



Ming Kei Holdings Limited 明基控股有限公司*

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

(於開曼群島註冊成立及於百慕達存續之有限公司)

(Stock Code 股份代號：8239)



First Quarterly Report
第一季度報告
2010/11

* For identification purpose only 僅供識別



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This report, for which the directors (the “Directors”) of Ming Kei Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief 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 herein or this report misleading.



FIRST QUARTERLY RESULTS (UNAUDITED)

The board (the "Board") of directors (the "Directors") of Ming Kei Holdings Limited (the "Company") herein presents the unaudited condensed consolidated results of the Company and its subsidiaries and associates (collectively referred to as the "Group") for the three months ended 30 June 2010 together with the comparative figures for the corresponding period in 2009 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 30 June 2010

	Notes	Three months ended 30 June	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue	3	6,092	61,066
Cost of sales		(5,709)	(50,555)
Direct operating expenses		(64)	–
Gross profit		319	10,511
Other income and gains		54	98
Selling and distribution costs		–	(502)
Administrative and other expenses		(9,342)	(8,670)
Finance costs	4	(14)	(2,442)
Share of loss of associates, net of tax	7	(2,110)	–
Fair value loss on investment properties	5	(714)	–
Loss before income tax	5	(11,807)	(1,005)
Income tax	6	–	(1,503)
Loss for the period		(11,807)	(2,508)
Dividend	8	–	–
			(Restated)
Loss per share attributable to owners of the Company	9		
– Basic and diluted (HK cents)		(15.72)	(4.75)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2010

	Three months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Loss for the period	(11,807)	(2,508)
Other comprehensive income for the period, net of tax:		
Change in fair value of available-for-sale financial assets	(4,360)	864
Exchange differences on translation of financial statements of overseas subsidiaries	395	282
Exchange differences on translation of financial statements of overseas associates	794	–
Total comprehensive income for the period attributable to owners of the Company	(14,978)	(1,362)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2010

	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Statutory reserve fund (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Convertible bonds reserve (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance as at 1 April 2010	664	25,434	131,109	120,794	6,356	1,734	-	1,172	332	6,805	(93,846)	200,554
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(4,360)	1,189	(11,807)	(14,978)
Issue of new shares on conversion of convertible bonds	24	3,997	-	-	-	-	-	(1,172)	-	-	-	2,849
Issue of new shares on exercise of unlisted warrants	106	15,462	-	-	-	(1,734)	-	-	-	-	-	13,834
As at 30 June 2010	794	44,893	131,109	120,794	6,356	-	-	-	(4,028)	7,994	(105,653)	202,259

	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Statutory reserve fund (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Convertible bonds reserve (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance as at 1 April 2009	26,400	841,530	-	53,659	4,856	-	15,360	-	(1,072)	16,439	(772,920)	184,252
Appropriations	-	-	-	-	4,300	-	-	-	-	-	(4,300)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	864	282	(2,508)	(1,362)
As at 30 June 2009	26,400	841,530	-	53,659	9,156	-	15,360	-	(208)	16,721	(779,728)	182,890



Notes:

1. GENERAL INFORMATION

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. The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 3308, The Center, 99 Queen's Road Central, Hong Kong.

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

The principal activity of the Company is investment holding. During the current period under reviewed, the Company and its subsidiaries and associates (collectively referred to as the "Group") are principally engaged in investment holding and property investment in Hong Kong and the People's Republic of China (the "PRC") and businesses of general trading and mining in the PRC respectively. During the current and prior periods under reviewed, the Group also engaged in a continuing operation of business of mining, sale and distribution of coals in the PRC (which carrying on as associates of the Group after 3 July 2009), details of which are set out in Notes 3 and 7 below respectively.

2. BASIS OF PREPARATION

The unaudited condensed consolidated results for the three months ended 30 June 2010 (the "Results") have been prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Results also includes the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). The Results have been prepared under the historical cost convention, except for available-for-sale financial assets and investment properties, which were stated at fair value.

The Results shall be read in conjunction with the Group's audited financial statements for the year ended 31 March 2010 (the "Annual Financial Statements"). The accounting policies adopted for preparation of the Results are consistent with those applied in the preparation of the Annual Financial Statements.

