**	31,707

(Expressed in Hong Kong dollars)

19. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES *(Continued)*

Except for an amount of HK$41,862,000 as at 31 March 2012 (2011: HK$69,513,000) which in substance forms part of the Company's interests in the subsidiaries in the form of quasi-equity loan, amounts due from subsidiaries are unsecured, interest-free and are repayable on demand. An accumulated allowance for amounts due from subsidiaries of HK$917,271,000 (2011: HK$904,085,000) was recognised as at 31 March 2012 because the related recoverable amounts of the amounts due from subsidiaries with reference to the values of the respective subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amounts of the related amounts due are reduced to their recoverable amounts as at 31 March 2012 and 2011.

Particulars of the Company's subsidiaries as at 31 March 2012 are as follows:

Name of Company	Country of incorporation/ establishment and operation	Nominal value of issued ordinary share capital/ paid-in capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activity
Star Fortune International Group Company Limited	British Virgin Islands ("BVI")/Hong Kong	US$1	100	–	Investment holding
Star Fortune Strategy Company Limited	BVI/Hong Kong	US$1	100	–	Investment holding
Star Energy International Group Company Limited	BVI/Hong Kong	US$1	100	–	Investment holding
Star Fortune Development Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Star Energy International Development Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Star Energy International Investment Company Limited	BVI/Hong Kong	US$1	–	100	Property holding
Ming Kei Coal's Trading Company Limited	Hong Kong/Hong Kong	HK$1	–	100	Investment holding
Star Enterprise Group Company Limited	BVI/Hong Kong	US$1	100	–	Investment holding
Star Enterprise Development Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Star Enterprise Investment Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Star Trading International Group Company Limited	BVI/Hong Kong	US$1	100	–	Investment holding
Star Trading International Development Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Star Trading International Investment Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Star International Business Company Limited	Hong Kong/Hong Kong	HK$1	–	100	Provision of administrative service
Star International Business Group Company Limited	BVI/Hong Kong	US$1	100	100	Dormant
Star International Business Development Company Limited	BVI/Hong Kong	US$1	–	100	Dormant

(Expressed in Hong Kong dollars)

19. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES *(Continued)*

Name of Company	Country of incorporation/ establishment and operation	Nominal value of issued ordinary share capital/ paid-in capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activity
Shenzhen Star Investment Consultancy Limited *	PRC/PRC	RMB100,000	–	100	Provision of administrative service
Ming Kei Fu Wang Trading (Shenzhen) Company Limited *	PRC/PRC	HK$10,000,000	–	100	Trading of goods
Ming Kei Fu Shing Technology (Shenzhen) Limited Company*	PRC/PRC	HK$8,000,000	–	100	Property holding
HongKong Talent Holdings Limited	Hong Kong/Hong Kong	HK$100	–	100	Investment holding
Star Fortune Group (Holdings) Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Star Fortune International Development Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Star Coal International Group Company Limited	BVI/Hong Kong	US$1	100	–	Investment holding
Star Coal International Development Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Star Coal International Investment Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
China Indonesia Friendship Coal Trading Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
China Energy Trading Company Limited ("China Energy")	Hong Kong/Hong Kong	HK$1,000,000	–	90	Trading of coal
Starry Gold Resources Group Limited	BVI/Hong Kong	US$1	100	–	Investment holding
Starry Gold Resources Development Company Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Starry Gold Resources Investment Limited	BVI/Hong Kong	US$1	–	100	Investment holding

* *The companies are registered as wholly-foreign-owned enterprises with limited liability under the PRC law.*

20. INTERESTS IN ASSOCIATES

	The Group	
	2012	2011
	HK$'000	HK$'000
Share of net assets	**–**	–

The Group's entire interests in associates for the prior year were attributable to the SFII Group. Pursuant to the disposal of all of the Group's equity interest in the SFII Group, the Group's interests in the SFII Group were derecognised from the consolidated statement of financial position of the Group, resulting in a loss on disposal of associates of HK$20,211,000 during the prior year (Note 6).

