



Ming Kei Holdings Limited
明基控股有限公司*

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

擴展迎未來
**Expand for
Future Growth**

Interim Report
2013/14

* For identification purpose only

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

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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 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 in this report misleading.

The board of directors (the "Board") of the Company is pleased to report the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three (the "Quarterly Period") and six (the "Interim Period") months ended 30 September 2013 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Continuing operations					
Turnover	4	22,869	21,986	48,261	46,017
Cost of sales		(20,726)	(20,730)	(43,981)	(43,358)
Direct operating expenses		-	-	-	(33)
		<u>2,143</u>	1,256	<u>4,280</u>	2,626
Gross profit					
Other income, and other gains and losses, net	4	426	246	833	2,765
Selling and distribution costs		(172)	(171)	(343)	(342)
Administrative and other expenses		(17,873)	(8,881)	(25,279)	(19,695)
		<u>(15,476)</u>	(7,550)	<u>(20,509)</u>	(14,646)
Loss before income tax from continuing operations					
Income tax	6	(364)	(189)	(572)	(382)
		<u>(15,840)</u>	(7,739)	<u>(21,081)</u>	(15,028)
Loss for the period from continuing operations					
Discontinued operation					
Loss for the period from discontinued operation		-	-	-	(64)
		<u>(15,840)</u>	(7,739)	<u>(21,081)</u>	(15,092)
Loss for the period					
Attributable to:					
Owners of the Company		(15,936)	(7,834)	(21,272)	(15,281)
Non-controlling interests		96	95	191	189
		<u>(15,840)</u>	(7,739)	<u>(21,081)</u>	(15,092)
Loss per share attributable to owners of the Company					
From continuing and discontinued operations	8		(Restated)		(Restated)
Basic (Hong Kong cents)		<u>(2.46)</u>	(2.23)	<u>(3.47)</u>	(5.02)
Diluted (Hong Kong cents)		<u>(2.46)</u>	(2.23)	<u>(3.47)</u>	(5.02)
From continuing operations		<u>(2.46)</u>	(2.23)	<u>(3.47)</u>	(5.00)
Basic (Hong Kong cents)		<u>(2.46)</u>	(2.23)	<u>(3.47)</u>	(5.00)
Diluted (Hong Kong cents)		<u>(2.46)</u>	(2.23)	<u>(3.47)</u>	(5.00)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(15,840)	(7,739)	(21,081)	(15,092)
Other comprehensive losses for the period, net of tax:				
- Exchange differences on translation of financial statements of overseas subsidiaries	53	(40)	183	(32)
- Reclassification adjustment of exchange reserves on disposal of interests in overseas subsidiaries	-	-	-	(1,198)
Total comprehensive losses for the period	<u>(15,787)</u>	<u>(7,779)</u>	<u>(20,898)</u>	<u>(16,322)</u>
Attributable to:				
Owners of the Company	(15,883)	(7,874)	(21,089)	(16,511)
Non-controlling interests	96	95	191	189
	<u>(15,787)</u>	<u>(7,779)</u>	<u>(20,898)</u>	<u>(16,322)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 September 2013 HK\$'000	Audited As at 31 March 2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	11,648	12,334
Investment property		101,000	101,000
Intangible assets	11	47,425	47,425
		<u>160,073</u>	<u>160,759</u>
Current assets			
Trade receivables	12	30,037	64,771
Refundable deposit		19,384	19,408
Prepayments, deposits and other receivables		17,522	4,165
Tax recoverable		-	85
Cash and cash equivalents		20,070	27,791
Total current assets		<u>87,013</u>	<u>116,220</u>
Current liabilities			
Trade payables	13	21,817	57,399
Accrued expenses, other payables and deposits received		3,605	5,285
Amount due to a non-controlling equity owner of a subsidiary		1,950	1,950
Amount due to a related company		-	30
Tax payable		487	-
Total current liabilities		<u>27,859</u>	<u>64,664</u>
Net current assets		<u>59,154</u>	<u>51,556</u>
Total assets less current liabilities		<u>219,227</u>	<u>212,315</u>
Non-current liabilities			
Deferred tax liabilities		7,825	7,825
Net assets		<u>211,402</u>	<u>204,490</u>
Capital and reserves			
Issued capital	14	6,559	5,045
Reserves		200,004	194,797
Equity attributable to owners of the Company		<u>206,563</u>	<u>199,842</u>
Non-controlling interests		<u>4,839</u>	<u>4,648</u>
Total equity		<u>211,402</u>	<u>204,490</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Attributable to owners of the Company									
	Issued capital	Share premium	Contributed surplus	Capital reserve	Share option reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Note 14)</i>									
At 1 April 2013	5,045	192,038	131,109	120,794	-	1,910	(251,054)	198,842	4,648	204,490
Loss for the period	-	-	-	-	-	-	(21,272)	(21,272)	191	(21,081)
Other comprehensive losses for the period	-	-	-	-	-	183	-	183	-	183
Total comprehensive losses for the period	-	-	-	-	-	183	(21,272)	(21,089)	191	(20,898)
Issue of new shares on rights issue	1,514	26,296	-	-	-	-	-	27,810	-	27,810
At 30 September 2013	6,559	218,334	131,109	120,794	-	2,093	(272,326)	206,563	4,839	211,402