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



2. BASIS OF PREPARATION *(Continued)*

Adoption of new and revised standards

In the current financial year, the Group has adopted all of the new and revised HKFRSs that are relevant to its operations and effective for the current accounting period of the Group. The adoption of these new and revised HKFRSs had no material effect on the reported results of the Group for both the current and prior reporting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ²
HKAS 32 (Amendments)	Classification of Rights Issues ³
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for the First-time Adopters ³
HKFRS 9	Financial Instruments ⁴
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective to the Group from 1 April 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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



3. REVENUE AND SEGMENT REPORTING

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

	Three months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Turnover:		
Sale of coals*	–	61,066
Sale of goods	5,787	–
Rental income	305	–
	6,092	61,066

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 trading segment comprised the business of general trading;
- (b) The property investment segment comprised investment in various properties for rental income purposes; and
- (c) The mining segment comprised the mining, exploration and sale of coal, details of which are set out in Note 7 below.

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.

* 51% of the equity interests in Star Fortune International Investment Company Limited (the "SFII") were disposed on 3 July 2009 (the "Disposal") and the SFII and its subsidiaries (collectively referred to as the "SFII Group") carrying on as associates of the Group immediately after the Disposal.



3. REVENUE AND SEGMENT REPORTING (Continued)

(a) Business segments

Three months ended 30 June 2010

	Trading (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Mining* (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
SEGMENT REVENUE				
External sales and services	5,787	75	–	5,862
Inter-segment revenue	–	236	–	236
Reportable segment revenue	5,787	311	–	6,098
Reportable segment loss	(989)	(718)	(2,110)	(3,817)
Interest income	2	–	–	2
Depreciation and amortisation charges	1	71	–	72
Finance costs	–	–	–	–
Share of loss of associates, net of tax	–	–	(2,110)	(2,110)
Fair value loss on investment properties	–	(714)	–	(714)
Income tax	–	–	–	–

Three months ended 30 June 2009

	Trading (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Mining* (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
SEGMENT REVENUE				
External sales and services	–	–	61,066	61,066
Inter-segment revenue	–	–	–	–
Reportable segment revenue	–	–	61,066	61,066
Reportable segment profit	–	–	6,477	6,477
Interest income	–	–	24	24
Sundry income	–	–	56	56
Depreciation and amortisation charges	–	–	(667)	(667)
Finance costs	–	–	(51)	(51)
Income tax	–	–	(1,503)	(1,503)

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



3. REVENUE AND SEGMENT REPORTING (Continued)

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

	Three months ended 30 June	
	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue		
Reportable segment revenue	6,098	61,066
Elimination of inter-segment revenue	(6)	–
Consolidated revenue	6,092	61,066

	Three months ended 30 June	
	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Loss before income tax		
Reportable segment (loss)/profit	(3,817)	6,477
Interest income	3	43
Unallocated corporate expenses	(7,979)	(5,083)
Finance costs	(14)	(2,442)
Consolidated loss before income tax	(11,807)	(1,005)

4. FINANCE COSTS

	Three months ended 30 June	
	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest expenses on convertible bonds wholly repayable within five years	14	–
Interest expenses on promissory notes wholly repayable within five years	–	2,391
Interest expenses on trade financing wholly repayable within five years	–	51
	14	2,442

5. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging the following:

	Three months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	5,709	50,555
Direct operating expenses arising on rental-earning investment properties	64	–
Amortisation of intangible assets*	–	2,178
Depreciation	964	874

The Group's investment properties were revalued on a market value basis as at 30 June 2010 by Greater China Appraisal Limited, an independent firm of professionally qualified valuers, at an aggregate amount of approximately HK\$22,554,000, resulting in the recognition of a fair value loss on investment properties of approximately HK\$714,000 in the Group's unaudited condensed consolidated income statement for the three months ended 30 June 2010 (three months ended 30 June 2009: HK\$Nil).

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

6. INCOME TAX

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

	Three months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax charge – PRC	–	2,000
Deferred tax credit – PRC	–	(497)
	–	1,503

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for Hong Kong profits tax purpose for the three months ended 30 June 2010 (three months ended 30 June 2009: HK\$Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

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

The share of income tax credit attributable to associates for the three months ended 30 June 2010 amounting to HK\$138,000 (three months ended 30 June 2009: HK\$Nil) is included in "Share of loss of associates, net of tax" on the face of the unaudited condensed consolidated income statement.



