



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**

Third Quarterly Report
2013/14

* For identification purpose only

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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, 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 (the "Board") of Directors 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 nine (the "Period") months ended 31 December 2013 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
		2013	2012	2013	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations					
Turnover	4	20,900	24,027	69,161	70,044
Cost of sales		(19,471)	(21,971)	(63,452)	(65,329)
Direct operating expenses		-	-	-	(33)
Gross profit		1,429	2,056	5,709	4,682
Other income, and gains and losses, net	4	518	166	1,351	2,931
Selling and distribution costs		(170)	(172)	(513)	(514)
Administrative and other expenses		(13,253)	(9,060)	(38,532)	(28,755)
Loss before income tax from continuing operations	5	(11,476)	(7,010)	(31,985)	(21,656)
Income tax	6	(214)	(161)	(786)	(543)
Loss for the period from continuing operations		(11,690)	(7,171)	(32,771)	(22,199)
Discontinued operation					
Loss for the period from discontinued operation		-	-	-	(64)
Loss for the period		(11,690)	(7,171)	(32,771)	(22,263)
Attributable to:					
Owners of the Company		(11,734)	(7,254)	(33,006)	(22,535)
Non-controlling interests		44	83	235	272
		(11,690)	(7,171)	(32,771)	(22,263)
Loss per share for loss attributable to owners of the Company	8				
			(Restated)		(Restated)
From continuing and discontinued operations Basic and diluted (in Hong Kong Cents)		(1.79)	(1.50)	(5.26)	(6.18)
From continuing operations Basic and diluted (in Hong Kong Cents)		(1.79)	(1.50)	(5.26)	(6.17)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(11,690)	(7,171)	(32,771)	(22,263)
Other comprehensive income for the period, net of tax:				
- Exchange differences on translation of financial statements of overseas subsidiaries	49	40	232	8
- Reclassification adjustment of exchange reserve on disposal of interest in overseas subsidiary	-	-	-	(1,198)
Total comprehensive income for the period	(11,641)	(7,131)	(32,539)	(23,453)
Attributable to:				
Owners of the Company	(11,685)	(7,214)	(32,774)	(23,725)
Non-controlling interests	44	83	235	272
	(11,641)	(7,131)	(32,539)	(23,453)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 31 December 2013 HK\$'000	(Audited) As at 31 March 2013 HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	11,033	12,334
Intangible assets	47,425	47,425
Investment property	101,000	101,000
	<u>159,458</u>	<u>160,759</u>
Current assets		
Trade receivables	25,217	64,771
Refundable deposit	27,186	19,408
Prepayments, deposits and other receivables	16,602	4,165
Tax recoverable	-	85
Cash and cash equivalents	3,753	27,791
	<u>72,758</u>	<u>116,220</u>
Total current assets	<u>72,758</u>	<u>116,220</u>
Current liabilities		
Trade payables	16,476	57,399
Accrued expenses, other payables and deposits received	5,862	5,285
Amount due to a non-controlling owner of a subsidiary	1,950	1,950
Amount due to a related company	30	30
Tax payable	312	-
	<u>24,630</u>	<u>64,664</u>
Total current liabilities	<u>24,630</u>	<u>64,664</u>
Net current assets	<u>48,128</u>	<u>51,556</u>
Total assets less current liabilities	<u>207,586</u>	<u>212,315</u>

	(Unaudited) As at 31 December 2013 HK\$'000	(Audited) As at 31 March 2013 HK\$'000
Non-current liabilities		
Deferred tax liabilities	<u>7,825</u>	<u>7,825</u>
Net assets	<u>199,761</u>	<u>204,490</u>
CAPITAL AND RESERVES		
Issued capital	6,559	5,045
Reserves	<u>188,319</u>	<u>194,797</u>
Equity attributable to owners of the Company	<u>194,878</u>	<u>199,842</u>
Non-controlling interests	<u>4,883</u>	<u>4,648</u>
Total equity	<u>199,761</u>	<u>204,490</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2013 (Unaudited)

	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2013	5,045	192,038	131,109	120,794	-	1,910	(251,054)	199,842	4,648	204,490
Loss for the Period	-	-	-	-	-	-	(33,006)	(33,006)	235	(32,771)
Other comprehensive income for the Period	-	-	-	-	-	232	-	232	-	232
Total comprehensive income for the Period	5,045	192,038	131,109	120,794	-	2,142	(284,060)	167,068	4,883	171,951
Issue of new shares on rights issue	1,514	26,296	-	-	-	-	-	27,810	-	27,810
At 31 December 2013	6,559	218,334	131,109	120,794	-	2,142	(284,060)	194,878	4,883	199,761