For the six months ended 30 September 2012

	Attributable to owners of the Company									
	Issued capital	Share premium	Contributed surplus	Capital reserve	Share option reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Note 14)</i>									
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 for the period	-	-	-	-	-	-	(15,281)	(15,281)	189	(15,092)
Other comprehensive losses for the period	-	-	-	-	-	(1,230)	-	(1,230)	-	(1,230)
Total comprehensive losses for the period	-	-	-	-	-	(1,230)	(15,281)	(16,511)	189	(16,322)
Issue of new shares on placements	799	24,026	-	-	-	-	-	24,825	-	24,825
Issue of new shares on open offer	1,153	45,954	-	-	-	-	-	47,107	-	47,107
At 30 September 2012	3,919	140,897	131,109	120,794	4,484	1,782	(245,165)	157,820	4,454	162,274

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30 September	
	2013	2012
	HK\$'000	HK\$'000
Continuing and discontinued operations		
Net cash used in operating activities	(35,728)	(8,625)
Net cash used in investing activities	(10)	(41,051)
Net cash generated from financing activities	27,810	71,932
Net (decrease)/increase in cash and cash equivalents	(7,928)	22,256
Cash and cash equivalents at beginning of period	27,791	8,543
Effect of foreign exchange rate, net	207	(13)
Cash and cash equivalents at end of period	20,070	30,786
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	20,070	30,786

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 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 “**Exchange**”). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is at Unit 01, 3/F., Wheelock House, 20 Pedder Street, Central, Hong Kong.

The Company principally engaged in investment holding and its subsidiaries (together the “**Group**”) are principally engaged in property investment, and business of coal trading between the People’s Republic of China (the “**PRC**”) and Indonesia.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited condensed consolidated interim financial statements (the “**Interim Financial Statements**”) of the Group for the three and six months ended 30 September 2013 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules. The Interim Financial Statements should be read in conjunction with the annual report of the Company for the year ended 31 March 2013 (the “**Annual Report**”), which has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

2.2 Principal accounting policies

The Interim Financial Statements have been prepared under the historical cost convention, except for investment properties which are stated at fair value.

The accounting policies and methods of computation adopted for preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Annual Report, except for the adoption of the new and revised HKFRSs that are relevant to the operations of the Group and mandatory for financial year beginning on 1 April 2013.

HKFRSs (Amendments)	Annual Improvements 2009–2011 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

The adoption of these amendments has no significant impact on the amounts reported in the Interim Financial Statements.

3. SEGMENT INFORMATION

The Group's operating segments are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

- (a) The coal trading segment comprised the business of coal trading; and
- (b) The property investment segment comprised investment in various properties for rental income purposes.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

In determining the Group's geographical segments, revenues and results are based on the location in which the customer is located.

Reportable segments

The following tables present revenue, results and certain asset, liabilities and expenditure information for the Group's reportable segments for the six months ended 30 September 2013 and 2012.