Particulars of the Group's associates up to the date of its disposal, all of which are unlisted entities, are as follows:

Name of company	Place of establishment and operation	Percentage of equity interest attributable to the Company	Principal activities
SFII	BVI	49	Investment holding
Mulei County Kai Yuan Coal Company Limited*	PRC	49	Coal mining and selling
Qitai County Zexu Trading Company Limited	PRC	49	Coal mining and selling
Ming Kei Kai Yuan Investment Company Limited	Hong Kong	49	Investment holding

* The company is registered as wholly-foreign-owned enterprise with limited liability under the PRC law.

The financial statements of the above companies were not audited by BDO Limited or any of its member firms.

Summarised financial information of the Group's associates between the respective dates at which they became and ceased to be associates of the Group is set out below:

	2012	2011
	HK$'000	HK$'000
Turnover	**–**	21,086
Loss for the year	**–**	(1,757)
Loss attributable to the Group	**–**	(861)

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

The Group and the Company

Possible acquisition of M.T.B.E. (as defined below) trading business

During the current year, a refundable deposit of HK$3,000,000 was paid to Woo Man Wai, David ("Mr. Woo") as a vendor, who is a director of certain subsidiaries and a non-controlling owner of a subsidiary, pursuant to a non-legally binding memorandum of understanding dated 8 July 2011 in relation to a possible acquisition of entire equity interest in a target company and 90% equity interest in its subsidiary which will engage in the business of methyl tertiary butyl ether ("M.T.B.E.") trading between the PRC and Singapore or other countries in the East Asia region (collectively known as the "M.T.B.E. MOU"). The deposit is secured by a share charge and assignment of shareholder's loan which were executed by Mr. Woo in favour of the Group, and refundable in the event that no formal sale and purchase agreement would be entered into between the Group and Mr. Woo on or before 7 October 2011 (the "M.T.B.E. Exclusivity Period") or such later date as mutually agreed between the Group and Mr. Woo in relation to the above possible acquisition. On 7 October 2011, the M.T.B.E. Exclusivity Period was extended to 31 December 2011. On 27 October 2011, the M.T.B.E. MOU is terminated by the Group and Mr. Woo, as no agreement could be reached on the major terms and conditions of the above possible acquisition and the deposit was fully refunded to the Group during the year. Further details are set out in the Company's announcements dated 8 July 2011, 7 October 2011 and 27 October 2011 respectively.

Possible acquisition of talc mine business

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 (collectively known as the "Talc Mine MOU"). 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 "Talc Mine 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 Talc Mine 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.

On 30 June 2011, the Talc Mine Exclusivity Period expired and no formal sale and purchase agreement has been entered into between the Group and the vendors, the Talc Mine MOU was therefore declared lapsed on 30 June 2011 and the deposit was fully refunded to the Group during the current year, details of which are set out in the Company's announcement dated 30 June 2011.

As at 31 March 2011, the Group paid direct cost of HK$9,000 for the above possible acquisition of subsidiaries. As a result of the expiry of Talc Mine MOU, the cost has been expensed and was included in the administrative and other expenses in the profit or loss during the current year.

22. REFUNDABLE DEPOSIT

The Group

As at 31 March 2012, the amount represents a refundable security deposit in the amount of United States Dollar ("USD") 2,500,000 (2011: USD2,500,000) (equivalent to HK$19,411,000 (2011: HK$19,448,000)) paid to a supplier of coal, an independent third party, in accordance to a legally binding master framework purchase agreement acquired by the Group through the acquisition of the CIFC Group in the prior year. The deposit is unsecured and is refundable to the Group within three working days upon China Energy's request in writing to the supplier.

A customer has also given the customer guarantee in favour of the Group that (i) in the event that the above supplier deposit was not refunded by the supplier, the customer shall be responsible to pay the Group an amount equivalent to the supplier deposit within three working days upon written request by China Energy; and (ii) the net profit of China Energy for each contract year shall not be less than 10% of the amount of the above supplier deposit.

