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並於百慕達存續之有限公司）
(Stock Code 股份代號：8239)

擴展迎未來

Expand for Future Growth

Annual Report 年報 2013/14

* For identification purpose only 僅供識別

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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

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Corporate Information

BOARD

Executive Directors

Mr. Wong Wai Sing *(Chairman)*
(Redesignated from non-executive Director on 15 July 2013)
Mr. Ho Pui Tin, Terence
(Chief Executive Officer)
(Resigned as vice-chairman on 25 September 2013)
Mr. Han Jianli (Appointed on 9 October 2013)
Mr. Chow Pak Wah, Oliver
(Resigned as Chief Investment Officer on 2 July 2013 and as executive Director on 9 October 2013)

Non-executive Directors

Mr. Tsang Ho Ka, Eugene *(Vice-chairman)*
(Appointed as vice-chairman on 25 September 2013)

Independent Non-executive Directors

Mr. Kwok Kam Tim
Mr. Chen Yihua (Appointed on 2 July 2013)
Mr. Du Hui (Appointed on 9 October 2013)
Ms. Cui Ying (Resigned on 3 September 2013)
Mr. Ho Chi Wai (Resigned on 9 October 2013)

BOARD COMMITTEES

Audit Committee

Mr. Kwok Kam Tim *(Chairman)*
Mr. Chen Yihua
Mr. Du Hui

Remuneration Committee

Mr. Kwok Kam Tim *(Chairman)*
Mr. Chen Yihua
Mr. Du Hui
Mr. Ho Pui Tin, Terence

Nomination Committee

Mr. Kwok Kam Tim *(Chairman)*
Mr. Chen Yihua
Mr. Du Hui
Mr. Ho Pui Tin, Terence

COMPLIANCE OFFICER

Mr. Ho Pui Tin, Terence

COMPANY SECRETARY

Mr. Cheng Man Wah

AUTHORISED REPRESENTATIVES

Mr. Ho Pui Tin, Terence
Mr. Cheng Man Wah

Corporate Information

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 301, 3/F
Wheelock House
20 Pedder Street
Central, Hong Kong

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Bank of East Asia, Limited
Standard Chartered Bank (Hong Kong) Limited

AUDITOR

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

COMPANY WEBSITE

http://www.mingkeiholdings.com

STOCK CODE

8239

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of Directors, I am pleased to present the annual report (the "Annual Report") of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2014 (the "Year"):

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in (i) property investments; and (ii) business of coal trading business between the People's Republic of China (the "PRC") and Indonesia.

Since the year 2010, the reduced of selling price per metric tonne of coal sold for did not have significant impact to the cash flows or the operating model of the coal trading business pursuant to pages 18 and 19 of the circular (the "Indonesia Circular") of the Company dated 14 October 2010, in particular maintaining a positive price gap between the purchase price and the selling price subject to the bargaining power of the Group against the customer and the supplier in each transaction and the fluctuation of the international coal price. The price negotiation will continue until each of the parties is satisfied and the Group is able to obtain a positive price gap. Given the letter of intents (the "LOIs") separately signed with the customers and suppliers to sell and purchase 30,000 metric tonnes of Indonesian coal per month, and will be renewed automatically upon expiration with same trading terms and conditions, the coal trading business will continue and provide a stable and regular source of income to the Group.

The Group recorded total turnover of approximately Hong Kong dollar (the "HK$") 90,159,000 (2013: approximately HK$95,447,000) for the Year representing a decrease by approximately HK$5,288,000 over the corresponding prior year. The decrement of turnover of coal trading business by approximately HK$6,999,000 to approximately HK$86,619,000 (2013: approximately HK$93,618,000) for the coal trading business was due to the reduction in selling price per metric tonne of coal sold and the decrease in profit from coal trading business due to the reduction in the average positive price gap between the purchase price and the selling price. The property investment segment continued to generate steady rental income of approximately HK$3,540,000 (2013: approximately HK$1,829,000) since the completion of the acquisition (the "Property Acquisition") of the entire share capital of Foremost Star Investments Limited and its subsidiary. Details are set out in the announcement and circular of the Company dated 24 October 2012 and 26 September 2012 respectively. The gross profit margin has been improved to approximately HK$7,854,000 for the Year (2013: approximately HK$6,828,000) by approximately HK$1,026,000 since the Property Acquisition.

Due to the non-cash impairment adjustment loss on intangible assets of approximately HK$11,138,000, the Group reported significant decrease in other income and other gains and (losses), net for the Year to approximately HK$(9,431,000) (2013: approximately HK$3,678,000) and I recognise that the magnitude of that adjustment is disappointing. In light of the decrease in the estimated future profitability and expected sales price of the coal trading business, we have taken a decision to recognize the above non-cash accounting impairment.

The selling and distribution costs for the Year maintained at a similar level as last year of approximately HK$684,000 (2013: approximately HK$686,000), which were arising from the coal trading business.

The administrative and other expenses for the Year increased by approximately HK$26,026,000 to approximately HK$60,289,000 (2013: approximately HK$34,263,000) and the substantial loss for the Year of approximately HK$61,646,000 (2013: approximately HK$25,271,000) were mainly due to the (i) one-off acquisition-related costs, including legal and professional fee and transaction costs of approximately HK$19,700,000 (2013: Nil) paid/payable for the proposed acquisition (the "Acquisition-Prima Finance") of the entire equity interests in Prima Finance Holdings Limited (the "Target", together with its subsidiaries the "Target Group"), the service provider of short-to-medium-term financing and financing-related solutions in Beijing, the PRC; and (ii) increase in staff costs (including directors' remuneration) by approximately HK$10,163,000 to approximately HK$18,676,000 (2013: approximately HK$8,513,000). I would like to remind the Shareholders and investors that acquisition-related costs for the Acquisition are one-off in nature which are not be expected to repeat in the future and the abovementioned impairment loss is non-cash in nature and does not have any impact on the operating cash flows of the Group.

Coal Trading

Pursuant to the Indonesia Circular, given the LOIs, existing coal trading business will continue and provide a steady source of income and positive impact on the earnings to the Group. Both trade receivables and payables have improved and decreased to approximately HK$43,779,000 (2013: approximately HK$64,771,000) and approximately HK$33,779,000 (2013: approximately HK$57,399,000) respectively and the Board expected both balances would be settled without discounts. The Board has remained positive about the future prospect of the existing coal trading business in view of there was no change in the business relationship with customers or suppliers nor the credit period granted to both customers and suppliers. The Group will continue monitoring the sale price of steam coal as well as the controls over costs and related expenses towards the coal trading operations to ensure its continued profitability.

Property Investment

Following the completion of Property Acquisition, the Group resumed the business in the property investment and the Group has been beneficially interested in the investment property located in Tuen Mun, which was valued at HK$101,000,000 on 31 March 2014 (2013: HK$101,000,000) in accordance with the valuation performed by an independent valuer.

Given the annual gross rental income from the Tuen Mun Property of approximately HK$3,540,000 represents a yield of approximately 4.0% to the Consideration, the Board considered the returns satisfactory and the Property Acquisition is a good opportunity for the Group to achieve long term stable income and growth.

Prospects

As part of the business plan of the Company, the Board continued to explore and evaluate new businesses and investment opportunities which could be of good potential and/or long-term benefit to the Group and the shareholders (the "Shareholders") of the Company.

The Board will take a cautious and conservative approach in the evaluation and timing of potential projects or investments, including the Acquisition-Prima Finance and constantly keep reviewing the Group's strategies and operations with a view to improve its business performance and Company's shareholders' returns. As the Directors have experienced in receiving proposals from potential vendors in respect of potential investment projects from time to time, the Board considers there are possibilities that the Group would identify suitable investment opportunities having greater potential returns which may broaden the Group's business scope, provide additional income sources, and may enhance the earnings per share of the Group, have arisen and will arise from time to time by taking advantage of the good market sentiments in future.

Chairman's Statement

The Group has recorded losses for the last five consecutive financial years. For the two years ended 31 March 2012 and 2013, the Group recorded the consolidated loss for the year from the continuing operations of approximately HK$35.6 million and HK$25.2 million respectively. In view of the unsatisfactory performance of the Group and as part of the business plan as stated in the annual report of the Company for the year ended 31 March 2013, the Group has been exploring and evaluating new businesses and investment opportunities which could be of good potential and/or long-term benefits to the Group and the Shareholders.

To this end, the Company has identified the Target Group as an appropriate acquisition target to the Group and the Directors are of the view that the Acquisition-Prima Finance would allow the Group to diversify into a new line of business with significant growth potential in operating earnings. According to the audited consolidated financial results of the Target Group, for the year ended 31 December 2013, the Target Group recorded a net profit of approximately RMB43.1 million (equivalent to approximately HK$53.9 million). The Target Group has been profit making over the past three financial years. Taking into account the established scale of the operation of the Target Group and its continuous growth potential, the Company considers that the Acquisition-Prima Finance provides an excellent investment opportunity for the Group to enhance its revenue sources, improve its financial results and provide better return to the Shareholders in the long run. Details are set out in the announcement (the "Announcement-Prima Finance") and circular (the "Circular-Prima Finance") of the Company dated 23 December 2013 and 30 May 2014 respectively.

Having considered the above factors, the Board considers that the terms of the Acquisition-Prima Finance are fair and reasonable and the Acquisition-Prima Finance is in the interests of the Company and the Shareholders as a whole.

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 including the Acquisition-Prima Finance been constantly submitted for review. We believe that the Acquisition-Prima Finance would not only enhance the overall profitability but also improve the business scopes 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. We should persist with the best efforts in striving for optimal development for the Group and returns for the Shareholders in the times to come.

Mr. Wong Wai Sing
Chairman

Hong Kong, 6 June 2014

Management Discussion and Analysis

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations from internally generated cash flows. During the Year, the Company has conducted rights issue (the "Rights Issue") of 151,356,987 rights Shares, which was become unconditional on 5 July 2013. The intended and actual use of net proceeds of approximately HK$27.9 million are set out as follows:

Intended use of proceeds	Actual use of proceeds
Due to the lapse of the agreement in relation to the acquisition of the entire issued share capital of Wider Trading Limited on 26 September 2013, the intended use of proceeds has been changed to (i) funding other potential acquisition activities as identified by the Group from time to time, including but not limited to the Acquisition, and (ii) general working capital of the Group as disclosed in the announcement of the Company dated 26 September 2013.	(i) approximately HK$16.5 million was used for funding other potential acquisition activities as identified by the Group from time to time, including but not limited to the Acquisition, and (ii) the remaining balance of approximately HK$11.4 million was applied as general working capital of the Group which mainly consists of payments for office rent, salaries and professional fees.

As disclosed in the Company's announcements dated 8 May 2014 and 22 May 2014, the Company has completed placing (the "Placing") of 44,500,000 new Shares at a price of HK$0.450 per placing Share. The Company intends to apply the net proceeds of approximately HK$19.7 million for (i) funding the Acquisition-Prima Finance; and (ii) as the general working capital of the Group.

As at 31 March 2014, the Group had cash and cash equivalents (the "Liquidity Resources") of approximately HK$1,381,000 (2013: approximately HK$27,791,000). Taking into account the Liquidity Resources and the Placing, the Group has sufficient financial resources to satisfy its funding requirements and to achieve its business objectives, including the Acquisition-Prima Finance. Save as disclosed in this Annual Report, the Group has no borrowings or material capital expenditure commitments as at 31 March 2014.