7. DISPOSAL OF INTERESTS IN SUBSIDIARIES AND POTENTIAL DISPOSAL OF INTERESTS IN ASSOCIATES

In the prior financial year ended 31 March 2010, the Group engaged in a continuing operation of business of mining, sale and distribution of coals in the PRC or its mining segment (the "Mining Segment"), through its indirect wholly-owned subsidiary, the SFII Group. Immediately after completion of the Disposal in the prior financial year, the SFII Group carrying on as associates of the Group.

On 20 May 2010, Star Fortune International Development Company Limited, an indirect wholly-owned subsidiary of the Company, entered into a disposal agreement (the "Aggregate Disposal Agreement") with the purchaser, Lasting Power Investments Limited, which is the shareholder owning 51% equity interests of SFII immediately after the Disposal and a subsidiary of China Sonangol Resources Enterprise Limited (the "China Sonangol"), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange, for the disposal of the Group's remaining 49% equity interests in SFII for a total consideration of HK\$50 million in cash (the "Aggregate Disposal"). The Aggregate Disposal is subject to, among other things, the shareholders' approvals of the Company and the China Sonangol at the respective special general meetings to be held on 12 August 2010 respectively.

As at 30 June 2010 and the approval date of the Results, the Aggregate Disposal is subject to, among other things, the shareholders' approvals of the Company and the China Sonangol at the respective special general meetings to be held on 12 August 2010 respectively. Therefore, the board (the "Board") of directors (the "Directors") of the Company considers that it cannot be ascertained with reasonable certainty as to whether the shareholders' approvals to the Aggregate Disposal Agreement can be obtained in the respective special general meetings of the Company and China Sonangol respectively. As at the approval date of the Results, apart from the Aggregate Disposal Agreement, the Board has no intention to conduct nor have been engaged in any discussions, arrangements, negotiations or proposals, whether concluded or not, for any other disposal of the Group's interests in associates. Having considered that it cannot be ascertained with reasonable certainty as to whether the shareholders' approvals to the Aggregate Disposal Agreement can be obtained in the respective special general meetings of the Company and China Sonangol respectively, the Group's interests in the SFII Group or its Mining Segment for the three months ended 30 June 2010 has continued to be accounted for and presented as a continuing operation of the Group.

Details of the Aggregate Disposal Agreement and the Aggregate Disposal are further set out in the Company's announcement and circular dated 5 July 2010 and 23 July 2010 respectively.

Assuming that the Aggregate Disposal Agreement and the Aggregate Disposal had been completed as of 30 June 2010, the Group should have recognised the results of the Mining Segment as a discontinued operation, according to the Hong Kong Financial Reporting Standard 5 (the "HKFRS 5") "Non-current Assets Held for Sale and Discontinued Operations" issued by the HKICPA, and the comparative figures for the corresponding prior period should have been represented as if the Mining Segment had been discontinued at the beginning of the financial year ended 31 March 2010.



7. DISPOSAL OF INTERESTS IN SUBSIDIARIES AND POTENTIAL DISPOSAL OF INTERESTS IN ASSOCIATES (Continued)

The results of the Mining Segment for the current and prior periods under reviewed, which had been included in the unaudited condensed consolidated income statement, were as follows:

	Three months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Turnover	–	61,066
Cost of inventories sold	–	(50,555)
Gross profit	–	10,511
Other income and gains	–	80
Selling and distribution costs	–	(502)
Administrative and other expenses	–	(3,588)
Finance costs	–	(51)
Share of loss of associates, net of tax	(2,110)	–
(Loss)/profit before income tax	(2,110)	6,450
Income tax	–	(1,503)
(Loss)/profit for the period	(2,110)	4,947

The cash flow information of the Mining Segment were as follows:

	Three months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Net cash used in operating activities	–	(8,448)
Net cash used in investing activities	–	(2,399)
Effect of foreign exchange rate	–	(49)
Decrease in cash and cash equivalents	–	(10,896)

Basic (loss)/earnings per share for the Mining Segment for the current and prior periods are HK 2.81 cents and HK 9.37 cents based on the (loss)/profit for the current and prior periods from the Mining Segment of HK\$2,110,000 and HK\$4,947,000, respectively.

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

Basic and diluted (loss)/earnings per share amounts for the current and prior periods were equal as the convertible instruments of the Group outstanding during the current and prior periods had an anti-dilutive effect on the basic (loss)/earnings per share from the Mining Segment for the current and prior periods.



