Ming Kei Energy Holdings Limited
明基能源控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8239)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009

Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors (the "Directors") of Ming Kei Energy 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL RESULTS

The board (the "Board") of directors (the "Directors") of Ming Kei Energy Holdings Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (collectively refer to as the "Group") for the year ended 31 March 2009, together with the comparative figures for the year ended 31 March 2008, as follows:

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000 (restated)
Continuing operation			
Turnover	4	**127,705**	35,071
Cost of sales		**(83,774)**	(31,669)
Gross profit		**43,931**	3,402
Impairment loss on intangible assets	10	**(1,160,219)**	–
Gain on partial waiver of promissory notes by a non-equity participant		**101,677**	–
Excess of the Group's share of net fair value of the interests in subsidiaries acquired over the cost of the acquisition		**–**	50,777
Other income and gains	4	**1,226**	2,066
Selling and distribution costs		**(1,192)**	(421)
Administrative expenses		**(28,146)**	(29,166)
Finance costs	5	**(14,795)**	(9,878)
(Loss)/profit before tax	6	**(1,057,518)**	16,780
Income tax	7	**292,141**	1,974
(Loss)/profit for the year from continuing operation		**(765,377)**	18,754
Discontinued operation			
Loss for the year from discontinued operation	8	**(554)**	(3,366)
(Loss)/profit for the year attributable to equity holders of the Company		**(765,931)**	15,388
Dividend		**–**	–
(Loss)/earnings per share attributable to equity holders of the Company	9		
From continuing and discontinued operations			
– Basic		**(29.01) HK cents**	0.76 HK cents
– Diluted		**N/A**	0.76 HK cents
From continuing operation			
– Basic		**(28.99) HK cents**	0.93 HK cents
– Diluted		**N/A**	0.93 HK cents

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**38,655**	18,113
Intangible assets	10	**187,385**	1,430,193
Available-for-sale financial assets		**1,460**	–
Deposits paid for possible acquisition of subsidiaries	11	**21,500**	–
Deferred tax assets		**103**	180
		249,103	1,448,486
Current assets			
Inventories		**49,494**	2,877
Accounts and bills receivable	12	**11,909**	78,754
Prepayments, deposits and other receivables		**24,011**	36,637
Cash and cash equivalents		**54,176**	69,400
		139,590	187,668
Current liabilities			
Accounts and bills payable	13	**18,415**	45,184
Accrued expenses and other payables		**29,438**	42,067
Obligations under finance leases		**–**	145
Current tax payable		**1,712**	–
		49,565	87,396
Net current assets		**90,025**	100,272
Total assets less current liabilities		**339,128**	1,548,758
Non-current liabilities			
Deferred tax liabilities		**45,083**	355,374
Promissory notes		**103,193**	248,994
Provision for close down, restoration and environmental costs		**6,600**	–
		154,876	604,368
Net assets		**184,252**	944,390
CAPITAL AND RESERVES			
Issued capital	14	**26,400**	26,400
Reserves		**157,852**	917,990
Total equity		**184,252**	944,390

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Issued capital HK$'000 (Note 14)	Share premium HK$'000	Capital reserve HK$'000	Statutory reserve fund HK$'000	Share option reserve HK$'000	Convertible bonds reserve HK$'000	Asset revaluation reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2007	15,000	14,946	3,867	–	–	–	–	–	(21,388)	12,425
Exchange difference arising on translation of foreign operation and total income for the year recognised directly in equity	–	–	–	–	–	–	–	63,233	–	63,233
Profit for the year	–	–	–	–	–	–	–	–	15,388	15,388
Total income for the year	–	–	–	–	–	–	–	63,233	15,388	78,621
Appropriation	–	–	–	862	–	–	–	–	(862)	–
Issue of new shares (Note 14)	3,000	90,300	–	–	–	–	–	–	–	93,300
Issue of new shares on acquisition of subsidiaries	4,000	404,000	–	–	–	–	–	–	–	408,000
Issue of convertible bonds	–	–	–	–	–	38,054	–	–	–	38,054
Issue of new shares on conversion of convertible bonds	3,200	287,836	–	–	–	(38,054)	–	–	–	252,982
Share options exercised	1,200	54,679	–	–	(1,879)	–	–	–	–	54,000
Share issue expenses	–	(10,231)	–	–	–	–	–	–	–	(10,231)
Recognition of share-based payments	–	–	–	–	17,239	–	–	–	–	17,239
Balance at 31 March 2008	**26,400**	**841,530**	**3,867**	**862**	**15,360**	**–**	**–**	**63,233**	**(6,862)**	**944,390**
Balance at 1 April 2008	26,400	841,530	3,867	862	15,360	–	–	63,233	(6,862)	944,390
Exchange difference arising on translation of foreign operation	–	–	–	–	–	–	–	(46,794)	–	(46,794)
Change in fair value of available-for-sale financial assets	–	–	–	–	–	–	(1,072)	–	–	(1,072)
Total expense recognised directly in equity	–	–	–	–	–	–	(1,072)	(46,794)	–	(47,866)
Loss for the year	–	–	–	–	–	–	–	–	(765,931)	(765,931)
Total expense for the year	–	–	–	–	–	–	(1,072)	(46,794)	(765,931)	(813,797)
Appropriation	–	–	–	3,994	–	–	–	–	(3,994)	–
Transfer upon disposal of subsidiaries	–	–	(3,867)	–	–	–	–	–	3,867	–
Gain on partial wavier of promissory notes by an equity participant	–	–	53,659	–	–	–	–	–	–	53,659
Balance at 31 March 2009	**26,400**	**841,530**	**53,659**	**4,856**	**15,360**	**–**	**(1,072)**	**16,439**	**(772,920)**	**184,252**