The debt ratio, calculated as total liabilities over total assets of the Group as at 31 March 2014 was approximately 0.26 (2013: approximately 0.26).

The total equity of the Company decreased to approximately HK$170,811,000 on 31 March 2014 (2013: approximately HK$204,490,000, which was mainly attributable to the one-off acquisition-related costs, including legal and professional fee and transaction costs of approximately HK$19,700,000 (2013: Nil) paid/payable for the Acquisition-Prima Finance.

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.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

The success of the Group's will depend, inter alia, on the realisation of the expected synergies, costs control, and growth opportunities and potentials upon integration of the acquired businesses. The Group concentrates on its core business and cautiously expands the scale and geographical spread of its businesses through organic growth and investment in selective acquisition(s) with great potential. There can be no assurance that a failure to operate the acquired businesses successfully and thereby not achieve the expected financial benefits, may not adversely affect the Group's financial positions and results.

The Group has entered into the sale and purchase agreement with Mr. Lau Hoi Hei as the vendor on 27 March 2013 (subsequently lapsed on 26 September 2014) for the proposed acquisition of the entire issued share capital of Wider Trading Limited and its subsidiaries at a consideration of HK$13,000,000.

On 23 December 2013, the Group exerted into a conditional sale and purchase agreement (the "Agreement") in relation to the Acquisition-Prima Finance at a maximum consideration of HK$900,000,000. Details are set out in the Announcement-Prima Finance and the Circular-Prima Finance.

Save as disclosed above and in the above section of "Business and Financial Review", there was no other significant investments held as at 31 March 2014, or plan for material investments or capital assets as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries or associated companies during the year.

CHARGE OF GROUP ASSETS

As at 31 March 2014, the Group did not have any material charges on assets (2013: HK$Nil).

FOREIGN EXCHANGE EXPOSURE

The majority of the Group's sales and purchases are denominated in the group entity's functional currency. Save as disclosed in note 32 (a)(ii) to the consolidated financial statements, the Group has transactional currency exposures and were mainly arising from the exposure of exchange between US$ and HK$ with limited exposure to RMB. Since the exchange rate of US$ against HK$ is relatively stable during the year, the exposure on foreign exchange is insignificant.

The Group has not implemented any foreign currency hedging policy at the moment. 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.

As at 31 March 2014, 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.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2014 (2013: HK$Nil).

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wong Wai Sing ("Mr. Wong"), aged 28, the chairman and executive Director of the Company. Mr. Wong joined the Company since 13 October 2008 and has taken up the management role as an executive director of a number of subsidiaries of the Company. Mr. Wong is a member of the Hong Kong Institute of Directors. Mr. Wong holds a bachelor's degree of science in international business from the Canterbury University, London, an international master's degree of business administration from the Stratford University, Falls Church, Virginia, the United States 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 PRC (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 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, provision of underwriting services for general insurance and reinsurance business, manufacture and trading of hygienic disposables for household and clinical uses, trading of methyl tert-butyl ether's and wholesale and retail of household consumables. 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 had been a consultant of a Hong Kong-based medium-sized CPA firm for more than a year and 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 GEM (stock code: 8022), from 17 April 2009 to 31 May 2011. Mr. Wong is also an executive director, the chairman and the chief executive officer of Newtree Group Holdings Limited ("Newtree"), a company incorporated in the 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).

Directors and Senior Management

EXECUTIVE DIRECTORS *(Continued)*

Mr. Ho Pui Tin Terence ("Mr. Ho"), aged 47, has been an executive Directors since 10 February 2012, the vice chairman of the Company and Chief Executive Officer of the Group and the member of the nomination committee (the "NC") and remuneration committee (the "RC") of the Company since 24 February 2012, and the authorised representative and compliance officer of the Company since 29 March 2012. Mr. Ho has completed a professional diploma in accountancy in the Hong Kong Polytechnic University in 1989 and he is also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). 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 the issued shares of which were listed on the main board (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 overseeing the accounting, compliance and reporting of the securities broker. Mr. Ho has taken up the management role as the director of a number of subsidiaries of the Company respectively.

Mr. Han Jianli ("Mr. Han"), aged 49, is the executive Director since 9 October 2013. Mr. Han has over 20 years of experience in money lending business in the PRC. Mr. Han has been the risk controller of Zhong Wei (Beijing) Credit Management Company Limited Weijinsuo Platform since May 2013. Prior to that, Mr. Han had been an Intermediate Account Manager in the Industrial and Commercial Bank of China Limited, Haidian branch's Credit Department from 1992 to 2006, had been a vice president in Zhong Hui Guarantee Company Limited from 2006 to 2010, and had been a vice general manager in Beijing Shi Guo Xu Microfinance Company Limited from 2010 to May 2013. Mr. Han graduated in 1987 from the Military Institute of Physical Education of The People's Liberation Army, with three academic years of physical education instructor (staff) training.

NON-EXECUTIVE DIRECTORS

Mr. Tsang Ho Ka, Eugene ("Mr. Tsang"), aged 32, is a Certified Practising Accountant of CPA Australia, the CPA of the HKICPA, an international associate of the American 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 a member of the Hong Kong Mining Investment Professionals Association.

Mr. Tsang holds a bachelor's degree of commerce from the University of New South Wales, Australia and has also completed an accounting extension course in relation to Australian Taxation Law and Australian Corporations Law in the University of Sydney, Australia. Mr. Tsang has over 11 years of experience in accounting and financial management and has previously worked in Deloitte Touche Tohmatsu, an international CPA firm. Mr. Tsang is also the founder of Gattaca Company Limited, an independent consultancy company specialising in corporate restructuring and financial reengineering and a consultant of GenNex Financial Media Limited, a company which is principally engaged in the provision of financial printing services.

Also, Mr. Tsang was the company secretary and the qualified accountant of Maxitech International Holdings Limited (now named as 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 (stock code: 183) in March 2007. Mr. Tsang is an executive director and joint company secretaries of Newtree, and also the chairman and non-executive director of Rising Power Group Holdings Limited ("Rising Power") *(proposed to be renamed as Sky Forever Supply Chain Management Group Limited)*, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the GEM (stock code: 8047).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwok Kam Tim ("Mr. Kwok"), aged 37, is the independent non-executive Director and chairman of the remuneration committee, audit committee and nomination committee of the Company. Mr. Kwok is a fellow member of the Association of Chartered Certified Accountants (the "ACCA"), an associate member of the HKICPA, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Kwok holds a bachelor's degree of engineering in electronics engineering from the Hong Kong University of Science and Technology, bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University and a master's degree of corporate governance from the Hong Kong Polytechnic University. Mr. Kwok has over 12 years of experience in accounting and financial managements and previously worked in an international accounting firm. Mr. Kwok is currently a financial controller of the Loudong General Nice Resources (China) Holdings Limited, a company listed on the Main Board (stock code: 988). Mr. Kwok is also an independent non-executive director of Newtree.

Mr. Chen Yihua ("Mr. Chen"), aged 40, has been the independent non-executive Director since 2 July 2013. Mr. Chen is also a member of the remuneration committee, audit committee and nomination committee of the Company. Mr. Chen holds a bachelor's degree of in machinery manufacturing engineering from Tianjin University, PRC. Mr. Chen has 13 years of experience in management in international express logistic industry. Mr. Chen is also familiar with import and export business in machinery and equipment. Mr. Chen held managerial position in different multinational companies, such as China National Overseas Engineering Corporation and FedEx Express-DTW Co. Ltd. Mr. Chen is currently the senior director of infrastructure and process engineering of DHL-Sinotrans International Air Courier Ltd.

Mr. Du Hui ("Mr. Du"), aged 40, has been the independent non-executive Director since 9 October 2013. Mr. Du is also a member of the remuneration committee, audit committee and nomination committee of the Company. Mr. Du has over 10 years of experience in financial management in the PRC. Mr. Du has been the sales controller of Beijing Lanxum Technology Company Limited ("Beijing Lanxum"), a company listed on the Chinext of Shenzhen Stock Exchange (stock code: SHE:300010), since December 2010. Prior to that, Mr. Du had been a financial controller in Beijing Lanxum from 2002 to November 2010. Mr. Du graduated in 1998 from Sun Yat-sen University with a bachelor's degree of laws and graduated in 2002 from Renmin University of China, with an undergraduate degree of Accounting.

Directors and Senior Management

SENIOR MANAGEMENT

Mr. Ho is a member of senior management of the Company. For details of his biography, please refer to the paragraph headed "Executive Directors" in this section.

Ms. Sung Ting Yee ("Ms. Sung"), aged 39, is the chief financial officer and chief investment officer of the Company. Ms. Sung holds a master's degree of business administration from University of Birmingham, United Kingdom and a bachelor's degree of arts (Honours) in accountancy from Birmingham City University (formerly known as University of Central England in Birmingham), United Kingdom. Ms. Sung is a CPA of the HKICPA and a fellow member of the ACCA. Ms. Sung has over 15 years' experience in finance, accounting, external and internal auditing in both Hong Kong and the PRC. Ms. Sung previously worked as an audit manager in an international accounting firm and an internal audit manager in BALtrans Holdings Limited, which was subsequently delisted on the Main Board after her term of service. Prior to join to the Company, Ms. Sung was a finance manager of China Mining Resources Group Limited (stock code: 340), a company listed on the Main Board. Ms. Sung was the executive director and finance director of China Neng Xiao Technology (Group) Limited (stock code: 8047), a company listed on the GEM Board. Ms. Sung is the executive director of Newtree, a company listed on the Main Board. Ms. Sung is also the company secretary and the chief financial officer of Colors Securities Limited and Colors Commodities Limited, both of which are companies principally engaged in the provision of financial services. Ms. Sung is also the chief financial officer of Colors Finance Limited, a licensed company engaged in money lending business in Hong Kong. Ms. Sung first joined the Company as internal audit manager and was appointed as the chief investment officer of the Company on 2 March 2010. Ms. Sung was re-designated as a chief financial officer and a group financial controller of the Company with effect from 27 September 2010 and 6 August 2012 respectively and then subsequently re-designated from her position as a group financial controller to the chief financial officer and chief investment officer of the Company with effect from 2 July 2013.

Mr. Cheng Man Wah ("Mr. Cheng"), aged 33, the company secretary and authorized representative of the Company. Mr. Cheng has joined Ming Kei since August 2012 as chief financial officer and company secretary and was re-designated as the company secretary with effect from 2 July 2013. Mr. Cheng graduated from The Hong Kong Polytechnic University in 2003 with the Bachelor of Arts degree in accountancy. Mr. Cheng is the CPA of the HKICPA, a fellow member of the ACCA, an ordinary member of Hong Kong Securities and Investment Institute, and a member of The Hong Kong Institute of Directors. Mr. Cheng has more than 10 years' experience in corporate finance and compliances matters for the listed companies in Hong Kong. Mr. Cheng had worked for PricewaterhouseCoopers and Golden Resources Development International Limited (stock code: 677) for the period from 2007 to 2009. Mr. Cheng then had joined as a financial controller from 2010 to 2012 for Powerwell Pacific Holdings Limited (stock code: 8265) whose shares have been successfully listed on the GEM since January 2011. Mr. Cheng then worked for Strong Petrochemical Holdings Limited (stock code: 852) chief financial officer and company secretary and Pearl River Tyre (Holdings) Limited (stock code: 1187) as the joint company secretary in 2012 and 2013 respectively. Mr. Cheng is also the joint company secretary of Newtree.