Further details are set out in the Company's circular date 14 October 2010.

23. TRADE RECEIVABLES

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

	2012 **HK$'000**	2011 HK$'000
Within 90 days	**20,125**	32,324
91 to 180 days	**31,844**	1,400
	51,969	33,724

(ii) The Group normally allows an average credit term of 60 to 90 days (2011: 60 to 90 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.

23. TRADE RECEIVABLES *(Continued)*

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Not yet past	**20,125**	32,324
Past due	**31,844**	1,400
	51,969	33,724

Receivables that were neither past due nor impaired relate to a number of diversified customers 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.

24. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The balances are deposited with creditworthy financial institutions with no recent history of default. The carrying amounts of the cash and cash equivalents approximate their fair values.

	The Group	
	2012	2011
	HK$'000	HK$'000
Cash and cash equivalents were denominated in:		
Hong Kong dollars	**8,249**	8,908
Renminbi ("RMB")	**176**	8,054
USD	**118**	1,070
Total	**8,543**	18,032

The Company

As at the end of reporting period, the cash and cash equivalents of the Company were denominated in Hong Kong dollars.

25. 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:

	2012	2011
	HK$'000	HK$'000
Within 90 days	**18,867**	28,706
91 to 180 days	**19,566**	1,400
181 to 365 days	**7,863**	–
	46,296	30,106

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

26. DEFERRED TAX

The components of deferred tax liabilities recognised in the statements of financial position and the movements during the years are as follows:

		The Group	
		Intangible assets	
		2012	2011
	Note	**HK$'000**	HK$'000
Balance at beginning of year		**8,429**	–
Arising through acquisition of subsidiaries	31	**–**	9,900
Credited to profit or loss	10(a)	**(604)**	(1,471)
Balance at the end of year		**7,825**	8,429

As at 31 March 2012, the Group and the Company have unused tax losses of HK$5,366,000 (2011: HK$5,497,000) and HK$592,000 (2011: HK$592,000) respectively available for offset against future profits. No deferred tax asset has been recognised in respect of the above tax losses amount due to the uncertainty over the availability of future profit streams of the Group and the Company respectively. Such losses may be carried forward indefinitely.

The Group and the Company have no other material unprovided deferred tax as at 31 March 2012 (2011: HK$Nil).

27. CONVERTIBLE BONDS

The Group and the Company

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

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

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

During the year ended 31 March 2011, the outstanding convertible bonds with the principal amount of HK$4,000,000 have been fully converted into 2,395,000 ordinary shares of the Company (Note 29(i)).

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

The movements of the liability component and equity component of the convertible bonds for the year ended 31 March 2011 are as follows:

	Liability component of convertible bonds	**Equity component of convertible bonds**	**Total**
	HK$'000	HK$'000	HK$'000
Carrying amount of convertible bonds as at 1 April 2010	2,834	1,172	4,006
Imputed interest expenses (Note 8)	15	–	15
Conversion into ordinary shares of the Company	(2,849)	(1,172)	(4,021)
At 31 March 2011 and 2012	**–**	**–**	**–**

28. PROMISSORY NOTE

The Company and the Group

	Note	2012 HK$'000	2011 HK$'000
Carrying value at beginning of the year		**3,650**	–
Issued during the year		**–**	3,515
Repayment of promissory notes		**(4,000)**	–
Accrued effective interest expense	8	**350**	135
Carrying value at end of the year		**–**	3,650

Pursuant to the conditional sale and purchase agreement dated 26 August 2010 entered into between the Group and Mr. Woo (referred to as the "CIFC Vendor"), an independent third party at that time, 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 at fair value as at 31 March 2011. The principal amount of the CIFC Promissory Note was adjusted in accordance with the Profit Guarantee (as defined in Note 31), details of which are set out in Note 31.

On 19 January 2012, all the conditions in relation to the Profit Guarantee were fulfilled and accordingly, the CIFC Promissory Note in the principal amount of HK$4,000,000 was fully repaid to the CIFC Vendor during the year.