	Unaudited		
	For the six months ended 30 September 2013		
	Coal trading HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment revenue			
External sales and services and reportable segment revenue	<u>46,491</u>	<u>1,770</u>	<u>48,261</u>
Reportable segment profit			
	<u>2,292</u>	<u>1,059</u>	<u>3,351</u>
Interest income	-	-	-
Depreciation	-	-	-

	Unaudited For the six months ended 30 September 2012				
	Continuing operations			Discontinued operation	
	Coal trading HK\$'000	Property investment HK\$'000	Subtotal HK\$'000	General trading HK\$'000	Total HK\$'000
Segment revenue					
External sales and services and reportable segment revenue	<u>45,872</u>	<u>145</u>	<u>46,017</u>	<u>-</u>	<u>46,017</u>
Reportable segment profit/(loss)	<u>2,258</u>	<u>(575)</u>	<u>1,683</u>	<u>(64)</u>	<u>1,619</u>
Interest income	-	-	-	1	1
Depreciation	<u>-</u>	<u>48</u>	<u>48</u>	<u>-</u>	<u>48</u>

A reconciliation of reportable segment profit to consolidated loss before income tax is provided as follow:

	Unaudited Six months ended 30 September 2013		2012
	HK\$'000		HK\$'000
Continuing operations:			
Loss before income tax			
Reportable segment profit		3,351	1,683
Interest income		2	-
Unallocated expenses		(23,862)	(16,329)
Consolidated loss before income tax		(20,509)	(14,646)

Except for the decrease in trade receivables and payables of the business of coal trading as set out in notes 12 and 13, there has been no material change in total assets and liabilities from the amounts disclosed in the Annual Report.

There is no difference from the Annual Report in the basis of segmentation or in the basis of measurement of segment profit or loss.

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

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Turnover:				
Sales of goods	21,984	21,986	46,491	45,872
Rental income	885	–	1,770	145
	<u>22,869</u>	<u>21,986</u>	<u>48,261</u>	<u>46,017</u>
Other income, and gains and (losses), net:				
Interest income	–	–	2	–
Gain on disposal of subsidiaries	–	–	–	2,143
Exchange losses, net	–	–	–	(32)
Sundry income	426	246	831	654
	<u>426</u>	<u>246</u>	<u>833</u>	<u>2,765</u>

5. LOSS BEFORE INCOME TAX

This is arrived at after charging the following:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Cost of inventories sold	20,726	20,730	43,981	43,358
Depreciation	427	455	887	938

6. INCOME TAX

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Current tax – Hong Kong				
Charge for the period	(364)	(188)	(572)	(374)
Current tax – PRC				
Charge for the period	-	(1)	-	(8)
	<u>(364)</u>	<u>(189)</u>	<u>(572)</u>	<u>(382)</u>

Provision for Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the current and prior periods. 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.

7. DIVIDEND

The Board does not recommend for payment of a dividend for the Interim Period (2012: HK\$Nil).

8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss from continuing operations and loss for the current and prior periods attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the current and prior periods, as adjusted to reflect issue of new shares on rights issue. The Company completed the rights issue on 9 July 2013. In calculating earnings per share, the weighted average number of shares outstanding during the Quarterly Period and Interim Period and corresponding prior periods were calculated as if the bonus elements without consideration included in the rights issue had been existed from the beginning of the comparative periods.

As the Company's outstanding share options and warrants where applicable, had an anti-dilutive effect on the basic loss per share calculation for the current and prior periods, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share.

(i) From continuing and discontinued operations

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

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss				
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculations	<u>(15,936)</u>	<u>(7,834)</u>	<u>(21,272)</u>	<u>(15,281)</u>
	'000	'000	'000	'000
		(Restated)		(Restated)
Shares				
Weighted average number of ordinary shares for basic and diluted loss per share calculations	<u>648,257</u>	<u>351,876</u>	<u>613,298</u>	<u>304,611</u>

(ii) **From continuing operations**

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

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 September 2013	2012	30 September 2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss				
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculations	<u>(15,936)</u>	<u>(7,834)</u>	<u>(21,272)</u>	<u>(15,217)</u>
	'000	'000	'000	'000
		(Restated)		(Restated)
Shares				
Weighted average number of ordinary shares for basic and diluted loss per share calculations	<u>648,257</u>	<u>351,876</u>	<u>613,298</u>	<u>304,611</u>

9. PROPERTY, PLANT AND EQUIPMENT

During the Interim Period, the Group acquired items of property, plant and equipment with total cost of approximately HK\$10,000 (2012: approximately HK\$942,000) and did not have any significant disposal of property, plant and equipment.