Corporate Governance Report

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board Company believe that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group's assets.

Throughout the Year, the Company had fully compliant with all the code provisions set out in the Appendix 15 Corporate Governance Code and Corporate Governance Report (the "CG Code") of the GEM Listing Rules with the exception of the following deviation:

CODE PROVISION A.4.1

Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

DEVIATION

Non-executive Directors were not appointed for a fixed term. The bye-laws (the "Bye-laws") of the Company stipulate that every Director (including executive or non-executive directors) shall be subject to retirement for re-election at least once every three years. Therefore, the Company has adopted adequate measures to ensure the corporate governance of the Company complies with the same level to that required under the CG Code.

CODE PROVISION A.6.7

Code provision A.6.7 of the CG Code stipulates that the independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the Shareholders.

DEVIATION

Mr. Wong and Mr. Tsang, Mr. Kwok, Mr. Ho Chi Wai and Ms. Cui Ying ("Ms. Cui"), were unable to attend the special general meeting of the Company held on 3 June 2013 as they had other important business engagement.

Mr. Tsang, Mr. Ho Chi Wai, Mr. Chen and Ms. Cui were unable to attend the annual general meeting (the "AGM 2013") of the Company held on 2 August 2013 as they had other important business engagement.

CODE PROVISION E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

DEVIATION

The chairman of the Board, Mr. Wong, was unable to attend the AGM 2013 as he had other important business engagement. However, Mr. Chow Pak Wah, Oliver ("Mr. Chow"), had chaired the AGM 2013 in accordance with Bye-laws.

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the Rules 5.48 to 5.67 (the "Model Code") of the GEM Listing Rules. The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the Year.

Corporate Governance Report

THE BOARD

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value. The Directors are expected to make decisions objectively in the interests of the Company.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall 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 transactions, including acquisition, investment, disposal of assets or 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.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates Shareholders on the operations and financial position of the Group through quarterly, interim and annual results announcements as well as the publication of timely reports and announcements of other matters as prescribed by the relevant laws, rules and regulations.

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.

All Directors, including independent non-executive Directors assume the responsibilities to the Shareholders 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 written annual confirmation of his/her 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 as set out in the Rule 5.09 of the GEM Listing Rules that could materially interfere with the exercise of their judgment.

The distinct roles of the Chairman, Mr. Wong and the Chief Executive Officer, Mr. Ho are acknowledged. Their respective responsibilities are clearly defined and segregated to ensure a balance of power and authority, and reinforce their independence and accountability. Mr. Wong provides leadership for the Board Decisions regarding the daily operations and administration of the Company are delegated to the management, led by the Chief Executive Officer, Mr. Ho. Acting as the principal manager, Mr. Ho develops operating plans and strategies to the Board and ensuring the effective implementation of the strategies and policies adopted and prioritized by the Board supported with effective and competence management built and maintained by him. Mr. Ho maintained ongoing dialogue with the Chairman, Mr. Wong and all Directors to keep them timely and appropriately informed of all major changes and business development.

THE BOARD *(Continued)*

The Company has a non-executive Director, namely Mr. Tsang and three independent non-executive Directors, namely Mr. Kwok, Mr. Chen and Mr. Du. The non-executive Directors advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his/her own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors. The Chairman held meetings with the non-executive Directors at least annually without the executive Directors present, to evaluate the functioning of the Board.

None of the non-executive Directors have been appointed for a specific term of service, subject to re-election but they are subject to the retirement by rotation and re-election of Directors in the Bye-laws, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

THE BOARD COMMITTEES

(1) Remuneration Committee (the "RC")

The RC reviews and approves the remunerations of directors. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. 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 currently chaired by Mr. Kwok, being an independent non-executive Director, and with three members, including Mr. Ho, Mr. Chen and Mr. Du, comprising a majority of independent non-executive Directors. The RC held 2 meetings and passed 3 written resolutions during the Year. The Company Secretary acts as the secretary to the RC. The roles of the RC are to recommend to the Board the policy and structure for the remuneration of the executive Directors and senior management and to determine, with delegated responsibility, their specific remuneration packages, assessing and approving performance-based remuneration of executive Directors with reference to the corporate goals and objectives, and to make recommendations to the Board on the remuneration of non-executive Directors. They are provided with sufficient resources by the Company to discharge its duties. No individual Director is involved in deciding his or her own remuneration.

The remuneration packages of individual executive Directors and senior management, comprising a basic salary and a performance related bonus for their contributions, were determined, with delegated responsibility in according to the code B.1.2(c)(i). Details of Directors' remuneration are set out in note 8 to the financial statements in the Annual Report.

The Company has conditionally adopted the New Scheme (as defined below). The purpose of the New 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.

The senior management remuneration during the Year was within the following bands:

	Number of individuals
HK$Nil to HK$1,000,000	2
Over HK$1,000,000	1
	3

THE BOARD COMMITTEES *(Continued)*

(2) Nomination Committee (the "NC")

The NC was set up on 1 February 2012 with written terms of reference to review the structure, size and composition (including but not limited to the gender, 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 Mr. Kwok, being an independent non-executive Director, and with three members, Mr. Chen, Mr. Du and Mr. Ho, comprising a majority of independent non-executive Directors. The NC held 5 meetings and passed 1 written resolution during the Year. The Company Secretary acts as the secretary to the NC. The roles and functions of the NC include to identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, review the Policy and the progress on achieving the objectives set for implementing the Policy, 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.

Summary of Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board. The board diversity policy (the "Policy") adopted aims to set out the approach to achieve diversity on the Board. A summary of the Policy is set out below:

Measurable Objectives and Implementation

The Company commits to selecting the best person for the role. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, age and length of service) will be disclosed in the corporate governance report.

Monitoring and Reporting

The NC will report annually, in the Annual Report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

Review of this Policy

The NC will review this Policy, as appropriate, to ensure the effectiveness of the Policy. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Disclosure of this Policy

The Policy will be published on the Company's website for public information. A summary of this Policy together with the measurable objectives set for implementation and the relevant progress on achieving those objectives will be disclosed in the corporate governance report.

THE BOARD COMMITTEES *(Continued)*

(3) Audit Committee (the "AC")

The AC of the Company comprises all independent non-executive Directors and chaired by Mr. Kwok, and with members, Mr. Chen and Mr. Du. The AC held 4 meetings during the Year. The Company Secretary acts as the secretary to the AC. The AC performs, amongst others, the following roles and functions:

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

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.

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 above statements, which should be read in conjunction with the independent auditor's report, are made with a view to distinguishing for Shareholders how the responsibilities of the Directors differ from those of the auditor in relation to the financial statements.

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the Year, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are prudent and reasonable in accordance with applicable accounting standards.

The quarterly, interim and annual results and reports were published within the time limits as required under the GEM Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

Corporate Governance Report

BOARD COMPOSITION AND BOARD AND COMMITTEE MEETINGS

Practices and Conduct of Meetings

The Board meets regularly at least four times each year and more frequently as the needs of the business demand. Apart from the Board meetings, the Board would from time to time devote separate sessions to consider and review the Group's strategy and business activities.

The Board and committees meeting schedule and the agenda of each meeting are made available to Directors in advance.

Notices of regular Board meetings were served to all Directors at least 14 days before the meetings. For all other Board and Committees' meetings, reasonable notices were given.

Papers for Board meetings or Committees' meetings together with all relevant information are sent to all Directors or Committee members at least 3 days before each meeting to enable them to make informed decisions with adequate data. The Board and each Director also have direct and independent access to the management whenever necessary.

According to the current Board practice, any material transactions involving a conflict of interest with a substantial Shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-laws also contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Meetings Held and Attendance

As at 31 March 2014, the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. The Company has met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of whom is with appropriate professional qualifications or accounting or related financial management expertise throughout the Year.

The Board held 22 meetings and passed 8 written resolutions during the Year.

BOARD COMPOSITION, AND BOARD AND COMMITTEE MEETINGS *(Continued)*

Meetings Held and Attendance *(Continued)*

Biographical details of the Directors are shown on pages 11 to 13 and set out on the websites of the Company. On 9 October 2013, the latest List of Directors and their Role and Function was published both on the websites of the Company and the Stock Exchange. The Board is currently supported by the AC, RC and NC to oversee specific areas of the Company's affairs. Each of these Committees has been established with written terms of reference, which were approved by the Board, setting out the Committee's major duties and responsibilities. These terms of reference were published both on the websites of the Company and the Stock Exchange. The composition of the Board and the Committees, and the individual attendance records of each Director at the Board and Committees' meetings during the Year are set out below:

	Meetings attended/Meetings held						
Name of Directors	Board meetings	AC meetings	RC meetings	NC meetings	Independent board committee meeting	Annual general meeting	Special general meeting
Executive Directors							
Mr. Wong Wai Sing *(Chairman)*	14/22	N/A	N/A	N/A	N/A	0/1	0/1
Mr. Ho Pui Tin Terence	21/22	N/A	2/2	5/5	N/A	0/1	1/1
Mr. Han Jianli (note 1)	2/3	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Chow Pak Wah, Oliver (note 2)	18/19	N/A	N/A	N/A	N/A	1/1	1/1
Non-executive Director							
Mr. Tsang Ho Ka, Eugene *(Vice-chairman)*	15/22	N/A	N/A	N/A	N/A	1/1	0/1
Independent Non-executive Directors							
Mr. Kwok Kam Tim	20/22	4/4	2/2	4/5	1/1	1/1	0/1
Mr. Chen Yihua (note 3)	12/14	2/2	1/1	2/2	N/A	0/1	N/A
Mr. Du Hui (note 3)	2/3	1/2	N/A	N/A	N/A	N/A	N/A
Ms. Cui Ying (note 4)	14/14	2/2	1/1	3/3	1/1	0/1	0/1
Mr. Ho Chi Wai (note 4)	17/19	2/2	2/2	5/5	1/1	0/1	0/1

BOARD COMPOSITION, AND BOARD AND COMMITTEE MEETINGS *(Continued)*

Meetings Held and Attendance *(Continued)*

Notes:

1. Mr. Han was appointed as the executive Directors on 9 October 2013. His attendances were shown with reference to the number of the meetings held during the Year after his appointment as the Director.

2. Mr. Chow was resigned as the executive Directors on 9 October 2013. His attendances were shown with reference to the number of the meetings held during the Year before his cessation as the Director.

3. Mr. Chen and Mr. Du were appointed as independent non-executive Directors on 2 July 2013 and 9 October 2013 respectively. Their attendances were shown with reference to the number of the meetings held during the Year after their appointment as the Director and members of the AC, RC and NC.

4. Mr. Ho Chi Wai and Ms. Cui resigned as independent non-executive Directors on 9 October 2013 and 3 September 2013 respectively. Their attendances were shown with reference to the number of the meetings held during the Year before their cessation as the Directors and chairman/ members of the AC, RC and NC.

INDUCTION AND CONTINUOUS DEVELOPMENT

Each newly appointed Director receives a comprehensive induction package (the "Package") designed to enhance his/her knowledge and understanding of the Group's culture and operations. The Package usually includes a briefing or an introduction to the Group's structure, businesses strategies, recent developments and governance practices. Packages have been sent to Mr. Chen, Mr. Du and Mr. Han who joined the Board newly during the Year.