29. SHARE CAPITAL

	Notes	2012 Number of shares '000	2012 Amount HK$'000	2011 Number of shares '000	2011 Amount HK$'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		**168,802**	**1,688**	66,446	664
Conversion of convertible bonds	(i)	**–**	**–**	2,395	24
Exercise of warrants	(ii)	**–**	**–**	15,560	156
Bonus issue	(iii)	**–**	**–**	84,401	844
Exercise of warrants	(iv)	**20,000**	**200**	–	–
Exercise of share options	(v)	**7,940**	**79**	–	–
At end of year		**196,742**	**1,967**	168,802	1,688

Notes:

(i) As set out in Note 27, during the year ended 31 March 2011, the convertible bonds with the principal amount of HK$4,000,000 and carrying value of HK$2,849,000 had been converted into 2,395,000 ordinary shares of HK$0.01 each of the Company at the conversion price, of which HK$24,000 was credited to share capital and the remaining balance of HK$2,825,000 was credited to the share premium account. In addition, an amount of HK$1,172,000 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 (Note (iii) below), 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 Issues during the prior 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 2012, 20,000,000 new ordinary shares of par value HK$0.01 each were issued on exercise of 20,000,000 warrants at an aggregate consideration of HK$9,200,000, of which HK$200,000 was credited to share capital and the remaining balance of HK$9,000,000 was credited to the share premium account. In addition, the related net premium of HK$2,164,000 received on issue of warrants was transferred from warrant reserve to the share premium account.

(v) During the year ended 31 March 2012, 7,940,000 new ordinary shares of par value HK$0.01 each were issued on exercise of 7,940,000 share options at an aggregate consideration of HK$5,985,000 (net of issuing expenses), of which HK$79,000 was credited to share capital and the remaining balance of HK$5,906,000 was credited to the share premium account. In addition, an amount attributable to the related share options of HK$4,485,000 has been transferred from share option reserve to the share premium account.

30. RESERVES

(a) The Group

(i) Share premium

The balance represents the premium arising from the issue of shares at a price in excess of their par value per share.

(ii) Contributed surplus and capital reserve

The balance represents the remaining credit balance pursuant to the Group's capital reorganisation that took place in prior years. The capital reserve of the Group represents the contributions from equity participants of the Company for modification of terms, partial waiver and early redemption of the promissory notes held thereby.

(iii) Statutory reserve fund

According to Articles of Association of the Group's then subsidiary operating in the PRC, the subsidiary is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory reserve fund until the reserve balance reaches 50% of the registered paid-up capital. The transfer to this reserve must be made before distribution of a dividend to equity holders of the PRC subsidiary.

(iv) Warrant reserve and share option reserve

The share option reserve and warrant reserve of the Company and the Group represents (i) the fair value of the share options granted by the Company which are yet to be exercised, net of issuing expenses; and (ii) the net premium received in respect of the outstanding warrants issued by the Company, in accordance with the accounting policies set out in Notes 3(s) and 3(k)(vi) respectively.

(v) Convertible bonds reserve

The convertible bonds reserve represents the equity component of outstanding convertible bonds issued by the Company.

(vi) Asset revaluation reserve

The asset revaluation reserve comprises the cumulative net changes in the fair value of available-for-sale financial assets held at the end of each reporting period.

(vii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 3(q).