NOTES:

1. ORGANISATION AND OPERATIONS

Ming Kei Energy 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. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KYI-1111, Cayman Islands and its principal place of business is Room 3308-3309, The Center, 99 Queen's Road Central, Hong Kong. The shares of the Company are listed on The Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The subsidiaries (together with the Company referred to as the "Group") are principally engaged in mining, sale and distribution of coals in the People's Republic of China (the "PRC").

2. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

In particular, the adoption of HK(IFRIC) – Int 11 "HKFRS 2 – Group and treasury share transactions", HK(IFRIC) – Int 12 "Service concession arrangements", HK(IFRIC) – Int 14 "HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" and HKAS 39 & HKFRS 7 Amendments "Reclassification of financial assets" has no impact on the financial statements.

At the date of authorisation of the financial statements, the following HKFRSs, HKASs and Interpretations were in issue but not yet effective:

		Effective dates
HKAS 1 (Revised)	Presentation of financial statements	(i)
HKAS 23 (Revised)	Borrowing costs	(i)
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	(i)
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate	(i)
HKFRS 8	Operating segments	(i)
HK(IFRIC) – Int 15	Agreements for the construction of real estates	(i)
HKFRS 2 (Amendment)	Vesting conditions and cancellations	(i)
HKFRS 7 (Amendment)	Improving disclosures about financial instruments	(i)
HKAS 27 (Revised)	Consolidated and separate financial statements	(ii)
HKAS 39 (Amendment)	Eligible hedged items	(ii)
HKFRS 1 (Revised)	First-time adoption of HKFRSs	(ii)
HKFRS 3 (Revised)	Business combinations	(ii)
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners	(ii)
HK(IFRIC) – Int 13	Customer loyalty programmes	(iii)

2. ADOPTION OF NEW AND REVISED STANDARDS *(Continued)*

		Effective dates
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation	(iv)
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded derivatives	(v)
HK(IFRIC) – Int 18	Transfers of assets from customers	(vi)
2008 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	– HKAS 1, HKAS 16, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 36, HKAS 38, HKAS 39, HKAS 40 & HKAS 41	(i)
	– HKFRS 5	(ii)

Effective dates:

(i) Annual periods beginning on or after 1 January 2009
(ii) Annual periods beginning on or after 1 July 2009
(iii) Annual periods beginning on or after 1 July 2008
(iv) Annual periods beginning on or after 1 October 2008
(v) Annual periods ending on or after 30 June 2009
(vi) Transfers of assets from customers received on or after 1 July 2009

The Group is in the process of making an assessment of the impact of these new or revised HKFRSs, HKASs or Interpretations in the period of their initial application.

3. SEGMENT INFORMATION

(i) Business segments

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business 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 business segments. Summary details of the business segments are as follows:

(a) the mining segment comprised the mining, exploration and sale of coals; and

(b) the logistics segment comprised the provision of logistic services which was disposed of during the year. Accordingly, the logistics segment was classified as a discontinued operation for the years ended 31 March 2008 and 2009.

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.

3. SEGMENT INFORMATION *(Continued)*

(i) Business segments *(Continued)*

2009

	Continuing operation Mining HK$'000	Discontinued operation Logistics HK$'000	Consolidated HK$'000
SEGMENT REVENUE			
External sales and services	**127,705**	**6,054**	**133,759**
SEGMENT RESULTS	**(1,127,909)**	**(549)**	**(1,128,458)**
Gain on partial waiver of promissory notes by a non-equity participant			**101,677**
Interest income			**455**
Unallocated costs and corporate expenses			**(16,946)**
Finance costs			**(14,800)**
Loss before tax			**(1,058,072)**
Income tax			**292,141**
Loss for the year			**(765,931)**
Segment assets	**343,995**	**–**	**343,995**
Unallocated and corporate assets			**44,698**
Total assets			**388,693**
Segment liabilities	**53,143**	**–**	**53,143**
Unallocated and corporate liabilities			**151,298**
Total liabilities			**204,441**
OTHER INFORMATION			
Capital expenditure	**27,366**	**–**	**27,366**
Depreciation and amortisation charges	**20,578**	**198**	**20,776**
Unallocated depreciation and amortisation charges			**275**
Total depreciation and amortisation charges			**21,051**