The Company provided continuous professional training and Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates from time to time. In addition, all Directors were requested to provide the Company with the records of the other training they received. All Directors are also encouraged to attend relevant training courses at the Company's expense. During the Year, the Company has applied and paid for several external seminars and training sessions held by external professional parties for Directors.

The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary.

AUDITOR'S REMUNERATION

During the Year, the remuneration, reviewed and approved by the AC on its statutory audit scope and non-audit services, paid or payable to the auditor in respect of audit and non-audit services provided by the auditor of the Group, BDO Limited, were as follows:

Nature of services	**2014 Amount HK$'000**	2013 Amount HK$'000
Audit services	**448**	414
Non-audit services	**96**	404

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTION

The written terms of reference of the corporate governance functions was adopted by the Company on 1 February 2012 and the Board is collectively responsible for the following corporate governance functions:

- 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.

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 the Shareholders and the Group's assets.

COMPANY SECRETARY

The appointment and removal of the Company Secretary is subject to approval by the Board in accordance with the Bye-laws. Mr. Cheng is responsible for ensuring the Board procedures and policy are followed and Board activities are effectively conducted. Mr. Cheng is also responsible for maintaining minutes recorded in sufficient details of all the meetings of the Board and committees of the Company. Draft and final versions of minutes are disseminated to Directors for comment and filed for record purposes respectively within a reasonable time after each meeting. The Directors have full and timely access to the minutes of the Board and committees of the Company. Mr. Cheng confirmed that he has complied with all the qualifications, experience, and professional training requirements of the GEM Listing Rules.

Corporate Governance Report

INVESTOR RELATIONS

The Board recognises the importance of maintaining on-going communication with the Shareholders. The Company promotes communications with the Shareholders through several communication channels including publication of notices, circulars and announcements of key developments, and interim and annual reports as prescribed under the Listing Rules which can also be accessed via the "Investor Relations" of the Company's website. The latest version of the amended and restated Bye-laws has been published both on the websites of the Company and Stock Exchange since 9 March 2012 and did not made any amendments to the Bye-law during the Year. The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from the Shareholders.

The Shareholders are encouraged to attend all general meetings of the Company. The notices of the special general meetings and annual general meeting of the Company were circulated to all the Shareholders in accordance with the requirements of the GEM Listing Rules and the Bye-laws. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the committees of the Board. The results of voting by poll are published on the websites of the Stock Exchange and the Company after the meetings.

Any comments and suggestions to the Board can be addressed to our Hong Kong office or the Company Secretary by mail to Room 301, 3/F., Wheelock House, 20 Pedder Street, Central, Hong Kong or email at general@mingkeiholdings.com.

SHAREHOLDERS' RIGHTS

In accordance with the Company's bye-law 58 of the Bye-laws, 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 in March 2012 to maintain an on-going dialogue with the 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 Directors herein submit their report together with the audited financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in note 18 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the performance of the Group for the Year by operating segment is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's consolidated loss for the year ended 31 March 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 35 to 93.

The Directors do not recommend for payment of a final dividend for the Year (2013: HK$Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the results of the Group for each of the five years ended 31 March 2014 and of the assets and liabilities of the Group as at 31 March 2014, 2013, 2012, 2011 and 2010 respectively. Readers of the summary financial information are strongly encouraged to read the Management Discussion and Analysis section set out in the Annual Report, which does not form part of the consolidated financial statements, for a reasonable appreciation of the Group's financial results and positions in the context of its activities.

Report of the Directors

RESULTS

	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(restated)	(restated)
Revenue					
Continuing operations	**90,159**	95,447	100,631	54,804	15,096
Discontinued operation	**–**	–	22,936	22,177	63,461
	90,159	95,447	123,567	76,981	78,557
Loss before income tax from continuing and discontinued operations	**(62,550)**	(24,507)	(36,025)	(107,630)	(69,227)
Income tax from continuing and discontinued operations	**904**	(764)	(224)	1,040	(1,852)
(Loss)/profit attributable to:					
Owners of the Company	**(61,057)**	(25,654)	(36,356)	(106,038)	(71,079)
Non-controlling interests	**(589)**	383	107	(552)	–
	(61,646)	(25,271)	(36,249)	(106,590)	(71,079)

ASSETS AND LIABILITIES

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**147,444**	160,759	60,545	94,380	124,311
Current assets	**82,691**	116,220	91,822	77,473	82,841
Assets held for sale	**–**	–	15,150	–	–
Current liabilities	**53,337**	64,664	52,421	36,439	3,764
Liabilities held for sale	**–**	–	607	–	–
Net current assets	**29,354**	51,556	53,944	41,034	79,077
Non-current liabilities	**5,987**	7,825	7,825	8,429	2,834
Total equity	**170,811**	204,490	106,664	126,985	200,554

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

Report of the Directors

INVESTMENT PROPERTIES

Details of movements in the investment properties are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 24 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 40 of the Annual Report and in note 25(b) to the consolidated financial statements respectively.

The Company had no distributable reserve as at 31 March 2014 (2013: HK$Nil).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the Shareholders' entitlement to attend and vote at the forthcoming annual general meeting (the "AGM") of the Company, the register of members of the Company will be closed from Wednesday, 30 July 2014 to Thursday, 31 July 2014, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 29 July 2014.

DONATIONS

No charitable donations was made by the Group during the Year (2013: HK$Nil).

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 the existing Shareholders.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 100.0% and 100.0% of the total sales and purchases for the year, respectively.

The Group's largest customer and supplier accounted for approximately 96.1% and 100.0% of the total sales and purchases for the year, respectively.

None of the Directors, their associates or the Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has a beneficial interest in these major customers or suppliers.

CONNECTED TRANSACTIONS

Details of the related party transactions of the Group during the Year are set out in note 30 to the consolidated financial statements.

The disposal of motor vehicle to a Director constituted a connected transaction under Chapter 20 of the GEM Listing Rules falls within the de minimis threshold and therefore was exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 20.31(2) of the GEM Listing Rules.

Payments of emoluments and bonus to Directors pursuant to their respective service contracts with the Company were exempt connected transactions under Rules 20.31(6) of the GEM Listing Rules while payments of emoluments to senior management do not constitute connected transactions under Chapter 20 of the GEM Listing Rules.

The management fee paid or payable to a related company and the consultancy fee income received/receivable from a related company during the Year constituted continuing connected transactions under Chapter 20 of the GEM Listing Rules falls within the de minimis threshold and therefore was exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 20.33(3) of the GEM Listing Rules.

The unsecured amounts due to a non-controlling owner of a subsidiary and a related company to the Group constituted connected transactions under Chapter 20 of the GEM Listing Rules and were exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 20.65(4) of the GEM Listing Rules (namely financial assistance provided by connected person for the benefit of a listed issuer on normal commercial terms (or better to the listed issuer) where no security over the assets of the listed issuer is granted in respect of the financial assistance).

Report of the Directors

DIRECTORS

The Directors during the Year and up to the date of this Annual Report were:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. Wong Wai Sing (Chairman) (Redesignated from non-executive Director on 15 July 2013) Mr. Ho Pui Tin, Terence (Chief Executive Officer) (Resigned as vice-chairman on 25 September 2013) Mr. Han Jinli (Appointed on 9 October 2013) Mr. Chow Pak Wah, Oliver (Resigned as Chief Investment Officer on 2 July 2013 and as executive Director on 9 October 2013)	Mr. Tsang Ho Ka, Eugene (Vice-chairman) (Appointed as vice-chairman on 25 September 2013)	Mr. Kwok Kam Tim Mr. Chen Yihua (Appointed on 2 July 2013) Mr. Du Hui (Appointed on 9 October 2013) Ms. Cui Ying (Resigned on 3 September 2013) Mr. Ho Chi Wai (Resigned on 9 October 2013)

Mr. Chen was appointed as an independent non-executive Director with effect from 2 July 2013. Pursuant to bye-law 83(2) of the Bye-laws, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. As such, Mr. Chen shall hold office until the AGM and, being eligible, will offer himself for re-election at the AGM.

In accordance with Bye-law 84(1) of the Bye-laws, Mr. Ho and Mr. Kwok shall retire from office by rotation. Mr. Ho will not offer himself for re-election at the AGM. Being eligible, Mr. Kwok will offer himself for re-election at the AGM.

The Company confirmed that it has received from each of the independent non-executive Directors the annual confirmation for his independence pursuant to the GEM Listing Rules and still considers them to be independent as at the date of this annual report.

The Directors' biographical details are set out on pages 11 to 13.

None of the Directors of the Company who are proposed for re-election at the AGM has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY

As at 31 March 2014, 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 (i) were required to be notified to the Company and the 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 (ii) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) which were required to be notified to the Company and the Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Directors	Capacity	Number of ordinary Shares held	Approximate percentage of shareholding in the Company
Mr. Wong	Beneficial owner	36,400	0.01
	Interest of a controlled corporation (Note)	75,676 (Note)	0.007%

Note: Mr. Wong is the chairman of the Company and the executive Director. Of the 112,076 Shares, 75,676 Shares are held by Ming Kei International Holding Company Limited ("MKIH"), a company which is wholly and beneficially owned by Mr. Wong, the sole executive director of MKIH. Accordingly he is deemed to be interested in such 75,676 Shares.

Save for those disclosed above, as at 31 March 2014, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to Company and the Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company adopted a share option scheme on 2 August 2012 (the "New Scheme") to replace the share option scheme adopted on 26 October 2002 (the "Old Scheme") which has been terminated on even date. No option has been granted or exercised under the New Scheme during the Year. As at 31 March 2014, there were no outstanding share options under the Old Scheme and New Scheme.

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of the Shares, or debentures of the Company or any other body corporate.

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

As at 31 March 2014, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or, who was the substantial Shareholder as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as aforesaid, no contracts of significance, to which the Company or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTEREST IN COMPETING INTERESTS

Up to the date of the Annual Report, none of the Directors, the management Shareholders or substantial Shareholders or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete either directly or indirectly with the business of the Group, or have any other conflict of interests with the Group.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

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

Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 15 to 24.

Report of the Directors

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 March 2014, the Group employed a total of 13 employees (2013: 14). Staff costs, excluding Directors' remuneration, decreased by approximately HK$1.32 million to approximately HK$2.08 million (2013: approximately HK$3.40 million). 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 regularly. 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.

The Company adopted the New 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 New Scheme during the Year.

RETIREMENT BENEFIT PLANS

Other than operating the statutory mandatory provident fund scheme for Hong Kong employees and participating in social insurance for its employees in the PRC in accordance with the relevant PRC regulations, the Group has not operated any other retirement benefits schemes for the Group's employees.

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 GEM Listing Rules throughout the Year.

AUDITOR

A resolution will be proposed at the AGM to re-appoint Messrs BDO Limited as auditor of the Company.