30. RESERVES *(Continued)*

(b) The Company

	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Warrant reserve HK$'000	Share option reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance as at 1 April 2010	25,434	131,109	120,794	1,734	–	1,172	(80,676)	199,567
Loss and total comprehensive income for the year	–	–	–	–	–	–	(122,446)	(122,446)
Issue of new shares on conversion of convertible bonds	3,997	–	–	–	–	(1,172)	–	2,825
Recognition of share-based payments, net of issuing expenses	–	–	–	–	8,969	–	–	8,969
Issue of warrants	–	–	–	3,246	–	–	–	3,246
Issue of new shares on exercise of warrants	21,095	–	–	(2,816)	–	–	–	18,279
Issue of new shares on bonus issue	(1,164)	–	–	–	–	–	–	(1,164)
Balance as at 31 March 2011 and 1 April 2011	49,362	131,109	120,794	2,164	8,969	–	(203,122)	109,276
Loss and total comprehensive income for the year	–	–	–	–	–	–	(42,231)	(42,231)
Issue of new shares on exercise of warrants	11,164	–	–	(2,164)	–	–	–	9,000
Issue of new shares on exercise of share options	10,390	–	–	–	(4,485)	–	–	5,905
Balance as at 31 March 2012	70,916	131,109	120,794	–	4,484	–	(245,353)	81,950

31. 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 effective 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 results 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, 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 was confident that the Profit Guarantee would be achieved and the entire principal amount of the CIFC Promissory Note would be paid to the CIFC Vendor. The CIFC Promissory Note in the principal amount of HK$4,000,000 has been fully repaid as set out in Note 28.

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 prior year.

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

31. BUSINESS COMBINATION *(Continued)*

Details of the net assets acquired and the goodwill arising from the Acquisition were 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	18	–	60,000	60,000
Refundable deposit		12,426	–	12,426
Cash and cash equivalents		780	–	780
Amount due to a non-controlling owner of a subsidiary		(13,106)	–	(13,106)
The CIFC Shareholder's Loan		(7)	–	(7)
Deferred tax liabilities	26	–	(9,900)	(9,900)
Non-controlling interest		(100)	(5,010)	(5,110)
		(7)	45,090	45,083
Goodwill arising from the Acquisition	17			24,425
Add: Assignment of CIFC Shareholder's Loan				7
				69,515
Consideration satisfied by:				
Cash				66,000
Promissory note at fair value	28			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

32. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 29 February 2012, the Group entered into an agreement (the "Disposal Agreement") with Mr. Wong, an executive director of the Company, to dispose of (i) the Group's 100% equity interests in Star International Business Company Limited ("SIB") and its subsidiary (together referred to as the "SIB Group"); and (ii) the Group's aggregate advance owed by the SIB Group, at an aggregate cash consideration of HK$15,740,000. The principal activities of the SIB Group are provision of administrative services to the Group, holding of an investment property located in the PRC and holding of certain vehicles of the Group located in the PRC. The disposal of the Group's equity interests in the SIB Group was completed on 11 May 2012. Further details are set out in the Company's announcements dated 29 February 2011 and 11 May 2012 and circular dated 18 April 2012.

The major classes of assets and liabilities of the SIB Group as at 31 March 2012 are as follows:

	HK$'000
Property, plant and equipment (Note 15)	**2,404**
Investment properties (Note 16)	**12,153**
Prepayments, deposits and other receivables	**57**
Cash and cash equivalents	**536**
Assets of the disposal group classified as held for sale	**15,150**
Accrued expenses and other payables and liabilities of the disposal group classified as held for sale	**607**

33. SHARE OPTION SCHEME

Under the terms of the share option scheme (the "Scheme") adopted by the Company on 26 October 2002, the board of directors (the "Board") and a duly authorised committee (the "Committee") of the Company is authorised, at their absolute discretion, to invite any employees, directors, advisers, consultants, distributors, suppliers, agents, customers, business partners and service providers to or of any member of the Group, shareholders (including their directors and employees) of any member of the Group and such other persons whom the Board or the Committee considers to have contributed or will contribute to the Group to take up options to subscribe for shares of the Company. The purpose of the Scheme is to encourage its participants to contribute to the growth of the Group.

The Scheme became effective on 15 November 2002 and, unless otherwise cancelled or amended, remains in force for ten years from that date.