10. GOODWILL

	Unaudited	Audited
	30 September	31 March
	2013	2013
	HK\$'000	HK\$'000
At beginning and end of year:		
Cost	24,425	24,425
Accumulated impairment losses	<u>(24,425)</u>	<u>(24,425)</u>
Net carrying amount	<u>-</u>	<u>-</u>

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 are collectively referred to as the "**CIFC Group**") and has been allocated to the coal trading cash generating unit (the "**Coal Trading CGU**").

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

11. INTANGIBLE ASSETS

		The LOIs <i>(as defined below)</i> HK\$'000
Cost:		
At 1 April 2012, 31 March 2013 (audited), 1 April 2013 and 30 September 2013 (unaudited)	60,000	<u>60,000</u>
Accumulated impairment losses:		
At 31 March 2013 (audited), 1 April 2013 and 30 September 2013 (unaudited)	12,575	<u>12,575</u>
Carrying amount:		
At 30 September 2013 (unaudited)	47,425	<u>47,425</u>
At 31 March 2013 (audited)	47,425	<u>47,425</u>

The master framework purchase agreements (the "LOIs") related to the Coal Trading CGU and represented separate legally binding master framework purchase agreements entered into between the CIFC Group and a customer and a supplier, which were acquired as part of the Group's acquisition of the CIFC Group in prior 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.

Impairment testing of the Coal Trading CGU

The recoverable amount of the Coal Trading CGU as at 30 September 2013 was assessed by the directors by reference to a professional valuation performed by Greater China Appraisal Limited ("Greater China Appraisal").

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

Key assumptions used in the fair value less costs to sell calculation:

	30 September 2013
– Growth in revenue year-on-year	No growth
– Post-tax discount rate per annum	11.82%
– Budgeted gross margin	5.1%

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.

During the Interim Period, the Group is of the opinion, based on the fair value less costs to sell calculation, that the net carrying amount of the LOIs of the Coal Trading CGU was not impaired as compared with their recoverable amounts as at 30 September 2013 and 31 March 2013.

12. TRADE RECEIVABLES

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

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Within 90 days	21,982	32,279
91 to 180 days	8,055	15,511
Over 181 days	-	16,981
	<u>30,037</u>	<u>64,771</u>

- (ii) The Group normally allows an average credit term of 60-90 days (31 March 2013: 60-90 days) to its trade customers. For certain well-established customers with good repayment history and creditworthiness, the Group allows an average credit period beyond 90 days.

13. TRADE PAYABLES

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

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Within 90 days	20,726	23,266
91 to 180 days	1,091	22,009
181 to 365 days	-	12,124
	<u>21,817</u>	<u>57,399</u>

14. SHARE CAPITAL

	Unaudited As at 30 September 2013		Audited As at 31 March 2013	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<u>10,000,000</u>	<u>100,000</u>	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>655,880</u>	<u>6,559</u>	<u>504,523</u>	<u>5,045</u>

Movement of the number of shares issued and the share capital during the Interim Period is as follows:

	Note	Number of shares '000	Share Capital HK\$'000
As at 1 April 2013		504,523	5,045
Proceeds from shares issued:			
Rights issue	(i)	<u>151,357</u>	<u>1,514</u>
As at 30 September 2013		<u>655,880</u>	<u>6,559</u>

Note:

- (i) During the Interim Period, 151,356,987 new ordinary shares of par value HK\$0.01 each of the Company were issued under a rights issue at a subscription price of HK\$0.20 each at an aggregate consideration of approximately HK\$27,810,000 (net of issuing expenses), of which approximately HK\$1,514,000 was credit to share capital and the remaining balance of approximately HK\$26,296,000 was credited to the share premium account.