3. SEGMENT INFORMATION *(Continued)*

(i) Business segments *(Continued)*

2008 (restated)

	Continuing operation Mining HK$'000	Discontinued operation Logistics HK$'000	Consolidated HK$'000
SEGMENT REVENUE			
External sales and services	35,071	16,068	51,139
SEGMENT RESULTS	52,055	(3,287)	48,768
Interest income			1,947
Unallocated costs and corporate expenses			(27,344)
Finance costs			(9,957)
Profit before tax			13,414
Income tax			1,974
Profit for the year			15,388
Segment assets	1,558,666	4,856	1,563,522
Unallocated and corporate assets			72,632
Total assets			1,636,154
Segment liabilities	80,641	4,980	85,621
Unallocated and corporate liabilities			606,143
Total liabilities			691,764
OTHER INFORMATION			
Capital expenditure	1,271	327	1,598
Unallocated capital expenditure			39
Total capital expenditure			1,637
Depreciation and amortisation charges	10,005	688	10,693
Unallocated depreciation and amortisation charges			52
Total depreciation and amortisation charges			10,745

3. SEGMENT INFORMATION *(Continued)*

(ii) Geographical segments

An analysis of the Group's revenue, total assets and capital expenditure by geographical segment is as follows:

	Hong Kong		**PRC (excluding Hong Kong)**		**Consolidated**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue	**6,054**	16,068	**127,705**	35,071	**133,759**	51,139
Segment assets	**44,698**	73,222	**343,995**	1,562,932	**388,693**	1,636,154
Capital expenditure	**588**	366	**26,778**	1,271	**27,366**	1,637

4. TURNOVER AND OTHER INCOME AND GAINS

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

	Note	**2009** HK$'000	2008 HK$'000 (restated)
From continuing operation			
Turnover:–			
Sale of coals		**127,705**	35,071
Other income and gains:–			
Interest income		**455**	1,947
Sundry income		**771**	119
		1,226	2,066
From discontinued operation			
Turnover:–			
Fees for logistic services provided	8	**6,054**	16,068
Other income and gains:–			
Net exchange gains	8	**80**	170

5. FINANCE COSTS

	2009 HK$'000	2008 HK$'000 (restated)
Interest expense on borrowings wholly repayable within five years:		
From continuing operation		
Trade financing	**701**	829
Promissory notes	**14,094**	5,288
Convertible bonds	**–**	3,761
Total interest expense	**14,795**	9,878
From discontinued operation – Finance leases (Note 8)	**5**	79

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax (including continuing and discontinued operations) is arrived at after charging the following:

	2009 HK$'000	2008 HK$'000
Cost of inventories sold	**83,774**	31,669
Cost of services provided (Note 8)	**4,250**	11,677
Auditors' remuneration	**650**	680
Depreciation		
Owned assets	**3,112**	1,038
Assets held under finance leases	**–**	108
Amortisation of intangible assets (Note 10)*	**17,939**	9,599
Loss on disposal of property, plant and equipment	**765**	–
Provision for close down, restoration, and environmental costs*	**6,600**	–
Staff costs (excluding directors' remuneration:		
Salaries and wages	**7,193**	5,254
Pension scheme contributions	**467**	497
Share-based payments**	**–**	7,338
	7,660	13,089
Share-based payments	**–**	17,239
Minimum lease payments under operating leases for land and buildings***	**2,788**	1,977

* Amounts are also included in the "Cost of inventories sold" above.

** The amount for share-based payments for the year ended 31 March 2008 is also included in total "Share-based payments" of HK$17,239,000 above.

*** Included in the balance for the year ended 31 March 2009 is HK$254,000 (2008: HK$26,000) in respect of rental expenses for a director's quarter. This balance has been included in the amount of directors' remuneration.

7. INCOME TAX

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

	2009 HK$'000	2008 HK$'000 (restated)
From continuing operation		
Current tax charge – PRC	**1,694**	–
Deferred tax credit – PRC	**(293,835)**	(1,974)
	(292,141)	(1,974)

No provision for Hong Kong profits tax has been made as the Group has no assessable profits for Hong Kong profits tax purpose in the current year (2008: HK$Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or place 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"), a subsidiary of the Group 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 Kai Yuan Coal for the purpose of CIT exemption. From 1 January 2008, the standard CIT rate for enterprises in the PRC is 25%. Accordingly, CIT was provided at applicable rate of 12.5% on the assessable profit of Kai Yuan Coal for the period beginning from 1 January 2009 to 31 March 2009 in the current year.