7. DISPOSAL OF INTERESTS IN SUBSIDIARIES AND POTENTIAL DISPOSAL OF INTERESTS IN ASSOCIATES *(Continued)*

Assuming that the Aggregate Disposal Agreement and the Aggregate Disposal had been completed as of 30 June 2010, the Group should have recognised loss on Aggregate Disposal of approximately HK\$18,580,000 in the unaudited condensed consolidated income statement, which had been calculated as follows:

	(Unaudited) HK\$'000
Interests in associates as at 30 June 2010	70,121
Exchange reserve as at 30 June 2010	(7,541)
Estimated costs directly attributable to the Aggregate Disposal <i>(subject to review and confirmation of the Company's auditors)</i>	6,000
Loss on Aggregate Disposal <i>(assuming the Aggregate Disposal had been completed as of 30 June 2010 and subject to review and confirmation of the Company's auditors)</i>	(18,580)
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Total Consideration	50,000
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8. DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 30 June 2010 (three months ended 30 June 2009: HK\$Nil).

9. LOSS PER SHARE

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

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

Basic and diluted loss per share amounts for the three months ended 30 June 2009 are restated to take into effect the Company's capital reorganisation completed in the prior financial year. Reference is made to the Company's Annual Financial Statements in respect of the details of the Company's capital reorganisation completed in the prior financial year.

As the Company's outstanding convertible bonds, share options and warrants, where applicable, had an anti-dilutive effect to the basic loss per share calculation for the current and prior periods ended, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore, the basic and diluted losses per share calculations for the respective periods ended are equal.



9. LOSS PER SHARE (Continued)

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

	Three months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted losses per share calculations	(11,807)	(2,508)

	Number of shares	
	Three months ended 30 June	
	2010 (Unaudited) '000	2009 (Unaudited) (Restated) '000
Shares		
Weighted average number of ordinary shares for basic and diluted losses per share calculations	75,107	52,800

10. COMPARATIVE FIGURES

As detailed in Note 9, the Company's basic and diluted losses per share figures for the prior period ended have been restated to conform with the current period's presentation.



MANAGEMENT DISCUSSION AND ANALYSIS

Ming Kei Holdings Limited (the “Company”) and its subsidiaries and associates (collectively referred to as the “Group”) are principally engaged in investment holding and property investment in Hong Kong and the People’s Republic of China (the “PRC”) and businesses of general trading and mining in the PRC respectively.

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

In addition, the Group also holds a property in Hong Kong and Xinjiang, the PRC respectively for investment purposes.

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

FINANCIAL REVIEW

For the three months ended 30 June 2010, the Group achieved revenue of approximately HK\$6.1 million (three months ended 30 June 2009: approximately HK\$61.1 million) for the business of property investment and general trading respectively, representing a decreased by approximately HK\$55.0 million or 90.0% over the corresponding prior period ended. The decrement was solely contributed by the record of nil revenue from the mining segment for the three months ended 30 June 2010 as a result of the completion of the disposal (the “Disposal”) of 51% equity interests in the SFII Group in the prior financial year ended 31 March 2010.

For the three months ended 30 June 2010, the Group recorded total revenue of approximately HK\$6.1 million (three months ended 30 June 2009: approximately HK\$61.1 million) which was derived from the business of property investment, general trading and coal mining respectively which accounted for approximately of 4.9%, 95.1% and nil% respectively (three months ended 30 June 2009: nil%, nil% and 100% respectively). Details of the Group’s revenue are disclosed in Note 3 “REVENUE AND SEGMENT REPORTING”.

A decreased in turnover by approximately HK\$55.0 million or 90.0%, as compared to the corresponding prior period ended was solely contributed by the record of nil revenue from the mining segment for the three months ended 30 June 2010 as a result of the completion of the Disposal of the SFII Group. The Group generated an operating loss of approximately HK\$11.8 million (three months ended 30 June 2009: approximately HK\$2.5 million).

The Group’s gross profit was approximately HK\$0.3 million or 4.9% for the three months ended 30 June 2010 (three months ended 30 June 2009: approximately HK\$10.5 million or 17.2%). The gross profit decreased as compared to the corresponding prior period ended was solely contributed by the record of nil revenue from the mining segment for the three months ended 30 June 2010 as a result of the completion of the Disposal of the SFII Group.