15. EVENTS AFTER THE INTERIM PERIOD

On 21 June 2013, the Group announced its intention to acquire (the "**Pawn Acquisition**") of a Group principally engaged in short-term financing services in the People's Republic of China (the "**PRC**") and subsequently entered into a non-legally binding memorandum (the "**Pawn MOU**") on 5 July 2013 with the Time Prestige Holdings Limited, Exuberant Global Limited and Bustling Capital Limited, being the vendors (the "**Pawn Vendors**") collectively holding the entire equity interest in the Prima Finance Holdings Limited (the "**Target Company**") and its subsidiaries (collectively, the "**Target Group**") in relation to the Pawn Acquisition.

The Target Company is principally engaged in short-term financing services in the PRC including (i) pawn loan services; (ii) entrusted loan services; (iii) financial consultation services; and (iv) money lending services in permitted area in Beijing, the PRC, through subsidiaries indirectly controlled by the Target Company under several structured agreements, and its indirect wholly-owned subsidiary.

As at the date of this report, the Company was in the process of finalising the terms of the Pawn Acquisition and undergoing the due diligence exercises on the Target Group and no binding agreement in relation to the Pawn Acquisition has been entered into by the Group and the Pawn Vendors. The Group and the Pawn Vendors have reached a preliminary consensus on the following terms:

- (i) the Company will acquire the entire equity interest in and the shareholder's loans to Prima Finance Holdings Limited at a maximum consideration of HK\$900 million comprising an initial consideration of HK\$564 million (subject to adjustments) and an earn-out consideration of a maximum amount of HK\$336 million (subject to adjustments) (the "**Consideration**"); and
- (ii) the Consideration shall be settled by way of a combination of promissory notes to be issued by the Company, the new Shares to be allotted and issued by the Company, the convertible bonds to be issued by the Company and/or cash.

The Directors consider that the Pawn Acquisition, if materialises, represents a good opportunity for the Group to diversify its business and develop a new revenue stream. The Directors are of the view that the terms of the Pawn MOU are fair and reasonable and the Pawn Acquisition is in the interests of the Company and shareholders (the "**Shareholders**") of the Company as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in (i) property investments; and (ii) business of coal trading business between the PRC and Indonesia.

The Group recorded total turnover of approximately HK\$48,261,000 (2012: approximately HK\$46,017,000) for the Interim Period representing an increase of by approximately HK\$2,244,000 over the corresponding prior period. The increment of revenue for the coal trading business which increased by approximately HK\$619,000 to approximately HK\$46,491,000 (2012: approximately HK\$45,872,000) for the Interim Period was mostly contributed by the increase in selling price per metric tonne of coal sold. The new investment property located in Tuen Mun generated additional and steady rental income of approximately HK\$1,770,000 (2012: approximately HK\$145,000). Since then, the gross profit of the Group was improved to approximately HK\$4,280,000 for the Interim Period (2012: approximately HK\$2,626,000).

In the absent of one-off gain arising from the disposal of the Star International Business Company Limited and its subsidiaries, which has been completed on 11 May 2012, the Group reported a decrease in other income, and other gains and losses, net for the Interim Period to approximately HK\$833,000 (2012: approximately HK\$2,765,000).

The administrative and other expenses for the Interim Period increased by approximately HK\$5,584,000 to approximately HK\$25,279,000 (2012: approximately HK\$19,695,000) was mainly due to the payment of legal and professional fees of approximately HK\$2,850,000 for the Pawn Acquisition.

Loss attributable to the owners of the Company for the Interim Period was approximately HK\$21,272,000 (2012: approximately HK\$15,281,000).

Property Investments

Given HK\$1,770,000 gross rental income received for the Interim Period and the annual gross rental income of approximately HK\$3,500,000 generating from the investment property located in Tuen Mun acquired on 24 October 2012 representing a yield of approximately 4.0% to the consideration, the Board considered the returns satisfactory and the acquisition of the new investment property located in Tuen Mun was a good opportunity for the Group to achieve long term stable income and growth.

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 of at least US\$2 per metric tonne of coal sold, any changes in 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. Given the LOIs separately signed with the customer and supplier to sell and purchase 30,000 metric tonnes of Indonesian coal (subject to (+/-)10% fluctuation) per month, and will be renewed automatically upon expiration with same trading terms and conditions the existing coal trading business will continue and provide a steady source of income and positive impact on the earnings to the Group. 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. By maintaining the same strategies as set out in the Indonesia Circular, the Group takes opportunities to expand its customer base and supplier networks through the business plan of a new coal trading business in the PRC and uses the best endeavour to make appropriate decision and process on a timely manner.