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

	2009 HK$'000	2008 HK$'000 (restated)
(Loss)/profit before tax		
– from continuing operation	**(1,057,518)**	16,780
– from discontinued operation	**(554)**	(3,366)
	(1,058,072)	13,414
Tax calculated at the rate of 16.5% (2008: 17.5%)	**(174,582)**	2,347
Tax effect of tax rates of other jurisdictions	**(95,917)**	3,896
Profits exempted from income tax	**(12,318)**	(2,154)
Tax effect of income non-taxable for taxation purpose	**(16,777)**	(12,694)
Tax effect on unused tax losses not recognised and expenses not deductible for taxation purpose	**7,453**	6,631
Income tax credit for the year	**(292,141)**	(1,974)

8. DISCONTINUED OPERATION

On 8 July 2008, the Company entered into a disposal agreement (the "Disposal") for the disposal of the entire equity interests in Precious Logistics Limited (the "Precious Logistics") and its subsidiaries for an aggregate cash consideration of HK$1,500,000. Precious Logistics and its subsidiaries were principally engaged in coordinating various logistic services. The Disposal was completed on 3 September 2008.

After the completion of the Disposal, Precious Logistics and its subsidiaries ceased to be subsidiaries of the Company.

The results of the discontinued operation for the current and prior years, which have been included in the consolidated income statement, were as follows:

	Notes	**2009** **HK$'000**	2008 HK$'000 (restated)
Turnover	4	**6,054**	16,068
Cost of services provided	6	**(4,250)**	(11,677)
Gross profit		**1,804**	4,391
Other income and gains	4	**80**	170
Gain on disposal of subsidiaries		**444**	–
Selling and distribution costs		**(20)**	(253)
Administrative expenses		**(2,857)**	(7,595)
Finance costs	5	**(5)**	(79)
Loss before tax		**(554)**	(3,366)
Income tax		**–**	–
Loss for the year from discontinued operation		**(554)**	(3,366)

The cash flows of the discontinued operation were as follows:

	2009 **HK$'000**	2008 HK$'000
Net cash (used in)/generated from operating activities	**(779)**	1,812
Net cash generated from investing activities	**815**	–
Net cash used in financing activities	**(145)**	(734)
Total net cash (outflows)/inflows	**(109)**	1,078

Basic loss per share from the discontinued operation is HK0.02 cents (2008: basic loss per share HK0.17 cents) based on the loss for the year from the discontinued operation of HK$554,000 (2008: loss of HK$3,366,000).

The denominators used are the same as those detailed in Note 9(ii) for the calculation of basic (loss)/earnings per share from continuing operation of the Group.

Diluted loss per share amounts for the current and prior years were not disclosed as the convertible instruments of the Group outstanding during the current and prior years had an anti-dilutive effect on the basic loss per share from the discontinued operation for both years.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to the equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted (loss)/earnings per share for the year is based on the (loss)/profit for the year attributable to the equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic (loss)/earnings 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.

The Company's outstanding share options had an anti-dilutive effect on the loss per share calculation for the current year. Accordingly, diluted loss per share for the current year has not been disclosed.

The Company's convertible bonds and certain share options had an anti-dilutive effect to the earnings per share calculation for the prior year.

(i) From continuing and discontinued operations

The calculations of basic and diluted (loss)/earnings per share are based on:

	2009	2008
	HK$'000	HK$'000
(Loss)/profit		
(Loss)/profit attributable to the equity holders of the Company, used in the basic and diluted loss per share calculation	**(765,931)**	15,388

	Number of shares	
	2009	2008
	'000	'000
Shares		
Weighted average number of ordinary shares for basic (loss)/earnings per share calculation	**2,640,000**	2,012,186
Effect of dilution on weighted average number of ordinary shares in respect of share options	**–**	12,109
Weighted average number of ordinary shares adjusted for the effect of dilution	**2,640,000**	2,024,295

9. (LOSS)/EARNINGS PER SHARE *(Continued)*

(ii) From continuing operation

The calculations of basic and diluted (loss)/earnings per share are based on:

	2009	2008
	HK$'000	HK$'000
(Loss)/profit		
(Loss)/profit attributable to the equity holders of the Company from continuing operation used in the basic and diluted (loss)/earnings per share calculation	**(765,377)**	18,754

	Number of shares	
	2009	2008
	'000	'000
Shares		
Weighted average number of ordinary shares for basic (loss)/earnings per share calculation	**2,640,000**	2,012,186
Effect of dilution on weighted average number of ordinary shares in respect of share options	**–**	12,109
Weighted average number of ordinary shares adjusted for the effect of dilution	**2,640,000**	2,024,295

10. INTANGIBLE ASSETS

	Exploration and evaluation assets HK$'000	Mining right HK$'000	Total HK$'000
The Group			
Cost:			
At 1 April 2007	–	–	–
Acquisition of subsidiaries*	1,094,430	267,425	1,361,855
Additions	–	38	38
Exchange realignments	64,747	15,821	80,568
At 31 March 2008	1,159,177	283,284	1,442,461
Exchange realignments	24,280	5,947	30,227
At 31 March 2009	**1,183,457**	**289,231**	**1,472,688**
Accumulated amortisation and impairment:			
At 1 April 2007	–	–	–
Acquisition of subsidiaries*	–	2,259	2,259
Amortisation for the year (Note 6)**	–	9,599	9,599
Exchange realignments	–	410	410
At 31 March 2008	–	12,268	12,268
Amortisation for the year (Note 6)**	–	17,939	17,939
Impairment loss***	979,217	181,002	1,160,219
Exchange realignments	79,701	15,176	94,877
At 31 March 2009	**1,058,918**	**226,385**	**1,285,303**
Carrying amount:			
At 31 March 2009	**124,539**	**62,846**	**187,385**
At 31 March 2008	1,159,177	271,016	1,430,193