33. SHARE OPTION SCHEME *(Continued)*

The maximum number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company may not exceed 10% of issued share capital of the Company, or may not exceed a maximum of 30%, should the shareholders renew the 10% limit, from time to time which have been duly allotted and issued. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive, substantial shareholder or management shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive directors who are the prospective grantees in question). In addition, any share options granted to a substantial shareholder or any independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

An option may be exercised in accordance with the terms of the Scheme at any time during the option period after the option has been granted by the Board. The option period, during which an option may be exercised, is determined by the Board or the Committee, but may not be later than ten years after the date of the grant of the option. According to the Scheme, there is no provision requiring a minimum holding period before an option may be exercised. A nominal consideration of HK$1 is payable on acceptance of the grant of an option under the Scheme.

The exercise price will be determined by the Board or the Committee, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of the options granted; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the options granted; and (iii) the nominal value of the Company's shares.

The following share options were outstanding under the Scheme for the years ended 31 March 2012 and 2011 and the movements for the years are as follows:

	2012		2011	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At beginning of year	**0.755***	**15,880***	–	–
Cancelled during the year	–	–	–	–
Granted during the year	–	–	0.755*	15,880*
Exercised during the year	**0.755**	**(7,940)**	–	–
At end of year	**0.755**	**7,940**	0.755	15,880

* *The number of share options and exercise prices have been adjusted to reflect the Bonus Issue during the prior year.*

(Expressed in Hong Kong dollars)

33. SHARE OPTION SCHEME *(Continued)*

The exercise price of share options outstanding at the end of the year was HK$0.755* (2011: HK$0.755*) and their weighted average remaining contractual life was 8.42 years (2011: 9.42 years).

Of the total number of share options outstanding at the end of the year, 7,940,000 (2011: 15,880,000) were exercisable at the end of the year.

The weighted average share price at the date of exercise of share options exercised during the current year was HK$0.86, no share option was exercise during the prior year.

The exercise period of the share options outstanding as at 31 March 2011 and 2012 is from 3 September 2010 to 2 September 2020.

No share option has been granted during the current year. The gross fair value of the share options granted to employees and others providing similar services during the prior year was HK$9,162,000, net of issuing expenses of HK$193,000 which was recognised as share-based payments (Note 7) in profit or loss during the prior year. The fair value was determined using the Binomial Option Pricing Model with the following major inputs.

	2011
Share prices on the respective dates of grant	HK$2.06
Exercise price at the dates of grant	HK$1.51
Expected volatility (%)	50%
Expected life of options (year)	9.83
Risk-free interest rate (%)	2.61%

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

34. UNLISTED WARRANTS

During the prior year, the Company entered into three conditional warrant placing agreements with independent third parties in relation to a private placing of an aggregate of 15,000,000 unlisted warrants, at the premium of HK$0.24 each and the aggregate premium, after issuing expenses, of HK$3,246,000 was received and credited to warrant reserve. Each warrant entitles the holder to subscribe for fully-paid new ordinary shares at the initial subscription price of HK$0.92 per share, subject to anti-dilutive adjustments. 5,000,000 warrants issued during the prior year had been exercised before the Bonus Issue (Note 29(iii)). After the completion of the Bonus Issue, the subscription price of the un-exercised warrants was adjusted to HK$0.46 per share and the number of un-exercised warrants outstanding was adjusted from 10,000,000 to 20,000,000. All the outstanding warrants have been fully exercised during the year ended 31 Mach 2012.

In prior years, the Company entered into three conditional warrant placing agreements with two former independent non-executive directors of the Company and an independent third party in relation to the private placing of an aggregate of 10,560,000 unlisted warrants, at the premium of HK$0.19 each and the aggregate premium, after issuing expenses, of HK$1,734,000 was received and was credited to warrant reserve. Each warrant entitles the holder to subscribe for a fully-paid new ordinary share at the initial subscription price of HK$1.31 per share, subject to anti-dilutive adjustments. The 10,560,000 warrants issued in prior years had been fully exercised as of 31 March 2011.

35. OPERATING LEASE COMMITMENTS

The Group

(a) As lessor

During the current year, the Group leases its investment properties under operating lease arrangements, with the leases negotiated for terms ranging from one to two years. The terms of the leases generally also require the tenants to pay security deposits.

The Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follow:

	The Group	
	2012	2011
	HK$'000	HK$'000
Within one year	**337**	351

(b) As lessee

The Group leases its office premises and a director's quarter under operating lease arrangements, with leases negotiated for terms ranging from two to three years. None of the leases includes contingent rentals.

At 31 March 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Within one year	**6,391**	4,342
In the second to fifth years, inclusive	**6,815**	7,494
	13,206	11,836

35. OPERATING LEASE COMMITMENTS *(Continued)*

The Company

As lessee

The Company leases its office premises and a director's quarter under operating lease arrangements, with leases negotiated for terms ranging from two to three years. None of the leases includes contingent rentals.

At 31 March 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Company	
	2012	2011
	HK$'000	HK$'000
Within one year	**6,391**	3,952
In the second to fifth years, inclusive	**6,815**	7,494
	13,206	11,446

During the prior year, the Group entered into a novation and variation agreement, pursuant to which the Group ceased to be a tenant of a premise and a shareholder of the Company became a new tenant of it.

36. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save for those disclosed elsewhere in these financial statements, details of transactions between the Group and other related parties are disclosed below.

(a) During the prior year, the Group received interest income from an associate in respect of the loan to an associate amounted to HK$264,000. The Group's loan to the associate was unsecured, interest-bearing at a rate of 1.5% per annum and repayable on 3 July 2010. The entire amount of the loan to the associate had been fully repaid during the prior year.

(b) During the prior year, the Group has leased out one of its investment properties to a subsidiary of the SFII Group, which became an associate of the Group in prior years, for an annual rental of HK$980,000 for a 12-month period (subject to renewal) from 3 July 2010 to 2 July 2011. During the prior year, the Group received rental income of HK$369,000 from the entity as an associate of the Group, which was included in the Group's turnover for the prior year.

36. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation for key management personnel, including amounts paid to the Company's directors and the senior executives, is as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other short-term employee benefits	**12,393**	12,546
Retirement benefit costs	**70**	69
Share-based payment expense	**–**	9,162
	12,463	21,777

(d) During the current year, the Group paid management fee of HK$546,000 (2011: HK$249,000) to a related company which is partially owned by a director of a subsidiary.

(e) As at 31 March 2012, the amount due to a non-controlling owner of a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

37. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings include current and non-current borrowings as shown in the consolidated statement of financial position, including promissory note. Total capital is calculated as "equity attributable to owners of the Company", as shown in the consolidated statement of financial position, plus borrowings. The gearing ratios of the Group at 31 March 2012 and 2011 were as follows:

	2012 HK$'000	2011 HK$'000
Total borrowings	**–**	3,650
Equity	**102,399**	122,427
Total capital	**102,399**	126,077
Gearing ratio	**0%**	2.9%

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Group has no plan to use special measures to adjust its gearing ratio in the foreseeable future.

38. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's business and financial instruments are market risk (including price risk and foreign currency risk), credit risk and fair value risk. The Group historically has no policy to use derivatives for hedging purposes. The majority of the financial instruments held by the Group are for purpose other than trading.

(a) Market risk

(i) Price risk – commodity price risk

Coal price

The Group is engaged in trading of coal. The coal markets were influenced by global as well as regional supply and demand conditions. A change in prices of coal could significantly affect the Group's financial performance. The Group historically did not use any commodity derivative instruments to hedge the potential price fluctuations of coal and did not have a fixed policy to do so in the foreseeable future; however, the Group will closely monitor its exposure to the price of coal and will consider using commodity derivative instrument to hedge against its exposure as and when appropriate.

(ii) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and USD. As at 31 March 2012, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB and USD, used by the respective group entities, or in the USD for the respective group entities with Hong Kong dollars ("HKD") being the functional currency.