On behalf of the Board
Wong Wai Sing
Chairman
Hong Kong, 6 June 2014

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 35 to 93, which comprise the consolidated and company statements of financial position as at 31 March 2014, 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 2014 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, 6 June 2014

Consolidated Income Statement

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Continuing operations			
Turnover	6	**90,159**	95,447
Cost of sales		**(82,305)**	(88,586)
Direct operating expenses		**–**	(33)
Gross profit		**7,854**	6,828
Other income, and other gains and losses, net	6	**(9,431)**	3,678
Selling and distribution costs		**(684)**	(686)
Administrative and other expenses		**(60,289)**	(34,263)
Loss before income tax from continuing operations		**(62,550)**	(24,443)
Income tax credit/(expense)	9	**904**	(764)
Loss for the year from continuing operations		**(61,646)**	(25,207)
Discontinued operation			
Loss for the year from discontinued operation	10	**–**	(64)
Loss for the year	7	**(61,646)**	(25,271)
Attributable to:			
Owners of the Company	11	**(61,057)**	(25,654)
Non-controlling interests		**(589)**	383
		(61,646)	(25,271)
Loss per share attributable to owners of the Company	13		
From continuing and discontinued operations			(Restated)
– Basic (Hong Kong cents)		**(9.59)**	(6.14)
– Diluted (Hong Kong cents)		**(9.59)**	(6.14)
From continuing operations			
– Basic (Hong Kong cents)		**(9.59)**	(6.12)
– Diluted (Hong Kong cents)		**(9.59)**	(6.12)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
Loss for the year	**(61,646)**	(25,271)
Other comprehensive income for the year, net of tax:		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas subsidiaries	**157**	96
Item that was reclassified to profit or loss:		
– Reclassification adjustment of exchange reserve on disposal of interest in an overseas subsidiary (Note 27)	**–**	(1,198)
	157	(1,102)
Total comprehensive income for the year	**(61,489)**	(26,373)
Attributable to:		
Owners of the Company	**(60,898)**	(26,756)
Non-controlling interests	**(591)**	383
	(61,489)	(26,373)

Consolidated Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**10,157**	12,334
Investment property	15	**101,000**	101,000
Intangible assets	17	**36,287**	47,425
		147,444	160,759
Current assets			
Trade receivables	20	**43,779**	64,771
Refundable deposits	19	**27,192**	19,408
Prepayments, deposits and other receivables		**10,255**	4,165
Tax recoverable		**84**	85
Cash and cash equivalents	21	**1,381**	27,791
Total current assets		**82,691**	116,220
Current liabilities			
Trade payables	22	**33,779**	57,399
Accrued expenses, other payables and deposits received		**17,297**	5,285
Amount due to a non-controlling owner of a subsidiary	30(e)	**1,950**	1,950
Amount due to a related company	30(e)	**60**	30
Tax payable		**251**	–
Total current liabilities		**53,337**	64,664
Net current assets		**29,354**	51,556
Total assets less current liabilities		**176,798**	212,315

Consolidated Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Deferred tax liabilities	23	**5,987**	7,825
Net assets		**170,811**	204,490
CAPITAL AND RESERVES			
Issued capital	24	**6,559**	5,045
Reserves	25(a)	**160,195**	194,797
Equity attributable to owners of the Company		**166,754**	199,842
Non-controlling interests		**4,057**	4,648
Total equity		**170,811**	204,490

These financial statements were approved and authorised for issue by the board of directors on 6 June 2014 and were signed on its behalf.

Wong Wai Sing
Director

Tsang Ho Ka, Eugene
Director

Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**457**	1,522
Interests in subsidiaries	18	**55,003**	55,003
		55,460	56,525
Current assets			
Prepayments, deposits and other receivables		**1,941**	2,346
Amounts due from subsidiaries	18	**123,737**	116,047
Cash and cash equivalents	21	**808**	22,788
		126,486	141,181
Current liabilities			
Accrued expenses and other payables		**15,192**	750
Net current assets		**111,294**	140,431
Net assets		**166,754**	196,956
CAPITAL AND RESERVES			
Issued capital	24	**6,559**	5,045
Reserves	25(b)	**160,195**	191,911
Total equity		**166,754**	196,956

These financial statements were approved and authorised for issue by the board of directors on 6 June 2014 and were signed on its behalf.

Wong Wai Sing
Director

Tsang Ho Ka, Eugene
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Issued capital HK$'000 (Note 24)	Share premium HK$'000 (Note 25(a)(i))	Contributed surplus HK$'000 (Note 25(a)(ii))	Capital reserve HK$'000 (Note 25 (a)(ii))	Share option reserve HK$'000 (Note 25(a)(iii))	Exchange reserve HK$'000 (Note 25(a)(iv))	Accumulated losses HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2012	1,967	70,917	131,109	120,794	4,484	3,012	(229,884)	102,399	4,265	106,664
(Loss)/profit for the year	–	–	–	–	–	–	(25,654)	(25,654)	383	(25,271)
Other comprehensive income for the year	–	–	–	–	–	(1,102)	–	(1,102)	–	(1,102)
Total comprehensive income for the year	–	–	–	–	–	(1,102)	(25,654)	(26,756)	383	(26,373)
Issue of new shares on an open offer (Note 24(ii))	1,153	45,954	–	–	–	–	–	47,107	–	47,107
Issue of new shares on acquisition of assets through acquisition of subsidiaries (Note 24(iii))	343	25,782	–	–	–	–	–	26,125	–	26,125
Issue of new shares on placements (Note 24(iv))	1,582	49,385	–	–	–	–	–	50,967	–	50,967
Lapse of share options	–	–	–	–	(4,484)	–	4,484	–	–	–
Balance at 31 March 2013	5,045	192,038	131,109	120,794	–	1,910	(251,054)	199,842	4,648	204,490
Balance at 1 April 2013	**5,045**	**192,038**	**131,109**	**120,794**	**–**	**1,910**	**(251,054)**	**199,842**	**4,648**	**204,490**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(61,057)**	**(61,057)**	**(589)**	**(61,646)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**159**	**–**	**159**	**(2)**	**157**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**159**	**(61,057)**	**(60,898)**	**(591)**	**(61,489)**
Rights issue (Note 24 (i))	**1,514**	**26,296**	**–**	**–**	**–**	**–**	**–**	**27,810**	**–**	**27,810**
Balance at 31 March 2014	**6,559**	**218,334**	**131,109**	**120,794**	**–**	**2,069**	**(312,111)**	**166,754**	**4,057**	**170,811**

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
Cash flows from operating activities		
Loss before income tax from continuing and discontinued operations	**(62,550)**	(24,507)
Adjustments for:		
Interest income	**(2)**	(4)
Write-off of property, plant and equipment	**283**	8
Loss on disposal of property, plant and equipment	**179**	–
Gain on disposal of subsidiaries	**–**	(2,143)
Impairment loss on intangible assets	**11,138**	–
Depreciation	**1,693**	1,832
Operating loss before working capital changes	**(49,259)**	(24,814)
Decrease/(increase) in trade receivables	**20,992**	(12,802)
(Increase)/decrease in prepayments, deposits and other receivables	**(6,090)**	7,800
Increase in refundable deposits	**(7,800)**	–
Decrease in assets of a disposal group classified as held for sale	**–**	11
Increase in liabilities of a disposal group classified as held for sale	**–**	50
(Decrease)/increase in trade payables	**(23,620)**	11,103
Increase in accrued expenses, other payables and deposits received	**12,012**	1,659
Increase in amount due to a related company	**30**	30
Cash used in operations	**(53,735)**	(16,963)
Interest received	**2**	4
Tax paid	**(682)**	(2,017)
Net cash used in operating activities	**(54,415)**	(18,976)

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
Cash flows from investing activities		
Proceeds from disposal of subsidiaries	–	14,891
Proceeds from disposal of property, plant and equipment	219	–
Purchases of property, plant and equipment	(10)	(982)
Acquisition of assets through acquisition of subsidiaries	–	(74,322)
Net cash generated from/(used in) investing activities	209	(60,413)
Cash flows from financing activities		
Proceeds from issue of new shares on rights issue	27,810	–
Proceeds from issue of new shares on an open offer	–	47,107
Proceeds from issue of new shares on placements	–	50,967
Net cash generated from financing activities	27,810	98,074
Net (decrease)/increase in cash and cash equivalents	(26,396)	18,685
Cash and cash equivalents at beginning of year	27,791	9,079
Effect of foreign exchange rate, net	(14)	27
Cash and cash equivalents at end of year	1,381	27,791
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	1,381	27,791

Notes to the Financial Statements

(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. Its principal place of business has been changed from Room 2103, 21/F., No. 9 Queen's Road Central, Central, Hong Kong to Unit 01, 3/F., Wheelock House, 20 Pedder Street, Central, Hong Kong during the year.

The Company is 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, and property investment, further details of which are set out in Notes 5 and 18.

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

(a) Adoption of new/revised HKFRSs – effective on 1 April 2013

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 19 (2011)	Employee Benefits
HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Group's existing accounting policy.

HKFRSs (Amendments) – Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

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

(a) Adoption of new/revised HKFRSs – effective on 1 April 2013 *(Continued)*

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

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 and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 March 2014. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

HKFRS 10 – Consolidated Financial Statements

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 accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest (see Note 3(d)).

The adoption of HKFRS 10 has not resulted any change of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

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

(a) Adoption of new/revised HKFRSs – effective on 1 April 2013 *(Continued)*

HKFRS 13 – Fair Value Measurement

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 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements and these are included in Note 15. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

HKAS 19 (2011) – Employee Benefits

HKAS 19 (2011) distinguishes between short-term and long-term employee benefits based on the expected date of settlement. The previous standard used the term "due to be settled". HKAS 19 (2011) provides additional guidance on the definition of termination benefits. Benefits that are conditional on future service being provided including those that increase if additional service is provided are not termination benefits. The revised standard requires that a liability for termination benefits is recognised on the earlier of the date when the entity can no longer withdraw the offer of those benefits and the date the entity recognises any related restructuring costs.

The Group has amended its accounting policies for short-term employee benefits and termination benefits, however the adoption of the revised standard has no effect on the Group's financial position or performance.

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:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments
Amendments to HKAS 36	Recoverable Amount Disclosure for Non-Financial Assets[1]

1 Effective for annual periods beginning on or after 1 January 2014

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

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.

Amendments to HKAS 36 – Recoverable Amount Disclosure for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014.

3. BASIS OF PREPARATION AND 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 property which was stated at fair value as explained in the accounting policies set out below.

(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 income statement and 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.

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.

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.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

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 the interest 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.

(d) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(e) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Property, plant and equipment

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

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives 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 to 10 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(g) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Intangible assets (other than goodwill)

Master framework purchase agreements (the "LOIs")

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

(i) 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 of disposal 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. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(j) 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.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(j) Financial instruments *(Continued)*

(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.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, accrued expenses, other payables and deposits received, and amounts due to a non-controlling owner of a subsidiary and a related company 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 respectively. 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 respectively, 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) 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.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) 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.

(l) 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.

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

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

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.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Foreign currencies

Transactions entered into by the Company in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange reserve.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(p) Employees' benefits

(i) Short term benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(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.

(q) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

The Group also operates a phantom share option scheme. An option pricing model is used to measure the Group's liability at the end of each reporting period, taking into account the terms and conditions on which the bonus is awarded and the extent to which employees have rendered service. Movements in the liability (other than cash payments) are recognised in profit or loss.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) 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. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(s) 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(l).

(iv) Service income

Service income is recognised when the services are rendered.

4. CRITICAL ACCOUNTING JUDGEMENTS 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 of disposal 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 18.

(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 useful 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 of disposal 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.

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

(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 re-assesses 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; and

(b) The property investment segment comprised investment in various properties for rental income purposes.

General trading segment was discontinued during last year (Note 10).

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, revenue and results are based on the location in which the customer is located.