For the nine months ended 31 December 2012 (Unaudited)

	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
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	-	-	-	-	-	-	(22,535)	(22,535)	272	(22,263)
Other comprehensive income for the period	-	-	-	-	-	(1,190)	-	(1,190)	-	(1,190)
Total comprehensive income for the period	1,967	70,917	131,109	120,794	4,484	1,822	(252,419)	78,674	4,537	83,211
Issue of new shares on placements	1,582	49,360	-	-	-	-	-	50,942	-	50,942
Issue of new shares on an open offer	1,153	45,954	-	-	-	-	-	47,107	-	47,107
Issue of new shares on acquisition of assets through acquisition of subsidiaries	343	25,807	-	-	-	-	-	26,150	-	26,150
Lapse of share options	-	-	-	-	(4,484)	-	4,484	-	-	-
At 31 December 2012	5,045	192,038	131,109	120,794	-	1,822	(247,935)	202,873	4,537	207,410

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 (the "**Shares**") are listed on the GEM. 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 is 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 financial statements of the Group for the Period (the "**Financial Statements**") 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 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 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 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 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 nine months ended 31 December 2013 and 2012.

	(Unaudited)		
	For the nine months ended 31 December 2013		
	Coal trading HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment revenue			
External sales and services and reportable segment revenue	<u>66,506</u>	<u>2,655</u>	<u>69,161</u>
Reportable segment profit/(loss)			
Reportable segment profit/(loss)	<u>2,811</u>	<u>1,874</u>	<u>4,685</u>
Interest income	-	-	-
Depreciation	-	-	-

	For the nine months ended 31 December 2012 (Unaudited)				
	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>69,100</u>	<u>944</u>	<u>70,044</u>	<u>-</u>	<u>70,044</u>
Reportable segment profit/(loss)	<u>3,241</u>	<u>214</u>	<u>3,455</u>	<u>(64)</u>	<u>3,391</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 follows:

	(Unaudited)	
	Nine months ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Continuing operations:		
Loss before income tax		
Reportable segment profit	4,685	3,455
Interest income	2	2
Unallocated expenses	(36,672)	(25,113)
Consolidated loss before income tax	(31,985)	(21,656)

Except for the decrease in trade receivables and payables of coal trading, 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 GAINS AND LOSSES, NET

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Turnover:				
Sales of goods	20,015	23,228	66,506	69,100
Rental income	885	799	2,655	944
	<u>20,900</u>	<u>24,027</u>	<u>69,161</u>	<u>70,044</u>
Other income, and gains and losses, net:				
Interest income	-	2	2	2
Gain on disposal of subsidiaries	-	-	-	2,143
Exchange gains/(losses), net	18	(11)	18	(43)
Sundry income	500	175	1,331	829
	<u>518</u>	<u>166</u>	<u>1,351</u>	<u>2,931</u>

5. LOSS BEFORE INCOME TAX

This is arrived at after charging the following:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Cost of inventories sold	19,471	21,971	63,452	65,329
Depreciation	411	473	1,292	1,411

6. INCOME TAX

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Current tax — Hong Kong				
Charge for the period	214	157	786	531
Current tax — PRC				
Charge for the period	—	4	—	12
	214	161	786	543

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 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 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)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculations	<u>(11,734)</u>	<u>(7,254)</u>	<u>(33,006)</u>	<u>(22,535)</u>

	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
		(Restated)		(Restated)
	'000	'000	'000	'000
Weighted average number of ordinary Shares for basic and diluted loss per share calculations	<u>655,880</u>	<u>483,234</u>	<u>627,543</u>	<u>364,368</u>

(ii) **From continuing operations**

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

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculations	<u>(11,734)</u>	<u>(7,254)</u>	<u>(33,006)</u>	<u>(22,471)</u>

	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
		(Restated)	(Restated)	
	'000	'000	'000	'000
Weighted average number of ordinary Shares for basic and diluted loss per share calculations	<u>655,880</u>	<u>483,234</u>	<u>627,543</u>	<u>364,368</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

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

The Group recorded total turnover of approximately HK\$69,161,000 (2012: approximately HK\$70,044,000) for the Period representing a slightly decrease of by approximately HK\$883,000 over the corresponding prior period. The decrement of revenue for the coal trading business which decreased by approximately HK\$2,594,000 to approximately HK\$66,506,000 (2012: approximately HK\$69,100,000) for the Period was mostly contributed by the decrease 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\$2,655,000 (2012: approximately HK\$944,000). Since then, the gross profit of the Group was improved to approximately HK\$5,709,000 for the Period (2012: approximately HK\$4,682,000).