* The mining right and the exploration right together with other exploration and evaluation assets purchased as part of a business combination during the year ended 31 March 2008 are initially recognised at their fair values on acquisition with reference to professional valuations performed by Greater China Appraisal Limited, an independent firm of professionally qualified valuers. At subsequent balance sheet dates, mining right and exploration and evaluation assets are measured using the cost model.

** Amortisation is provided to write off the cost of the mining right using the units of production method based on the proven and probable mineral reserves under the assumption that the Group can renew the mining right till all proven and probable mineral reserves have been mined.

The amortisation charge for the mining right for the year is included in the "cost of sales" in the consolidated income statement.

*** The Company acquired the 100% equity interests of the Ming Kei Kai Yuan Investment Company Limited and its subsidiaries (the "MKKY Group") in 2007 with a view that coal mining business is in a fast growing trend with immense potential and such acquisition would diversify the Group into a new business with significant growth potential. However, there are a number of unforeseeable and uncontrollable factors happened subsequent to such investment decision in the global economy in 2008 and has been continuing which resulted in the prospect of the coal mining industry has not been growing as fast as expected.

The prospect of coal mining business grows in line with the economy. The global recession and slower economic growth of the PRC are negatively hindering the manufacturing activities in the PRC which in turn affects the demand of, and put pressure on the market price of coals, the core natural resources used for generating electricity to support those manufacturing activities.

In view of the slower economic growth of the PRC and uncertainty in the economic recovery during this period of global recession, the prospect of the coal market will continue to be affected and the business in coal mining will continue to be difficult and challenging. The Group believes that the profitability potential of the MKKY Group will be reduced in the short and medium terms. The Group consider such decline indicates that the carrying amount of the Group's intangible assets has been impaired and an impairment loss of HK$1,160,219,000 (2008: HK$Nil) has been recognised in the consolidated income statement for the year to reduce the carrying value of the intangible assets to their estimated recoverable amounts. The estimated recoverable amounts of the intangible assets of the Group were determined based on a value-in-use calculation of the Group's coal mining business with reference to a valuation report issued by Greater China Appraisal Limited, an independent firm of professionally qualified valuers, in respect of the coal mining business of the Group.

10. INTANGIBLE ASSETS *(Continued)*

Details of the Group's mining right and exploration right are as follows:–

Mine	Location	Expiry date	Note
Mining right			
Kaiyuan Open Pit Coal Mine (凱源露天煤礦)	Bei Ta Mountain (北塔山), Qitai County (奇台縣), Xinjiang Uygur Autonomous Region (新疆維吾爾自治區)	26 June 2018	–
Exploration right			
Zexu Open Pit Coal Mine (澤旭露天煤礦)	Bei Ta Mountain (北塔山), Qitai County (奇台縣), Xinjiang Uygur Autonomous Region (新疆維吾爾自治區)	4 September 2009	(a)

Note:

(a) The exploration right represent licence for the right for exploration in the specified location in the PRC, which is included in the exploration and evaluation assets of the Group and the period of this exploration right is within 1 year.

During the year, the exploration right was renewed to 4 September 2009. As at the date of approval of the consolidated financial statements of the Group, the Group has intention to apply for an extension of the relevant licence for the exploration right in the event that the related mining right for Zexu Open Pit Coal Mine has not yet been approved up to the expiry date of the existing exploration right. The Group is confident that the licence will be renewed by the relevant authorities.

11. DEPOSITS PAID FOR POSSIBLE ACQUISITION OF SUBSIDIARIES

The amount represents refundable deposits totalling HK$21,500,000 paid to the vendors under a non-legal binding memorandum of understanding dated 18 July 2008 in relation to a possible acquisition of 100% equity interest in a target company which indirectly holds 99% interest in a coal mine located in Guizhou Province, the PRC. The deposits are secured by the pledge of 100% equity interest in the target company, interest-free and refundable by 13 July 2009 in the event that no formal sale and purchase agreement would be entered into between the Group and the vendors on or before 13 July 2009 in relation to the above possible acquisition. Further details are set out in the Company's announcements dated 18 July 2008 and 14 January 2009, respectively.