5. SEGMENT INFORMATION *(Continued)*

(i) Business segments

2014

	Continuing operations			Discontinued operation	
	Coal trading HK$'000	Property investment HK$'000	Sub-total HK$'000	General trading HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales and services	**86,619**	**3,540**	**90,159**	**–**	**90,159**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**
Reportable segment revenue	**86,619**	**3,540**	**90,159**	**–**	**90,159**
Reportable segment (loss)/profit	**(6,955)**	**1,523**	**(5,432)**	**–**	**(5,432)**
Impairment loss on intangible assets	**11,138**	**–**	**11,138**	**–**	**11,138**
Reportable segment assets	**100,235**	**102,581**	**202,816**	**–**	**202,816**
Reportable segment liabilities	**(41,922)**	**(1,005)**	**(42,927)**	**–**	**(42,927)**

2013

	Continuing operations			Discontinued operation	
	Coal trading HK$'000	Property investment HK$'000	Sub-total HK$'000	General trading HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales and services	93,618	1,829	95,447	–	95,447
Inter-segment revenue	–	–	–	–	–
Reportable segment revenue	93,618	1,829	95,447	–	95,447
Reportable segment profit/(loss)	4,580	1,332	5,912	(64)	5,848
Interest income	–	–	–	(1)	(1)
Reportable segment assets	135,135	102,398	237,533	1,091	238,624
Reportable segment liabilities	(68,026)	(765)	(68,791)	–	(68,791)

5. SEGMENT INFORMATION *(Continued)*

(i) Business segments *(Continued)*

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

	2014 HK$'000	2013 HK$'000
Loss before income tax from continuing operations		
Reportable segment (loss)/profit	**(5,432)**	5,912
Interest income	**2**	3
Unallocated corporate expenses	**(57,120)**	(30,358)
Consolidated loss before income tax from continuing operations	**(62,550)**	(24,443)

	2014 HK$'000	2013 HK$'000
Total assets		
Reportable segment assets	**202,816**	238,624
Unallocated corporate assets	**27,319**	38,355
Consolidated total assets	**230,135**	276,979

5. SEGMENT INFORMATION *(Continued)*

(i) Business segments *(Continued)*

	2014 HK$'000	2013 HK$'000
Total liabilities		
Reportable segment liabilities	**(42,927)**	(68,791)
Unallocated corporate liabilities	**(16,397)**	(3,698)
Consolidated total liabilities	**(59,324)**	(72,489)

(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	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Hong Kong	**3,540**	1,829	**137,757**	150,483
PRC	**86,619**	93,618	**9,687**	10,276
	90,159	95,447	**147,444**	160,759

(iii) Information about major customers

Revenue from one (2013: one) customer contributed to more than 10% of the Group's revenue in the amount of HK$86,619,000 (2013: HK$93,618,000) for the year ended 31 March 2014 as included in the above disclosures for coal trading segment revenue.

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, net is as follows:

	Notes	2014 HK$'000	2013 HK$'000
Continuing operations			
Turnover:			
Sale of goods		**86,619**	93,618
Rental income		**3,540**	1,829
		90,159	95,447
Other income, and other gains and (losses), net:			
Interest income		**2**	3
Gain on disposal of subsidiaries	27	**–**	2,143
Loss on disposal of property, plant and equipment		**(179)**	–
Sundry income		**480**	406
Consultancy service income		**1,404**	1,126
Impairment loss on intangible assets	17	**(11,138)**	–
		(9,431)	3,678
Discontinued operation			
Other income, and other gains and (losses), net:			
Interest income		**–**	1
Write-off of property, plant and equipment		**–**	(8)
	10	**–**	(7)

7. LOSS FOR THE YEAR

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

	2014 HK$'000	2013 HK$'000
Staff costs (excluding directors' remuneration (Note 8(a))):		
Salaries and wages	**1,999**	3,280
Pension scheme contributions	**83**	119
	2,082	3,399
Cost of inventories sold	**82,305**	88,586
Auditor's remuneration	**448**	414
Direct operating expenses arising on rental-earning investment properties	**–**	33
Depreciation (Note 14)	**1,693**	1,832
Write-off of property, plant and equipment	**283**	8
Legal and professional fees related to the proposed acquisition as further detailed in Note 34(b)	**19,700**	–
Minimum lease payments under operating leases for land and buildings*	**6,253**	7,451

* Included in the amount for the year ended 31 March 2013 was approximately HK$615,000 in respect of rental expenses incurred for a director's quarter and such amount had been included in the amount of directors' remuneration disclosed in Note 8(a). No rental expense has been incurred for director's quarter during the year ended 31 March 2014.

8. 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:

2014

Name of Directors	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive Directors					
Mr. Wong Wai Sing ("Mr. Wong") (re-designated from a non-executive director during the year)	135	–	7	13,019	13,161
Mr. Ho Pui Tin, Terence	1,428	–	15	348	1,791
Mr. Chow Pak Wah, Oliver (resigned during the year)	302	–	8	–	310
Mr. Han Jianli (appointed during the year)	115	–	–	–	115
Non-executive Directors					
Mr. Wong (re-designated to an executive director during the year)	54	–	3	–	57
Mr. Tsang Ho Ka, Eugene ("Mr. Tsang")	300	203	15	31	549
Independent Non-executive Directors					
Mr. Kwok Kam Tim	200	–	–	–	200
Mr. Ho Chi Wai (resigned during the year)	100	–	–	–	100
Ms. Cui Ying (resigned during the year)	83	–	–	–	83
Mr. Chen Yihua (appointed during the year)	142	–	–	–	142
Mr. Du Hui (appointed during the year)	86	–	–	–	86
	2,945	203	48	13,398	16,594

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' remuneration *(Continued)*

2013

Name of Directors	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive Directors					
Mr. Wong Wai Sing (re-designated to a non-executive director during the year)	348	434	5	–	787
Mr. Tsang (re-designated to a non-executive director during the year)	78	652	5	10	745
Ms. Yick Mi Ching, Dawnibilly (retired during the year)	64	79	4	–	147
Mr. Ho Pui Tin, Terence	–	1,024	17	488	1,529
Mr. Chow Pak Wah, Oliver	–	492	16	244	752
Non-executive Directors					
Mr. Wong (re-designated from an executive director during the year)	122	91	6	–	219
Mr. Tsang (re-designated from an executive director during the year)	176	–	9	–	185
Independent Non-executive Directors					
Mr. Kinley Lincoln James Lloyd (retired during the year)	40	–	–	28	68
Mr. Kwok Kam Tim	184	–	–	–	184
Mr. Ho Chi Wai (appointed during the year)	153	–	–	–	153
Ms. Cui Ying (appointed during the year)	153	–	–	–	153
Ir. Edmund Kwok King Yan (retired during the year)	66	–	–	–	66
Mr. Chan Kin Sang (resigned during the year)	47	–	–	–	47
Mr. Ho Kam Chuen, Alex (resigned during the year)	32	–	–	–	32
Mr. Ng Wing Hang (resigned during the year)	47	–	–	–	47
	1,510	2,772	62	770	5,114

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' remuneration *(Continued)*

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: HK$Nil). In addition, no emolument was paid by the Group to the directors as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2013: HK$Nil).

(b) Five highest paid individuals

Of the five highest paid individuals in the Group, four (2013: four) are directors of the Company whose emoluments are set out in Note 8(a) above. The emoluments of the remaining one (2013: one) non-director individual are as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries and other allowances	**844**	530
Pension scheme contributions	**16**	10
	860	540

The emoluments of the non-director, highest paid employees fell within the following band:

	Number of employees	
	2014	2013
HK$Nil to HK$1,000,000	**1**	1

9. INCOME TAX CREDIT/EXPENSE

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

	2014 HK$'000	2013 HK$'000
Continuing operations:		
Hong Kong		
Current tax charge for the year	**924**	752
Under-provision in respect of prior years	**10**	–
Deferred tax credit (Note 23)	**(1,838)**	–
PRC		
Current tax charge for the year	**–**	12
	(904)	764

Provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or places in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. INCOME TAX CREDIT/EXPENSE *(Continued)*

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

	2014 HK$'000	2013 HK$'000
Loss before income tax		
– from continuing operations	**(62,550)**	(24,443)
– from discontinued operation (Note 10)	**–**	(64)
	(62,550)	(24,507)
Tax calculated at the rate of 16.5% (2013: 16.5%)	**(10,321)**	(4,044)
Tax effect of tax rates of other jurisdictions	**(36)**	(671)
Utilisation of tax losses	**(234)**	(108)
Tax effect on income not taxable for tax purpose	**(202)**	–
Tax effect on unused tax losses not recognised and expenses not deductible for taxation purpose	**9,879**	5,587
Under-provision in respect of prior years	**10**	–
Income tax (credit)/expense charge for the year	**(904)**	764

10. DISCONTINUED OPERATION

General trading operation

During the year ended 31 March 2012, 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.

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

	Note	**2014 HK$'000**	2013 HK$'000
Other income, and other gains and (losses), net	6	**–**	(7)
Administrative and other expenses		**–**	(57)
Loss before income tax		**–**	(64)
Income tax		**–**	–
Loss for the year from discontinued operation		**–**	(64)

10. DISCONTINUED OPERATION *(Continued)*

General trading operation *(Continued)*

The cash flows of the discontinued operation were as follows:

	2014 **HK$'000**	2013 HK$'000
Net cash used in operating activities	–	(3,948)
Effect of foreign exchange rate changes, net	–	62
Total net cash outflows	–	(3,886)

Basic and diluted loss per share for the discontinued operation for the year ended 31 March 2013 was HK0.02 cents (restated) based on the loss for that year from the discontinued operation of approximately HK$64,000.

The denominators used are the same as those detailed in Note 13 for the basic loss per share for continuing operations attributable to owners of the Company.

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

Loss attributable to owners of the Company for the year ended 31 March 2014 dealt with in the financial statements of the Company was approximately HK$47,339,000 (2013: HK$21,190,000).

12. DIVIDEND

No dividend has been paid or declared by the Company during the year (2013: HK$Nil).

The directors do not recommend for payment of a final dividend for the year.

13. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the rights issue during the year as further detailed in Note 24(i).

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

As the Company's outstanding share options had an anti-dilutive effect to the basic loss per share calculation for the prior year, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share for that year. During the current year, there is no instrument with potential dilutive shares issued by the Group. 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.

13. LOSS PER SHARE *(Continued)*

(a) From continuing and discontinued operations

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

	2014 HK$'000	2013 HK$'000
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculations	**(61,057)**	(25,654)

	Number of shares 2014 '000	 2013 '000 (Restated)
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculations	**636,431**	417,584

(b) From continuing operations

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

	2014 HK$'000	2013 HK$'000
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculations	**(61,057)**	(25,590)

	Number of shares 2014 '000	 2013 '000 (Restated)
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculations	**636,431**	417,584

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

14. 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 2012	12,626	2,226	8,276	–	23,128
Additions	–	–	384	598	982
Written off	–	–	(15)	–	(15)
Exchange realignments	85	4	47	–	136
At 31 March 2013	12,711	2,230	8,692	598	24,231
Additions	–	–	10	–	10
Disposal	–	–	–	(598)	(598)
Written off	–	–	(366)	–	(366)
Exchange realignments	231	11	127	–	369
At 31 March 2014	**12,942**	**2,241**	**8,463**	**–**	**23,646**
Accumulated depreciation:					
At 1 April 2012	1,794	788	7,426	–	10,008
Written off	–	–	(7)	–	(7)
Charge for the year (Note 7)	696	734	322	80	1,832
Exchange realignments	17	3	44	–	64
At 31 March 2013	2,507	1,525	7,785	80	11,897
Disposal	–	–	–	(200)	(200)
Written off	–	–	(83)	–	(83)
Charge for the year (Note 7)	713	635	225	120	1,693
Exchange realignments	45	10	127	–	182
At 31 March 2014	**3,265**	**2,170**	**8,054**	**–**	**13,489**
Net carrying amount:					
At 31 March 2014	**9,677**	**71**	**409**	**–**	**10,157**
At 31 March 2013	10,204	705	907	518	12,334

The Group's leasehold land and buildings are located in the PRC and held under medium lease terms.