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 Period to approximately HK\$1,351,000 (2012: approximately HK\$2,931,000).

The administrative and other expenses for the Period increased by approximately HK\$9,777,000 to approximately HK\$38,532,000 (2012: approximately HK\$28,755,000) was mainly due to the legal and professional fees for the Pawn Acquisition.

Loss attributable to the owners of the Company for the Period was approximately HK\$33,006,000 (2012: approximately HK\$22,535,000).

Pawn Acquisition

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

To this end, the Company has identified the Target (as defined below) and its subsidiaries (the "**Target Group**") as an appropriate acquisition target to the Group and the Directors are of the view that the Pawn Acquisition (as defined below) would allow the Group to diversify into a new line of business with significant growth potential.

The Group has entered into the conditional sale and purchase agreement (the "**Acquisition Agreement**") dated 23 December 2013 to acquire (the "**Pawn Acquisition**") the entire issued share capital of the Prima Finance Holdings Limited (the "**Target**") and shareholder's loans at a maximum consideration (the "**Consideration**") of HK\$900,000,000, comprising the initial consideration (the "**Initial Consideration**") of HK\$564,000,000 and the earn-out consideration (the "**Earn-out Consideration**") of HK\$336,000,000, all subject to adjustments.

The Initial Consideration shall be satisfied:

- (i) as to HK\$50,000,000 by the issue of the promissory notes to Exuberant Global Limited ("**Exuberant Global**") or its nominee(s);
- (ii) as to HK\$420,200,000 by allotment and issue of the convertible bonds (the "**Convertible Bonds**") to Exuberant Global, Bustling Capital Limited ("**Bustling Capital**") and Time Prestige Holdings Limited ("**Time Prestige**") or their respective nominee(s) in the amount of HK\$255,630,000, HK\$117,550,000 and HK\$47,020,000 respectively; and
- (iii) as to HK\$93,800,000 by allotment and issue of 174,200,000, 67,000,000 and 26,800,000 consideration shares (the "**Consideration Shares**") to Exuberant Global, Bustling Capital and Time Prestige respectively or their respective nominee(s) in the amount of HK\$60,970,000, HK\$23,450,000 and HK\$9,380,000 respectively.

The Convertible Bonds in an amount of HK\$131,000,000 issued in (ii) above to Exuberant Global will be held by the Group as a security for the fulfilment of the target profit for the year ended 31 December 2013.

The Earn-Out consideration (if any) shall be paid in the following priority:

- (i) up to HK\$236,000,000 (subject to the available remaining balance after the issue of the Early-paid Earn-Out Convertible Bonds as defined in the Company's announcement dated 23 December 2013) by allotment and issue of the Convertible Bonds to Exuberant Global or its nominee(s);
- (ii) up to HK\$50,000,000 by cash to Exuberant Global or its nominee(s); and
- (iii) up to HK\$50,000,000 by the issue of the promissory notes to Exuberant Global or its nominee(s).

As mentioned in the paragraph headed "INFORMATION ON THE TARGET GROUP" in the announcement of the Company dated 23 December 2013, the Target Group has commenced its pawn loan business since 2002 and the Target Group is the fourth largest pawn loan provider in Beijing in terms of the total registered capital in 2012. With a view to extend its business scope, the Target Group commenced the provision of entrusted loan services and financial consultation services in October 2012. The Directors believe the Target Group is well-positioned to capitalise on the potential market growth for the short-term money lending business in Beijing and are optimistic about the long-term development of the short-term money lending business in Beijing, the implementation of business plan of the Target Group catering for the needs of the customers as well as the growth and prospects of the businesses of the Target Group.

Moreover, according to the unaudited consolidated financial results of the Target Group, for the year ended 31 December 2012, the Target Group recorded a net profit from continuing operation of approximately RMB33.6 million (equivalent to approximately HK\$42.0 million). The Target Group has been profit making over the past three financial years. Taking into account the established scale of the operation of the Target Group and its continuous growth potential, the Company considers that the Acquisition provides an excellent investment opportunity for the Group to enhance its revenue sources, improve its financial results and provide better return to the Shareholders in the long run.