12. ACCOUNTS AND BILLS RECEIVABLE

(i) The ageing analysis of the Group's accounts receivable as at the balance sheet date, based on invoice date, is as follows:

	2009 HK$'000	2008 HK$'000
Within 90 days	**5,190**	10,822
91 to 180 days	**1,709**	–
181 to 365 days	**1,565**	–
Accounts receivable	**8,464**	10,822
Bills receivable	**3,445**	67,932
	11,909	78,754

(ii) The Group's sales to coal customers are mainly on cash basis, or with advanced receipts. For certain well-established customers with good repayment history and creditworthiness, the Group allows an average credit period of 90 days.

(iii) No allowance for doubtful debts was made during the year. All of the Group's accounts and bills receivable were neither past due nor impaired, which relate to a wide range of customers for whom there was no recent history of default.

(iv) At 31 March 2009, the Group's bills receivable of HK$3,445,000 (2008: HK$41,070,000) (Note 13) were discounted to banks with recourse. The Group continued to recognise the full carrying amount of the bills receivable and had recognised the cash received on the transfer as a secured borrowing which is included in bills payable.

13. ACCOUNTS AND BILLS PAYABLE

An ageing analysis of the accounts payable of the Group as at the balance sheet date, based on the invoice date, is as follows:

	2009 HK$'000	2008 HK$'000
Within 90 days	**11,615**	3,917
91 to 180 days	**2,150**	197
181 to 365 days	**1,205**	–
Accounts payable	**14,970**	4,114
Bills payable (Note 12(iv))	**3,445**	41,070
	18,415	45,184

The accounts and bills payable are non-interest-bearing and are normally settled on 30-day terms.

14. SHARE CAPITAL

	Note	2009 Number of shares '000	2009 Amount HK$'000	2008 Number of shares '000	2008 Amount HK$'000
Authorised:					
Ordinary shares of HK$0.01 each					
At beginning and end of year		**10,000,000**	**100,000**	10,000,000	100,000
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At beginning of year		**2,640,000**	**26,400**	1,500,000	15,000
Issue of new shares on share placing	(i)	**–**	**–**	300,000	3,000
Issue of new shares on full conversion of convertible bonds		**–**	**–**	320,000	3,200
Issue of new shares on acquisition of subsidiaries		**–**	**–**	400,000	4,000
Exercise of share options		**–**	**–**	120,000	1,200
As at 31 March 2009		**2,640,000**	**26,400**	2,640,000	26,400

Note:

(i) Issue of new shares

On 13 June 2007, 300,000,000 new ordinary shares of HK$0.01 each were issued for cash at HK$0.311 per share. The aggregate consideration is HK$93,300,000 of which HK$3,000,000 was credited to share capital and the remaining balance of HK$90,300,000 was credited to share premium account. The reason for this issue was to raise additional funds for the Group's general working capital and strengthening the financial position of the Group.

15. SIGNIFICANT NON-ADJUSTING POST BALANCE SHEET EVENTS

As further disclosed in the announcement of the Company dated 7 May 2009, the Company and the Group have the following significant non-adjusting post balance sheet events:

(i) Star Fortune International Development Company Limited, an indirectly wholly-owned subsidiary of the Company, entered into a conditional disposal agreement dated 30 April 2009 with Lasting Power Investment Limited, a wholly owned subsidiary of Artfield Group Limited, a company listed on the Main Board of the Stock Exchange, regarding the proposed disposal of 51% of the equity interests in Star Fortune International Investment Company Limited (the "SFII"), an indirectly wholly-owned subsidiary of the Company, and its subsidiaries, at a total cash consideration of HK$100,000,000.

(ii) On 30 April 2009, the Company entered into a supplemental agreement with Ming Kei International Holding Co. Limited (the "MK International") such that the promissory notes in the principal amount of HK$120,000,000 with zero coupon interest issued by the Company in favour of MK International shall be revised and substituted by a new promissory note in the principal amount of HK$40,000,000 with zero coupon interest.

(iii) On 30 April 2009, the former profit guarantee under the former agreement dated 3 July 2007 in relation to the purchase of the entire equity interest in Ming Kei Kai Yuan Investment Company Limited, a wholly-owned subsidiary of SFII, shall be revised from not less than HK$60,000,000 (i.e. HK$120,000,000 in aggregate) for the two years ending 31 December 2008 and 31 December 2009 to not less than HK$20,000,000 (i.e. HK$40,000,000 in aggregate) for the two years ending 31 December 2008 and 31 December 2009 and all remaining references to "HK$60,000,000" and "HK$120,000,000" in the former agreement shall also be deleted and substituted by "HK$20,000,000" and "HK$40,000,000" respectively.

For further details referring to the above material post balance sheet events, reference is also made to the announcements of the Company dated 9 July 2007, 13 February 2009 and 7 May 2009 respectively and the circular of the Company dated 15 October 2007.

16. COMPARATIVE AMOUNTS

The comparative income statement and related disclosures has been re-presented as if the logistic business segment disposed of during the current year had been discontinued at the beginning of the year ended 31 March 2008 (Note 8).

DIVIDEND

No dividend has been paid or declared by the Company during the year (2008: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Company and its subsidiaries is principally engaged in mining, sale and distribution of coals in the People's Republic of China (the "PRC").