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

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
The Company			
Cost:			
At 1 April 2012	1,640	970	2,610
Additions	–	352	352
At 31 March 2013	1,640	1,322	2,962
Additions	–	10	10
Written off	–	(366)	(366)
At 31 March 2014	**1,640**	**966**	**2,606**
Accumulated depreciation:			
At 1 April 2012	402	178	580
Charge for the year	584	276	860
At 31 March 2013	986	454	1,440
Written off	–	(83)	(83)
Charge for the year	584	208	792
At 31 March 2014	**1,570**	**579**	**2,149**
Net carrying amount:			
At 31 March 2014	**70**	**387**	**457**
At 31 March 2013	654	868	1,522

15. INVESTMENT PROPERTY

	The Group	
	2014	2013
	HK$'000	HK$'000
Fair value:		
At beginning of year	**101,000**	–
Addition to investment property (Note 26)	**–**	101,000
At end of year	**101,000**	101,000

The Group's entire property interest is held under operating leases to earn rentals or capital appreciation purposes which is measured using fair value model and is classified and accounted for as investment property. The Group's investment property is located in Hong Kong and held under medium lease terms.

The investment property of the Group was revalued on 31 March 2014 by B.I. Appraisals Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis.

The fair value measurement of the Group's investment property has been categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The fair value of the investment property as at 31 March 2014 is a level 3 recurring fair value measurement, which uses significant unobservable inputs in arriving at fair value. During the year ended 31 March 2014, there were no transfers between level 1 and level 2, or transfers into or out of level 3.

Fair value as at 31 March 2014 is determined using investment method by taking into account the current passing rent and the reversionary income potential of the investment property if applicable.

15. INVESTMENT PROPERTY *(Continued)*

Details about the valuation inputs are as follows:

Property	Location	Level	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Industrial property	Hong Kong	3	Income approach	Monthly rental of HK$301,851	The higher the rental value, the higher the fair value
				Yield of 3.6% per annum	The higher the yield, the lower the fair value

The fair value measurements is based on the highest and best use of the investment property, which does not differ from their actual use.

16. GOODWILL

	2014 HK$'000	2013 HK$'000
At beginning and end of year:		
Cost	**24,425**	24,425
Accumulated impairment losses	**(24,425)**	(24,425)
Net carrying amount	**–**	–

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

Goodwill attributable to the Coal Trading CGU was fully impaired in prior years.

17. INTANGIBLE ASSETS

	The LOIs HK$'000
The Group	
Costs:	
At 1 April 2012, 31 March 2013 and 31 March 2014	**60,000**
Accumulated impairment losses:	
At 1 April 2012 and 31 March 2013	12,575
Impairment loss (Note 6)	11,138
At 31 March 2014	**23,713**
Carrying amount:	
At 31 March 2014	**36,287**
At 31 March 2013	47,425

The LOIs relate to the Coal Trading CGU and represented two 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 in previous years. 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 and the directors consider that there is no foreseeable limit on the period of time over which the LOIs are expected to generate economic benefits to the Group.

Impairment testing of the Coal Trading CGU

The LOIs are tested for impairment at least annually and are allocated to the Coal Trading CGU for impairment assessment purpose. The recoverable amount of the Coal Trading CGU as at 31 March 2013 and 2014 was assessed by the directors by reference to the professional valuation performed by Greater China Appraisal Limited.

The recoverable amount of the Coal Trading CGU as at 31 March 2014 is determined based on a value-in-use (2013: fair-value-less-costs-of-disposal) calculation using a cash flow projection according to the financial budgets approved by management for the next 3 (2013: 5) years and extrapolates cash flows beyond such projected period with the key assumptions stated below:

Key assumptions used in the cash flow projection are as follows:

	2014	2013
– Growth in revenue year-on-year during the projection period	**No growth**	No growth
– Pre-tax discount rate per annum	**14.79%**	N/A
– Post-tax discount rate per annum	**N/A**	12.31%
– Budgeted gross margins	**4.7%**	5.1%
– Perpetual growth rate per annum	**2.8%**	3.0%

17. INTANGIBLE ASSETS *(Continued)*

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 recoverable amount of the Coal Trading CGU determined using the above basis fell below its carrying amount as at 31 March 2014 by HK$9,300,000, resulting in impairment on the intangible assets representing the LOIs by the amount of HK$11,138,000 (2013: HK$Nil) which has been charged to profit or loss for the year, and the corresponding decrease in related deferred tax liabilities in the amount of HK$1,838,000. 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 gross profit on the trading of coal and increasing risks associated with the business and operations of the Coal Trading CGU, and decrease of growth rate in line with the business environment of the industry.

18. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

	The Company	
	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**–**	–
Amounts due from subsidiaries	**255,801**	1,078,266
	255,801	1,078,266
Less: Allowance for amounts due from subsidiaries	**(77,061)**	(907,216)
	178,740	171,050
Less: Non-current portion	**(55,003)**	(55,003)
Current portion	**123,737**	116,047

Except for an aggregate amount of HK$55,003,000 as at 31 March 2014 (2013: HK$55,003,000) which in substance forms part of the Company's interests in the subsidiaries in the form of quasi-equity loans, amounts due from subsidiaries are unsecured, interest-free and are repayable on demand. An accumulated allowance for amounts due from subsidiaries of HK$77,061,000 (2013: HK$907,216,000) was recognised as at 31 March 2014 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 2014 and 2013.

(Expressed in Hong Kong dollars)

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

Particulars of the Company's principal subsidiaries which are private companies with limited liability as at 31 March 2014 are as follows:

Name of company	Country/place of incorporation/ establishment	Place of operation	Particulars of issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Star Fortune Strategy Company Limited	The British Virgin Islands ("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	Hong Kong	Hong Kong	HK$1,000,000	–	90	Trading of coal
Calneva Capital Limited	Hong Kong	Hong Kong	HK$10,000	–	100	Property holding
Ming Kei Fu Shing Technology (Shenzhen) Company Limited*	PRC	PRC	HK$8,000,000	–	100	Property holding
Star Capital Global Limited	Hong Kong	Hong Kong	US$1	100	–	Investment holding

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

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

19. REFUNDABLE DEPOSITS

The balance comprised the following items:

(i) A refundable security deposit in the amount of United States Dollar ("USD") 2,500,000 or equivalent to HK$19,392,000 (2013: USD2,500,000 or equivalent to HK$19,408,000) paid to a supplier of coal, an independent third party, in accordance with a legally binding master framework purchase agreement acquired by the Group through the acquisition of the CIFC Group in prior years. 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 (a) 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 (b) 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 dated 14 October 2010.

(ii) Other than Note (i) above, the remaining balance of refundable deposits represents aggregate deposit paid to an independent third party for identifying potential investments for the Group and it is fully refundable when no letter of intent for potential investment and acknowledgement for development of a particular project is signed by the Group upon expiry of the contracts in September 2014.

As at 31 March 2014, no such letter of intent for potential investment or acknowledgement for development of a particular project has been signed by the Group.

20. TRADE RECEIVABLES

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

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 90 days	**20,106**	32,279
91 to 180 days	**20,023**	15,511
181 to 365 days	**3,650**	16,981
	43,779	64,771

(b) The Group normally allows an average credit term of 60 to 90 days (2013: 60 to 90 days) to its trade customers. For certain well-established customer with good repayment history and creditworthiness, the Group allows an average credit period beyond 90 days.

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

	The Group	
	2014	2013
	HK$'000	HK$'000
Not yet past due	**20,106**	32,279
Past due	**23,673**	32,492
	43,779	64,771

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

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

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

21. 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.

	2014 HK$'000	2013 HK$'000
The Group		
Cash and cash equivalents were denominated in:		
Hong Kong dollars	**1,060**	27,276
Renminbi ("RMB")	**235**	481
USD	**86**	34
Total	**1,381**	27,791

The Company

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

22. TRADE PAYABLES

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

	The Group	
	2014 HK$'000	2013 HK$'000
Within 90 days	**18,849**	23,266
91 to 180 days	**14,930**	22,009
181 to 365 days	**–**	12,124
	33,779	57,399

The trade payables were non-interest-bearing and were normally settled on an average term of 60 to 90 days (2013: 60 to 90 days).

23. DEFERRED TAX

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the current and prior years are as follows:

	The Group Intangible assets	
	2014	2013
	HK$'000	HK$'000
Balance at beginning of year	**7,825**	7,825
Credited to profit or loss (Note 9(a))	**(1,838)**	–
Balance at end of year	**5,987**	7,825

As at 31 March 2014, the Group and the Company have estimated unused tax losses of HK$1,997,000 (2013: HK$22,788,000) and HK$592,000 (2013: HK$20,925,000) respectively available for offsetting against future profits, which are subject to the agreement of the tax authority. No deferred tax asset has been recognised in respect of the above tax losses 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 2014 (2013: HK$Nil).

24. SHARE CAPITAL

	Notes	2014 Number of shares '000	2014 Amount HK$'000	2013 Number of shares '000	2013 Amount HK$'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		**504,523**	**5,045**	196,742	1,967
Rights issue	(i)	**151,357**	**1,514**	–	–
Issue of new shares on an open offer	(ii)	**–**	**–**	115,251	1,153
Issue of new shares on acquisition of assets through acquisition of subsidiaries	(iii)	**–**	**–**	34,300	343
Issue of new shares on placements	(iv)	**–**	**–**	158,230	1,582
At end of year		**655,880**	**6,559**	504,523	5,045

Notes:

(i) During the year ended 31 March 2014, approximately 151,357,000 new ordinary shares at par value of HK$0.01 each of the Company were issued under a rights issue at a subscription price of HK$0.2 each at an aggregate consideration of approximately HK$27,810,000 (net of issuing expenses of approximately HK$2,461,000), of which approximately HK$1,514,000 was credited to issued capital and the remaining balance of HK$26,296,000 was credited to the share premium account.

(ii) During the year ended 31 March 2013, approximately 115,251,000 new ordinary shares of par value of HK$0.01 each of the Company were issued under an open offer at a subscription price of HK$0.43 each at an aggregate consideration of approximately HK$47,107,000 (net of issuing expenses of HK$2,451,000), of which approximately HK$1,153,000 was credited to issued capital and the remaining balance of approximately HK$45,954,000 was credited to the share premium account.

(iii) During the year ended 31 March 2013, pursuant to the Group's acquisition of entire equity interests in Foremost Star Investments Limited and Calneva Capital Limited (collectively the "Foremost Star Group") and their shareholder's loan as further detailed in Note 26, 34,300,000 new ordinary shares of par value of HK$0.01 each of the Company were issued as part of the consideration at fair value of approximately HK$26,125,000 (net of issuing expenses of HK$50,000), of which approximately HK$343,000 was credited to issued capital and the remaining balance of approximately HK$25,782,000 was credited to the share premium account.