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

Further details of the Pawn Acquisition are set out in the announcement of the Company dated 23 December 2013.

Property Investments

Given HK\$2,655,000 gross rental income received for the 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 legally binding master framework purchase agreements 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 to monitor 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.

Save as disclosed herein, there was no other significant investment held as at 31 December 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 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 has been employed and for the current operations and 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 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 (the "**Internal Funds**"). Save as disclosed in this report, the Group has no borrowings or material capital expenditure commitments as at 31 December 2013. The Group will mostly use of the Internal Funds to repay the due debts and funding requirements to achieve its business objectives, in case of any shortfalls, the Group will consider to avail itself of other fund raising alternatives, including but not limiting to debt financing and bank borrowings.

The debt ratio, calculated as total liabilities over total assets of the Group as at 31 December 2013 was approximately 0.24 (31 March 2013: approximately 0.26).

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2013, the Group employed a total of 14 employees (31 December 2012: 15). 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 Period amounted to approximately HK\$3,103,000 (2012: approximately HK\$3,778,000).

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

As at 31 December 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

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 (<i>Note</i>)	75,676 (<i>Note</i>)	0.01

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

Save for those disclosed above, as at 31 December 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 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 Period. As at 31 December 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 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 the Shares, 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 pursuant to Section 336 of the SFO showed that, as at 31 December 2013, the following companies had interests in more than 5% of the Company's issued share capital:

Long positions 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	18.30%
Lau Kim Hung, Jack (" Mr. Lau ") (Notes 1 to 3)	23,900,000	96,100,000	120,000,000	18.30%
Time Prestige (Notes 5 and 6)	161,142,857	–	161,142,857	24.57%
Dai Hao (Notes 6 and 7)	–	563,999,999	563,999,999	85.99%
Bustling Capital (Notes 5 and 8)	402,857,142	–	402,857,142	61.42%
Jin Yu (Notes 8 and 9)	–	563,999,999	563,999,999	85.99%
Exuberant Global (Notes 5 and 10)	1,578,857,142	–	1,578,857,142	240.72%
Dai Di (Notes 10 and 11)	–	1,578,857,142	1,578,857,142	240.72%

Notes:

1. Vitasmart, a company incorporated in the British Virgin Islands ("**BVI**"), 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 31 December 2013.
5. The Shares represent (i) Consideration Shares of 174,200,000 Shares, 67,000,000 Shares and 26,800,000 Shares to be allotted and issued to Exuberant Global, Bustling Capital and Time Prestige respectively; and (ii) 1,404,657,142 Shares, 335,857,142 Shares and 134,342,857 Shares to be allotted and issued to Exuberant Global, Bustling Capital and Time Prestige respectively upon full conversion of the Convertible Bonds to be subscribed by Exuberant Global, Bustling Capital and Time Prestige taking into account the Initial Consideration and the maximum Earn-out Consideration pursuant to the Acquisition Agreement. Details of the Pawn Acquisition are set out in announcement of the Company dated 23 December 2013.

6. Time Prestige, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Dai Hao.
7. Dai Hao, the brother of Dai Di and the beneficial owner of Time Prestige and is deemed to be interested in 563,999,999 Shares pursuant to the SFO.
8. Bustling Capital, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Jin Yu.
9. Jin Yu, the spouse of Dai Hao and the beneficial owner of Bustling Capital and is deemed to be interested in 563,999,999 Shares pursuant to the SFO.
10. Exuberant Global Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by the Dai Di.
11. Dai Di, the beneficial owner of Exuberant Global and is deemed to be interested in 1,578,867,142 Shares pursuant to the SFO.

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 31 December 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 31 December 2013, none of the Directors, the management Shareholders or substantial Shareholders or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or 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 Period.

CORPORATE GOVERNANCE PRACTICES

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

CODE PROVISION A.6.7

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

DEVIATION

Mr. Wong and Mr. Tsang, 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.

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.

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.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Group for the 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
Wong Wai Sing
Chairman and Executive Director

Hong Kong, 12 February 2014

As at the date of this report, the executive Directors are Mr. Wong Wai Sing (Chairman), 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. Chen Yihua, Mr. Du Hui and Mr. Kwok Kam Tim.

This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, 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.

This report will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the Company's website at www.mingkeiholdings.com.

For ease of reference and unless otherwise specified in this report, sums in HK\$ and RMB in this report is translated at the rate RMB1.0 = HK\$1.25. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.