For the three months ended 30 June 2010, the Group's selling and distribution costs amounted to approximately HK\$Nil (three months ended 30 June 2009: approximately HK\$0.5 million), which represented a decreased by approximately HK\$0.5 million or 100%. The decrement was solely contributed by the SFII Group carrying on as associates after the completion of the Disposal. While for the three months ended 30 June 2010, the Group's administrative expenses amounted to approximately HK\$9.3 million (three months ended 30 June 2009: approximately HK\$8.7 million), which represented a slightly increased by approximately HK\$0.6 million or 6.9%, as compared to the corresponding prior period ended. For the three months ended 30 June 2010, the Group's finance costs amounted to approximately HK\$0.01 million (three months ended 30 June 2009: approximately HK\$2.44 million), the tremendous decreased by approximately HK\$2.43 million or by 99.6% was contributed by the repayment of the promissory notes.

For the three months ended 30 June 2010, the Group recorded the share of loss of associates, net of tax of approximately HK\$2.1 million (three months ended 30 June 2009: HK\$Nil), which represented the share of 49% results attributed by the SFII Group to the Group. The SFII Group are principally engaged in mining, sale and distribution of coals in the PRC.

For the three months ended 30 June 2010, the Group recorded a fair value loss on investment properties of approximately HK\$0.7 million (three months ended 30 June 2009: HK\$Nil), which represented a decreased in fair value of the Group's investment properties which are hold for investment purposes during the current period under reviewed.

For the three months ended 30 June 2010, the Group recorded a loss attributable to owners of the Company of approximately HK\$11.8 million (three months ended 30 June 2009: approximately HK\$2.5 million) represented an increased in loss by approximately HK\$9.3 million or 372.0%. The overall increase in loss attributable to the owners of the Company as compared to the corresponding prior period ended was mainly attributable to the record of nil revenue from the mining segment for the three months ended 30 June 2010 as a result of the completion of the Disposal of the SFII Group.

For the three months ended 30 June 2010, the Group recorded a deficit of approximately HK\$4.4 million (three months ended 30 June 2009: a surplus of approximately HK\$0.86 million) for the change in fair value of available-for-sale financial assets. The deficit reflected the change in fair value during the current period under reviewed of the Proteus Growth Fund Limited (the "Fund") subscribed by the Group on 2 November 2009 and was recognised in the unaudited condensed consolidated statement of comprehensive income and the asset revaluation reserve of the Group respectively. The fair value of the Fund is determined based on quote issued by respective fund administrator as at the end of each reporting period respectively.

BUSINESS REVIEW AND PROSPECTS

For the three months ended 30 June 2010, the Group achieved revenue of approximately HK\$6.1 million (three months ended 30 June 2009: approximately HK\$61.1 million) for the business of property investment and general trading respectively, representing a decreased by approximately HK\$55.0 million or 90.0% over the corresponding prior period ended. The decrement was solely contributed by the record of nil revenue from the mining segment for the three months ended 30 June 2010 as a result of the completion of the Disposal of the SFII Group in the prior financial year ended 31 March 2010.



Pursuant to a management review of the business environment and the comparative landscape for the Group's mining business, taking into account the limited prospects as well as the limited financial contribution from this investment, the residual 49% equity interests in the SFII held by the Group will be further disposed (the "Aggregate Disposal Agreement") to the subsidiary of China Sonangol Resources Enterprise Limited (the "China Sonangol") (stock code: 1229), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited for the consideration of HK\$50 million in cash.

The Aggregate Disposal Agreement constituted a very substantial disposal on the part of the Company under the GEM Listing Rules. The Aggregate Disposal Agreement and the transactions contemplated thereunder will be subject to Company's shareholders' approval by way of poll at the special general meeting to be convened and held by the Company. Details of the Aggregate Disposal Agreement have been set out in the announcement and circular of the Company dated 5 July 2010 and 23 July 2010 respectively.