In order to catch the surge in demand as aforesaid, the Group entered into sale and purchase agreement (the **"Coal Agreement"**) (as extended by an extension agreement on 26 June 2013) for the proposed acquisition (the **"Coal Acquisition"**) of the entire issued share capital of Wider Trading Limited on 27 March 2013. Pursuant to the Coal Agreement, it is one of the conditions precedent to completion of the Coal Acquisition that the provision of the business plan in such forms and substances satisfactory to the Group on or before 26 September 2013 (the **"Long Stop Date"**) or such later date as the parties to the Coal Agreement may agree. The Board announces that the Coal Acquisition has not been consummated by the Long Stop Date and the Coal Agreement has lapsed accordingly.

As stated in the prospectus of the Company dated 17 June 2013, the net proceeds (the **"Proceeds"**) from the issue of new shares on rights issue (the **"Rights Issue"**) was approximately HK\$27,810,000 and the Group originally intended to apply the Proceeds for funding the Coal Acquisition. Immediate after the lapse of Coal Agreement, the Board resolves to change the application of the Proceeds to be applied for funding other potential acquisition activities as identified by the Group from time to time, including but not limited to the Pawn Acquisition of the entire equity interest in Prima Finance Holdings Limited, which is principally engaged in the short-term financing services in the PRC and general working capital of the Group.

Save as disclosed herein, there was no other significant investment held as at 30 September 2013, 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 during the Interim Period.

Prospects

As part of its business plan, the Board will continue 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. Following the completion of the rights issue on 9 July 2013, additional working capital may be employed and available for the operations to capitalize on newly presented business opportunities, the Pawn Acquisition and other potential acquisition from time to time.

The Board will take a cautious and conservative approach in the evaluation and timing of potential projects or investments, including the Pawn Acquisition 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations from internally generated cash flows. As at 30 September 2013, the Group had cash and cash equivalents (the **"Liquidity Resources"**) of approximately HK\$20,070,000 (31 March 2013: approximately HK\$27,791,000). Taking into account the Liquidity Resources, the Group has sufficient financial resources to satisfy its funding requirements and to achieve its business objectives. Save as disclosed in this report, the Group has no borrowings or material capital expenditure commitments as at 30 September 2013.

The debt ratio, calculated as total liabilities over total assets of the Group as at 30 September 2013 was approximately 0.14 (31 March 2013: approximately 0.26).

CAPITAL STRUCTURE

The total equity of the Company increased to approximately HK\$211,402,000 on 30 September 2013 (31 March 2013: approximately HK\$204,490,000), which was mainly attributable to the Rights Issue.

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.

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 acquisitions 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.

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 this report, the Group has transactional currency exposures and were mainly arising from the exposure of exchange between United States dollars and Hong Kong dollars with limited exposure to Renminbi. Since the exchange rate of United States dollars against Hong Kong dollars 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 30 September 2013, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 30 September 2013, the Group employed a total of 16 employees (31 March 2013: 14). The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The total employee remuneration, excluding Directors' remuneration, for the Interim Period amounted to approximately HK\$2,354,000 (2012: approximately HK\$2,446,000).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2013.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2013, 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 of the Company ("Shares")

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

Note: Mr. Wong is the chairman of the Company and an 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 30 September 2013, 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.

COMPLIANCE WITH THE MODEL CODE FOR 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. Having made specific enquiries by the Company, the Directors have confirmed that they have complied with the provisions of Model Code throughout the Interim Period.

SHARE OPTION SCHEME

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 Interim Period. As at 30 September 2013 and 31 March 2013, there were no outstanding share options under the Old Scheme and New Scheme.

Save as disclosed above, at no time during the Interim Period 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 shares in, or debentures of, the Company or any other body corporate.