The Group is currently 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.

Pursuant to a management review of the business environment and the comparative landscape for the Group's logistics business, taking into account the recurring losses suffered in the logistics division and the limited prospect, the entire equity interest of the Group's logistics business was disposed during the current year under review.

BUSINESS REVIEW

For the year ended 31 March 2009, the Group recorded a revenue of approximately HK$127.70 million (2008 (restated): approximately HK$35.07 million) which was derived from the continuing operation of coal mining business, representing an increase by approximately HK$92.63 million or approximately 264.13% over the corresponding prior year ended due to the increasing energy demand in the PRC and increase in the average coal selling price and market share of the Group's continuing operation.

The raw coals production was approximately 1.44 million tones (2008: approximately 0.80 million tones) for the year ended 31 March 2009.

For the year ended 31 March 2009, the Group recorded a gain on disposal of subsidiaries of approximately HK$0.4 million, which represented the net gain on disposal of the Group's logistics business (or the Group's discontinued operations) (2008: HK$Nil).

The Group recorded a net loss attributable to the equityholders of the Company from the continuing operation of approximately HK$765.38 million for the year ended 31 March 2009 (2008 (restated): net profit of approximately HK$18.75 million) represented a tremendous decrease by approximately HK$784.13 million or approximately 4,182.03%. The tremendous decrease were mostly caused by the impairment loss on the intangible assets for the year ended 31 March 2009 amounting to approximately HK$1,160.22 million (2008: HK$Nil).

The Group recorded a net loss attributable to the equityholders of the Company from the discontinued operation for the year ended 31 March 2009 was approximately HK$0.6 million (2008 (restated): approximately HK$3.4 million). The decrement by approximately HK$2.8 million or approximately 82.4% was solely due to less months of contribution from the logistics business (and the logistics segment) which was entirely disposed on 3 September 2008 and the recognition of a gain on the disposal of the logistics segment of approximately HK$0.4 million.

The gross profit increased by approximately HK$40.53 million or approximately 1,191.33% as compared to the corresponding period in prior year ended was mainly due to the overall increase in coal selling price achieved during the current year ended 31 March 2009.

The selling and distribution costs increased by approximately 183.14% from approximately HK$0.42 million as restated in the previous corresponding year to approximately HK$1.19 million in the current year as a result of increase in the raw coals sold. Administrative expenses of the Group amounted to approximately HK$28.15 million, a decrease of approximately 3.50% compared to approximately HK$29.17 million as restated in the previous corresponding year.

Liquidity, financial resources and capital structure

As at 31 March 2009, the Group had net current assets of approximately HK$90.03 million (2008: approximately HK$100.27 million) including cash and bank balances of approximately HK$54.18 million (2008: approximately HK$69.40 million). Except for the Group's bills payable of approximately HK$3.45 million (2008: approximately HK$41.07 million), the Group had no other bank overdraft facilities and bank borrowing as at 31 March 2009 and 2008 respectively.

The Group had obligations under finance leases of approximately HK$Nil (2008: approximately HK$0.15 million), of which approximately HK$Nil was repayable within one year (2008: approximately HK$0.15 million) and HK$Nil was repayable beyond one year but within five years (2008: HK$Nil). As at 31 March 2009, the Group has obligations under promissory notes of HK$120 million in nominal principal amount, and obligations under promissory notes stated at amortised cost of approximately HK$103.19 million which was repayable beyond one year but within 5 years (2008: approximately HK$248.99 million). The debt ratio (defined as total liabilities over total assets) of the Group as at 31 March 2009 was approximately 0.53 (2008: approximately 0.42).

The shares of the Company have been listed on GEM since 15 November 2002.

There is no material change in the capital structure of the Company during the year ended 31 March 2009 under review. As at 31 March 2009, the total issued share capital is 2,640,000,000 shares.

Charge of group assets

As at 31 March 2009, the Group did not have any material charge of assets. (2008: HK$Nil).

Foreign exchange exposure

The functional currencies of the Group's operations are Hong Kong Dollars and Renminbi (the "RMB"). The reporting currencies of the Group is Hong Kong Dollars.

The Group primarily operated in the PRC and most of its transactions are denominated and settled in RMB. The Group's sales are denominated mainly in the functional currency of the Group entity making the sales, with the related costs mainly denominated in the same currency. Accordingly, there is no significant exposure to foreign currency risk.

The Group adopts a conservative treasury policy with most of the bank deposits being kept in Hong Kong Dollars or RMB, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks.

The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2009, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedgings or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the counter contingent forward transactions.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Significant Investment

On 4 August 2008, the Company entered into a placing letter with the placing agent of Wing Hing International (Holdings) Limited (stock code: 621) (the "Wing Hing") – a company incorporated in Bermuda with limited liability, the shares of which is listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has agreed, as one of the subscribers, to subscribe in cash for the 1,600,000 subscription shares (the "Subscription") for a total subscription price of HK$2,288,000, i.e. HK$1.43 per new Wing Hing share.