For the three months ended 30 June 2010, the Group achieved revenue of approximately HK\$5.8 million for the general trading business in the PRC (three months ended 30 June 2009: HK\$Nil). The trading business of the Group commenced in October 2009, the Group has entered into three letters of intent with one new and two different existing customers respectively (for long term acquisition contracts with the aggregate amounts of RMB28 million starting from the period of 1 July 2010 to 30 June 2011 for different electronic appliances. The board (the "Board") of directors (the "Directors") of the Company are optimistic about the prospect of the trading business due to the facts that (i) Beijing's economy continue to grow rapidly after the Olympics Games in year 2008, (ii) many new multi-national corporations and local corporations' headquarter have been established and are expanding in Beijing, (iii) the frequent communication between the government departments/businesses/households in Beijing and other cities, (iv) rapid modernization and urbanization of rural area around Beijing which increase the demand of the telecommunication equipments, (v) continuous infrastructure and construction projects in Beijing, and (vi) the recent announcement of the 3 net combined (三網融合) policy by the PRC Government will stimulate the demand of large scale telecommunication equipments and expect that the expansion of the trading business will contribute more revenue stream to the Company in the near future for the benefit of the shareholders and the Company. In the future, the Company will further negotiate for cooperative business opportunities with different customers and/or suppliers for source of products which are supported by the government policy or are with potential possible market.

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

For the three months ended 30 June 2010, the Group recorded a deficit of approximately HK\$4.4 million (three months ended 30 June 2009: a surplus of approximately HK\$0.86 million) for the change in fair value of available-for-sale financial assets. The deficit reflected the change in fair value during the current period under reviewed of



the Fund subscribed by the Group on 2 November 2009. Due to the ongoing effects of the global financial tsunami, the spreading of the credit crunch in the Europe, the market sentiments and the recent fluctuations of the stocks and debts' markets in Hong Kong and PRC. The Board views the stocks and debts' markets in Hong Kong and PRC will continue to fluctuate and challenging, as a resulting of the tremendous continuous changing of the fair value of the Fund. In the future, the Company will closely monitor with respective fund administrator for its investments portfolio and strategy.

As the consideration for the Aggregate Disposal Agreement is all cash in nature, the Aggregate Disposal Agreement provides a good opportunity for the Company to realize the investment and enhance the cash resources of the Group for possible future investments with or within the coal mining, property investment and general trading sectors or other sector(s) with growth potential.

Despite of the net loss of the Group for the three months ended 30 June 2010, the Board considers that the Group's overall financial positions are healthy and the Board remains positive on the prospects of the Group. Notwithstanding the foregoing, as at 30 June 2010, the Board confirms that the Group makes no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedgings or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the counter contingent forward transactions. The Board would like to emphasize that the Group's financial positions remain stable and has sufficient cash resources to meet its present and future cash flow requirements.

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

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the three months ended 30 June 2010 and 2009 respectively under reviewed, there was no material acquisitions or disposals of subsidiaries and affiliated companies.

CAPITAL STRUCTURE

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

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

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

As a result of the New Conversion Shares and Conversion of the Unlisted Warrants, additional 12,955,209 new ordinary shares were issued and allotted by the Company during the current period under reviewed.

As at 30 June 2010, the total issued share capital is 79,401,047 Shares.



PROPOSED DISPOSAL

On 20 May 2010, Star Fortune International Development Company Limited (the “SFID”), an indirect wholly-owned subsidiary of the Company, entered into the Aggregate Disposal Agreement, with the China Sonangol for the disposal of 49% equity interests in the SFII for a total consideration of HK\$50,000,000 in cash.

Details of the Aggregate Disposal Agreement have been set out in the announcement and circular of the Company dated 5 July 2010 and 23 July 2010 respectively.

Save as disclosed above, there was no other proposed disposal during the period ended 30 June 2010 held by the Group.

(30 June 2009: There was no other proposed disposal for the period ended 30 June 2009 held by the Group.)

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

As at 30 June 2010, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Interest in shares

Name	Capacity of interests	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Ming Kei International Holding Co. Limited (the “Ming Kei”) (Note 1)	Beneficial owner	16,360,838(L) (Note 2 and 6)	20.61
Mr. Wong Wai Sing (the “Mr. Wong”)	Beneficial owner	3,252,200(L) (Note 6)	4.10
	Interest of controlled corporation	16,360,838(L) (Note 2 and 6)	20.61
Lonestar Group Limited (the “Lonestar”) (Note 3)	Beneficial owner	200,000(L) (Note 6)	0.25
Mr. Tsang Ho Ka, Eugene (the “Mr. Tsang”) (Note 4)	Interest of controlled corporation	200,000(L) (Note 6)	0.25
Ms. Lau Kimberly Siu Yan Kaiulani (the “Ms. Lau”) (Note 5)	Interest of spouse	200,000(L) (Note 6)	0.25

Notes:

1. Ming Kei is wholly and beneficially owned by Mr. Wong, a non-executive Director and a sole executive director of Ming Kei.
2. Ming Kei is wholly and beneficially owned by Mr. Wong, therefore, Mr. Wong, is deemed to be interested in the 16,360,838 Shares in which Ming Kei is interested.
3. Lonestar is wholly and beneficially owned by Mr. Tsang, an executive Director and a sole executive director of Lonestar.
4. Lonestar is wholly and beneficially owned by Mr. Tsang, therefore, Mr. Tsang is deemed to be interested in the 200,000 Shares in which Lonestar is interested.
5. Lonestar is wholly and beneficially owned by Mr. Tsang and who is the spouse of Ms. Lau. Accordingly, Mr. Tsang and Ms. Lau is deemed to be interested in the 200,000 Shares in which Lonestar is interested and Ms. Lau is deemed to be interested in the Shares beneficially owned by Mr. Tsang in his own capacity.
6. The letter "L" denoted a long position in shares.

Save as disclosed above, as at 30 June 2010, none of the Directors nor the chief executives of the Company had any other interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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



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

As at 30 June 2010, the interests and short positions of persons, other than the Directors or chief executives of the Company, in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Interest in shares:

Name of shareholders	Capacity of interests	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Ming Kei (Note 1)	Beneficial owner	16,360,838(L) (Note 2 and 3)	20.61
Mr. Wong	Beneficial owner	3,252,200(L) (Note 3)	4.10
	Interest of controlled corporation	16,360,838(L) (Note 2 and 3)	20.61

Notes:

- Ming Kei is wholly and beneficially owned by Mr. Wong, a non-executive Director and a sole executive director of Ming Kei.
- Ming Kei is wholly and beneficially owned by Mr. Wong, therefore, Mr. Wong, is deemed to be interested in the 16,360,838 shares in which Ming Kei is interested.
- The letter "L" denotes a long position in Shares.

Save as disclosed above, as at 30 June 2010, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTION SCHEME

On 26 October 2002, the Company conditionally adopted the Share Option Scheme (the "Scheme") under which share options to subscribe for the shares of the Company may be granted under the terms and conditions stipulated therein. For the three months ended 30 June 2010, no options have been granted to any participants under the Scheme.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the three months ended 30 June 2010.

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

The following summarised the unaudited consolidated statement of financial position as at 30 June 2010 (as adjusted to bring into line any dissimilar accounting policies that may exist) of the SFII Group, associates of the Group, of which the Group has an equity interests of 49%, as required therein under rules 17.22 and 17.24 of GEM Listing Rules:

	As at 30 June 2010 (Unaudited) HK\$'000
Non-current assets	146,987
Current assets	75,255
Due from the Group	83
Current liabilities	(19,934)
Non-current liabilities	(30,786)
Loan from the Group	(28,500)
Net assets	143,105

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

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

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



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

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

The Facilities are funded by internal resources of the Group.

As at 30 June 2010 and the date of this first quarterly report, the SFII Group has no banking facilities which are guaranteed by the Company.

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 June 2010, no director of the Company had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party.

DIRECTORS' INTEREST IN COMPETING INTERESTS

As at 30 June 2010, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

MANAGEMENT CONTRACTS

As at 30 June 2010, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

CODE ON CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company established an audit committee on 26 October 2002 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises three members, namely, Mr. Sung Wai Tak, Herman, Mr. Kwok Kam Tim and Mr. Kinley Lincoln James Lloyd all are independent non-executive Directors of the Company. The unaudited condensed consolidated results of the Group for the three months ended 30 June 2010 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures have been made.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Corporate Code”) as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the Corporate Code and complied with the code provisions set out in the Corporate Code for the period ended 30 June 2010 save and except that (i) no nomination committee of the Board is established and (ii) non-executive Director and all independent non-executive Directors of the Company are not appointed for a specific term.

In order to maintain high standard of disclosure, an announcement of “PROFIT WARNING” dated 3 August 2010 was announced by the Company that the net loss of the Group for the three months ended 30 June 2010 is expected to increase significantly as compared with that for the corresponding period in 2009.

PUBLICATION OF INFORMATION ON WEBSITES

This first quarterly report is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company at www.mingkeiholdings.com.

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

Hong Kong, 11 August 2010

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



Ming Kei Holdings Limited **明基控股有限公司***

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(於開曼群島註冊成立及於百慕達存續之有限公司)
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