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 2012, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

(b) Credit risk

Majority of the Group's bank deposits are placed with renowned financial institutions and the credit risk is considered low. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history, and its major clients are large-scale companies with good credit. The Group's historical experience in collection of trade and other receivables falls within the recorded allowance, if any, and the directors are of the opinion that adequate allowance for uncollectible receivables if needed has been made in these financial statements.

38. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk

The Group's policy to manage liquidity risk is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. Due to the dynamic nature of the underlying businesses, the Group maintains a reasonable level of cash and cash equivalents. The Group's primary cash requirements have been for purchases of materials, machinery and equipment and payment of related debts. The Group finances its working capital requirements through funds generated from operations. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected future cash flows.

The following table details the remaining contractual maturities at the end of reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating based on rates current at the end of reporting period) and the earliest date the Group and the Company can be required to pay.

The Group

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	More than 3 months but less than 1 year HK$'000	More than 1 year but less than 5 years HK$'000
2012					
Trade payables	**46,296**	**46,296**	**46,296**	**–**	**–**
Accrued expenses and other payables	**2,987**	**2,987**	**2,987**	**–**	**–**
Amount due to a non-controlling owner of a subsidiary	**1,950**	**1,950**	**1,950**	**–**	**–**
	51,233	**51,233**	**51,233**	**–**	**–**

38. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

The Group *(Continued)*

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	More than 3 months but less than 1 year HK$'000	More than 1 year but less than 5 years HK$'000
2011					
Trade payables	30,106	30,106	30,106	–	–
Accrued expenses and other payables	2,251	2,251	2,251	–	–
Promissory note	3,650	4,000	–	4,000	–
	36,007	36,357	32,357	4,000	–

The Company

The Company's non-derivative financial liabilities (comprising accrued expenses and other payables and promissory note) are repayable on demand and their carrying values are the same as the respective contractual undiscounted cash flow amounts as at 31 March 2011 and 2012, where applicable.

(d) Fair value

The Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these financial statements approximate their corresponding fair values.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2012 and 2011 may be categorised as follows:

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalent) measured at amortised cost	**82,273**	55,011
Financial liabilities		
Financial liabilities measured at amortised cost	**49,862**	34,116

40. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) Share placing

In April 2012, an aggregate of 33,760,000 new ordinary shares of par value HK$0.01 each of the Company were placed at a subscription price of HK$0.28 each at an aggregate consideration of HK$9,453,000 (before issuing expenses) of which HK$338,000 was credited to share capital and the remaining balance of HK$9,115,000 was credited to the share premium account, further details of which are set out in the Company's announcements dated 10 and 18 April 2012.

(b) Proposed acquisition

On 24 May 2012, the Group entered into a sale and purchase agreement with a vendor, an independent third party, to (i) acquire the entire equity interest in Foremost Star Investments Limited ("FSIL") which would directly hold 100% interests in Calneva Capital Limited, after reorganisation (collectively referred to as the "FSIL Group"); and (ii) a shareholder loan due by FSIL to the vendor, at an aggregate cash consideration of HK$88,000,000 (subject to adjustment). The principal asset of the FSIL Group is its interest in a commercial property located in Hong Kong.

Details of the proposed acquisition are set out in the Company's announcement dated 24 May 2012. The proposed acquisition has not been completed as at the date of this report.

Particulars of Properties

At 31 March 2012

INVESTMENT PROPERTY

Location	Use	Tenure	Attributable interest of the Group
Unit 2, 6th Floor Block A, Yema Building No. 158 Kunming Road Urumqi Xinjiang Uygur Autonomous Region The PRC	Office	Medium term lease	100%

PROPERTY HELD FOR OWN USE

Location	Use	Tenure	Attributable interest of the Group
Unit A, 13th Floor Noble Center No. 1006 Fuzhong San Road Futian District Shenzhen The PRC	Office	Medium term lease	100%

Ming Kei Holdings Limited
明基控股有限公司*
(Incorporated in the Cayman Islands and continued
in Bermuda with limited liability)
（於開曼群島註冊成立及於百慕達存續）
(Stock Code 股份代號：8239)

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