(iv) During the year ended 31 March 2013, an aggregate number of 158,230,000 new ordinary shares of par value HK$0.01 each of the Company were issued by placements at subscription prices ranging from HK$0.28 to HK$0.36 at an aggregate consideration of approximately HK$50,967,000 (net of issuing expenses of HK$2,511,000), of which approximately HK$1,582,000 was credited to issued capital and the remaining balance of approximately HK$49,385,000 was credited to the share premium account.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

25. 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) Share option reserve

The share option reserve of the Company and the Group represents the fair value of the share options granted by the Company which are yet to be exercised, net of issuing expenses, in accordance with the accounting policies set out in Note 3(q).

(iv) 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(o).

(b) The Company

	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance as at 1 April 2012	70,917	131,109	120,794	4,484	(245,354)	81,950
Loss for the year	–	–	–	–	(11,160)	(11,160)
Issue of new shares on an open offer (Note 24(ii))	45,954	–	–	–	–	45,954
Issue of new shares on acquisition of assets through acquisition of subsidiaries (Note 24(iii))	25,782	–	–	–	–	25,782
Issue of new shares on placements (Note 24(iv))	49,385	–	–	–	–	49,385
Lapse of share options	–	–	–	(4,484)	4,484	–
Balance as at 31 March 2013	192,038	131,109	120,794	–	(252,030)	191,911
Loss for the year	–	–	–	–	(58,012)	(58,012)
Rights issue (Note 24(i))	26,296	–	–	–	–	26,296
Balance as at 31 March 2014	218,334	131,109	120,794	–	(310,042)	160,195

26. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 24 October 2012, the Group acquired (i) entire equity interests of the companies within the Foremost Star Group and the aggregate amount due by the Foremost Star Group to the vendor (the "Shareholder's Loan") from the vendor which is an independent third party, at a total nominal consideration of HK$88,000,000 which was satisfied as to the amount of HK$74,966,000 in cash and the remaining nominal amount of HK$13,034,000 by the allotment and issue of 34,300,000 new shares of the Company. Further details are set out in the Company's circular dated 26 September 2012.

The principal activity of the Foremost Star Group is property investment and its principal asset is investment property located in Hong Kong. The Foremost Star Group did not constitute an integrated set of activities and assets as no significant process was acquired. In the opinion of the directors of the Company, the acquisition was in substance an acquisition of assets and liabilities, being the investment properties located in Hong Kong and its associated assets and liabilities through acquisition of subsidiaries.

Since the acquisition was considered as an acquisition of assets and liabilities and the consideration was partially settled by the Company's equity instruments which was an equity-settled share-based payment transaction and accordingly the fair value of the equity instruments recognised in the acquisition should be determined based on the difference between the fair value consideration settled in cash and the fair value of the assets and liabilities acquired.

Details of the fair value of net assets acquired in respect of the acquisition of the Foremost Star Group as at 31 March 2013 were as follows:

	Notes	HK$'000
Net assets acquired:		
Investment property	15	101,000
Other receivables		86
Cash and cash equivalents		694
Other payables and deposit received		(639)
The Shareholder's Loan		(28,039)
		73,102
Add: Assignment of the Shareholder's Loan		28,039
		101,141
Consideration satisfied by:		
Cash		74,966
Issue of new shares of the Company, at fair value	24(iii)	26,175
Total consideration, at fair value		101,141
Net cash outflow arising on acquisition:		
Consideration paid in cash		74,966
Issuing expenses of shares as part of consideration	24(iii)	50
Cash and cash equivalents acquired		(694)
		74,322

27. DISPOSAL OF SUBSIDIARIES

On 11 May 2012, the Group disposed of (i) its 100% equity interests in Star International Business Company Limited ("SIB") and its subsidiary (together referred to as the "SIB Group"); and (ii) its aggregate advance owed by the SIB Group (the "SIB Group Shareholder's Loan"), to Mr. Wong at an aggregate cash consideration of HK$15,740,000 (collectively the "Disposal"). The assets and liabilities of the SIB Group were re-classified as assets and liabilities of a disposal group classified as held for sale during the year ended 31 March 2012. Further details of the completion of the Disposal are set out in announcement of the Company dated 11 May 2012. The net assets of the SIB Group at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	2,358
Investment properties	12,168
Trade receivables	39
Prepayments, deposits and other receivables	38
Cash and cash equivalents	13
Accrued expenses and other payables	(657)
The SIB Group Shareholder's Loan	(27,230)
Net liabilities of the SIB Group	(13,271)
Assignment of the SIB Group Shareholder's Loan	27,230
Reclassification adjustment of exchange reserve on disposal of interest in an overseas subsidiary	(1,198)
Direct costs incurred for disposal	836
Gain on disposal of subsidiaries (Note 6)	2,143
Total consideration	15,740
Satisfied by:	
Cash	15,740
Net cash inflow arising on disposal:	
Cash consideration	15,740
Costs directly attributable to the disposal	(836)
Cash and cash equivalent balances disposed of	(13)
	14,891

28. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 2 August 2012, the Company has adopted a new share option scheme (the "New Scheme") and the previous share option scheme adopted by the Company on 26 October 2002 (the "Old Scheme") was terminated on the even date.

On 2 August 2012, the Company adopted the New Scheme under which the Board may at its discretion offer to any employee of the Group, any director (whether executive or non-executive and whether independent or not) of the Group, any adviser, consultant, supplier, distributor, contractor, agent, business partner, promoter, services provider or customer of the Group whom, in the sole discretion of the Board, has contributed or will contribute to the Group of the options to subscribe for shares in the Company in accordance with the terms of the New Scheme and Chapter 23 of the GEM Listing Rules. The principal purposes of the New Scheme are to recognise and motivate the contribution of the employees of the Group and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group. The New Scheme commenced on 2 August 2012 and will end on the day immediately prior to the tenth anniversary thereof.

Under the terms of the Old Scheme, the Board and a duly authorised committee (the "Committee") of the Company was 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 Old Scheme is to encourage its participants to contribute to the growth of the Group.

The maximum number of shares in respect of which options may be granted under the New Scheme and the Old Scheme where applicable 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 New Scheme and the Old Scheme where applicable 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.

28. SHARE OPTION SCHEME *(Continued)*

Share options granted under the New Scheme and the Old Scheme where applicable 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 New Scheme and the Old Scheme where applicable 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 under the New Scheme and by the Board or the Committee under the Old Scheme, but may not be later than ten years after the date of the grant of the option. According to the New Scheme and the Old Scheme where applicable, 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 New Scheme and the Old Scheme where applicable.

The exercise price will be determined by the Board under the New Scheme and by the Board or the Committee under the Old Scheme, 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.

No option has been granted or exercised under the New Scheme and the Old Scheme during the current year. The following share options were outstanding for the years ended 31 March 2014 and 2013 and the movements for the years are as follows:

	2014		2013	
	Weighted average exercise price HK$	**Number of options '000**	Weighted average exercise price HK$	Number of options '000
At beginning of year	–	–	0.755	7,940
Exercised during the year	–	–	–	–
Lapsed during the year	–	–	0.755	(7,940)
At end of year	–	–	–	–

29. OPERATING LEASE COMMITMENTS

(a) As lessor

During the current year, the Group leases its investment property under operating lease arrangement, with the lease negotiated for terms of two years. The terms of the lease generally also require the tenant to pay security deposit.

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

	The Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**1,903**	5,451

(b) As lessee

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

At 31 March 2014, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group and the Company	
	2014	2013
	HK$'000	HK$'000
Within one year	**2,337**	7,359
In the second to fifth years, inclusive	**4,554**	461
	6,891	7,820

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

	The Group	
	2014	2013
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**17,857**	6,388
Retirement benefit costs	**85**	99
	17,942	6,487

(b) During the current year, the Group incurred management fee of HK$293,000 (2013: HK$503,000) paid or payable to a related company which is partially owned by a director of a subsidiary. Included in accrued expenses, other payables and deposits received as at 31 March 2014 is an amount of HK$84,000 (2013: HK$629,000) due to the related company is trade in nature, and is unsecured, interest-free and repayable on demand.

(c) During the current year, the Group disposed of a motor vehicle to a director of the Company for HK$219,000. The amount was fully settled during the year.

(d) During the current year, the Group earned consultancy fee income of HK$238,000 (2013: HK$59,000) from a related company which is owned by a director of the Company.

(e) As at 31 March 2014, the amounts due to a non-controlling owner of a subsidiary and a related company are unsecured and interest-free. The amount due to a non-controlling owner of a subsidiary has no fixed terms of repayment. The amount due to a related company has been fully utilised subsequent to the end of reporting period.

31. 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 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.

32. 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 liquidity 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 respectively. As at 31 March 2014, 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 2014, 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 is 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.

(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 and fund raising exercises. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected future cash flows.

32. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

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	Within 1 year or on demand HK$'000
2014			
Trade payables	**33,779**	**33,779**	**33,779**
Accrued expenses, other payables and deposits received	**16,241**	**16,241**	**16,241**
Amount due to a non-controlling owner of a subsidiary	**1,950**	**1,950**	**1,950**
Amount due to a related company	**60**	**60**	**60**
	52,030	**52,030**	**52,030**
2013			
Trade payables	57,399	57,399	57,399
Accrued expenses, other payables and deposits received	2,472	2,472	2,472
Amount due to a non-controlling owner of a subsidiary	1,950	1,950	1,950
Amount due to a related company	30	30	30
	61,851	61,851	61,851

The Company

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000
2014			
Accrued expenses and other payables	15,192	15,192	15,192
2013			
Accrued expenses and other payables	750	750	750

32. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Fair values

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.

33. 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 2014 and 2013 may be categorised as follows:

	2014 **HK$'000**	2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents) measured at amortised cost	**76,076**	114,698
Financial liabilities		
Financial liabilities measured at amortised cost	**52,030**	61,851

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) Share placing

On 8 May 2014, the Group entered into a placing agreement in related to the proposed share placing (the "Share Placing") to allot and issue under the Share Placing 44,500,000 new shares at the placing price of HK$0.45 per Place Share. The Share Placing was completed on 22 May 2014. Details of this transaction are set out in the announcements of the Company dated 8 May 2014 and 22 May 2014.

(b) Proposed acquisition

On 23 December 2013, the Group entered into a conditional sale and purchase agreement (the "Conditional Agreement") with independent third party vendors in relation to acquisition of (i) entire equity interest in Prima Finance Holdings Limited ("Prima") and (ii) the shareholder's loan to Prima, at a maximum aggregation nominal consideration of HK$900,000,000. Prima and its subsidiaries are principally engaged in pawnshop, micro credit business and related financial services through granting collateral-backed and guaranteed loans to customers in the PRC.

Further details of the proposed acquisition are set out in the Company's announcement dated 23 December 2013 and circular dated 30 May 2014. The proposed acquisition has not been completed as at the date of this report.

Particulars of Properties

At 31 March 2014

INVESTMENT PROPERTY

Location	Use	Tenure	Attributable interest of the Group
Room 222, 2nd Floor, Nan Fung Industrial City, Central Services Building, No. 18 Tin Hau Road, Tuen Mun, New Territories	Data Centre	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並於百慕達存續之有限公司）
(Stock Code 股份代號：8239)

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