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

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, as at 30 September 2013, the following companies had interests in more than 5% of the Company's issued share capital:

LONG POSITION IN THE SHARES

Name of substantial shareholder	Number of shares interested			Percentage of the issued share capital of the Company (Note 4)
	Direct interests	Deemed interests	Total interests	
Vitasmart Limited (Note 1)	96,100,000	–	96,100,000	14.65%
Chan Yiu Kan, Katie (" Ms. Chan ") (Notes 2 and 3)	–	120,000,000	120,000,000	18.3%
Lau Kim Hung, Jack (" Mr. Lau ") (Notes 1 to 3)	23,900,000	96,100,000	120,000,000	18.3%

Notes:

1. Vitasmart, a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. Lau. Mr. Lau is deemed to be interested in 96,100,000 Shares held by Vitasmart.
2. Ms. Chan, being the spouse of Mr. Lau, is deemed to be interested in 96,100,000 Shares held by Vitasmart and 23,900,000 Shares held by Mr. Lau.
3. Mr. Lau and Ms. Chan are the father-in-law and mother-in-law of Mr. Tsang Ho Ka, Eugene ("**Mr. Tsang**") respectively, being the vice-chairman of the Company and non-executive Director.
4. The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 September 2013.

Save as disclosed above, the directors of the Company are not aware of any person (other than the directors of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above) who, as at 30 September 2013, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company under Section 336 of the SFO.

INTERESTS IN A COMPETING BUSINESS

As at 30 September 2013, 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 might compete with the business of the Group, or have any other conflict of interests with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries has purchased, redeemed, sold or cancelled any of the Company's listed securities during the Interim Period.

CORPORATE GOVERNANCE PRACTICES

Throughout the Interim Period, the Company has been fully compliant with all the code provisions set out in Appendix 15 Corporate Governance Code (the "**CG Code**") of the GEM Listing Rules with the exception of the following deviations:

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 are 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 shareholders.

DEVIATION

Mr. Tsang, the non-executive Director, and Mr. Ho Chi Wai ("**Mr. Ho**"), Mr. Chen Yihua and Ms. Cui Ying ("**Ms. Cui**") are the independent non-executive Directors of the Company 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.

Mr. Wong and Mr. Tsang, the non-executive Directors, and Mr. Kwok Kam Tim ("**Mr. Kwok**"), Mr. Ho and Ms. Cui, the independent non-executive Directors, were unable to attend the special general meeting of the Company held on 3 June 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.

CHANGES IN INFORMATION OF DIRECTORS UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of the Directors since the date of the Annual Report are set out below:

On 2 July 2013, Mr. Chow has resigned as a chief investment officer of the Company and remained as an executive Director and Mr. Chen has been appointed as an independent non-executive Director.

On 15 July 2013, Mr. Wong has been re-designed as chairman and executive Director in order to play a more active role at the level of the Board.

On 3 September 2013, Ms. Cui have resigned as independent non-executive Directors, the chairman of nomination committee (the "**Nomination Committee**") of the Company and members of audit committee (the "**Audit Committee**") and remuneration committee (the "**Remuneration Committee**") of the Company, Mr. Chen has been appointed as the members of the Audit Committee, Remuneration Committee and Nomination Committee, and Mr. Kwok has been appointed as the chairman of Nomination Committee.

On 25 September 2013, Mr. Ho Pui Tin, Terence ("**Terence**") has resigned and Mr. Tsang has been appointed as a vice-chairman of Company and Terence remained as a chief executive officer, authorised representative and compliance officer of the Company and executive Director.

On 9 October 2013, Mr. Chow has resigned as an executive Director and Mr. Ho has resigned as an independent non-executive Directors, the chairman of the Audit Committee and members of the Nomination Committee and Remuneration Committee. Following the resignation of Mr. Chow and Mr. Ho, Mr. Han Jianli has been appointed as an executive Director, Mr. Du Hui has been appointed as an independent non-executive Director, the member of the Audit Committee, Nomination Committee and Remuneration Committee, and Mr. Kwok has been appointed as the chairman of the Audit Committee.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Group for the Interim Period have been reviewed by the audit committee of the Company, which was of the opinion that the preparation of such financial information complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

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

Hong Kong, 8 November 2013

As at the date of this report, the executive Directors are Mr. Wong Wai Sing, Mr. Ho Pui Tin, Terence and Mr. Han Jianli, the non-executive Director is Mr. Tsang Ho Ka, Eugene, and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Chen Yihua and Mr. Du Hui.