The Subscription constituted a discloseable transaction on the part of the Company under the Rules Governing the Listing of Securities in the Growth Enterprise Market (the "GEM Listing Rules").

The Subscription is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in the new Wing Hing shares.

The Subscription was completed on 14 August 2008.

Save as disclosed above, there was no other significant investment held by the Group as at 31 March 2009 (2008: HK$Nil).

Material acquisitions or disposals of subsidiaries and affiliated companies

On 8 July 2008, the Company entered into a disposal agreement (the "Disposal") for the disposal of the entire equity interests in the Precious Logistics Limited (the "Precious Logistics") for an aggregate cash consideration of HK$1,500,000.

The Disposal constitutes a major transaction on the part of the Company under the GEM Listing Rules and is subject to the shareholders' approval at an extraordinary general meeting of the Company. The respective resolutions were passed by the shareholders on 29 August 2008 and the Disposal was completed on 3 September 2008.

After the completion of the Disposal, Precious Logistics and its subsidiaries ceased to be subsidiaries of the Company and the Company will no longer have any interests in the Precious Logistics and its subsidiaries engaged in the logistics business.

Save as disclosed above, there was no other material acquisitions or disposals of subsidiaries and affiliated companies held by the Group as at 31 March 2009.

(31 March 2008: On 3 July 2007, the Company's indirect wholly owned subsidiary – Star Fortune International Investment Company Limited entered into the sale and purchase agreement to acquire the entire issued share capital of Ming Kei Kai Yuan Investment Company Limited with a consideration of HK$1 billion as HK$70,000,000 by cash, HK$360,000,000 by Company's shares, HK$288,000,000 by convertible bonds and balance of HK$282,000,000 by promissory notes.

This acquisition constitutes a very substantial acquisition on the part of the Company under the GEM Listing Rules of the Stock Exchange and is subject to the approval of the shareholders at the extraordinary general meeting of the Company. The respective resolutions were passed by the shareholders on 12 November 2007 and the acquisition has been completed on 19 November 2007.

Following the above completion, Ming Kei Kai Yuan Investment Company Limited became an indirect wholly-owned subsidiary of the Company.)

Proposed Acquisition

On 18 July 2008, the Company's indirectly wholly owned subsidiary – Star Energy International Investment Company Limited (the "Star Energy") entered into a non-legal binding memorandum of understanding (the "MOU") with independent third parties (the "Vendors") in relation to the possible acquisition of the entire equity interest of a company incorporated in the British Virgin Islands (the "BVI Company").

The BVI Company owned 99% of a company incorporated in the PRC (the "PRC Company"). The PRC Company is a company engaged in coal mining and sales of coal, which has been granted a mining exploitation permit issued by the Department of Land and Resources of Guizhou Province (貴州國土資源廳), and such mining exploitation permit is valid until June 2018. A refundable deposit (the "Deposit") of HK$21,500,000 was paid by the Star Energy to the Vendors upon the signing of the MOU. In return for the payment of the Deposit by Star Energy, the Vendors pledged all their interests in the entire issued shares of the BVI Company to the Star Energy as security. If no legal binding formal agreement has been entered into on or before 13 July 2009, the Vendors shall return the Deposit without any accrued interest to Star Energy within three business days.

Details of the MOU have been set out in the announcements of the Company dated 18 July 2008 and 14 January 2009 respectively.

Saved as disclosed above, there were no other proposed acquisition during the year ended 31 March 2009 held by the Group (2008: HK$Nil)

Proposed Disposal

On 30 April 2009, the Company's indirectly wholly owned subsidiary – Star Fortune International Development Company Limited (the "Star Fortune") entered into the conditional disposal agreement (the "Disposal Agreement") , among others, with the Lasting Power Investments Limited, a wholly-owned subsidiary of the Artfield Group Limited (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 for the disposal of the sale shares, representing 51% equity interests in the Star Fortune International Investment Company Limited, a directly wholly owned subsidiary of Star Fortune for a total consideration of HK$100,000,000 in cash.

Details of the Disposal Agreement have been set out in the announcement dated 7 May 2009.

Save as disclosed above, there were no other proposed disposals during the year ended 31 March 2009 held by the Group (2008: HK$Nil).

Segment information

During the year under review, the Group has disposed the entire logistics' segment through the disposal of its indirectly wholly owned subsidiary – Precious Logistics Limited.

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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

Summary details of the business segments are as follows:

(a) the mining segment comprised the mining, exploration and sale of coal (the continuing operation); and

(b) the logistics segment comprised the provision of logistic services (the discontinued operation).

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

Employee information

As at 31 March 2009, the Group employed a total of 135 employees (2008: 89). The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees in Hong Kong. Social insurance contributions were made by the Group for its employees in the PRC in accordance with the relevant PRC regulations.

The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute. The Group also operates a share option scheme (the "Scheme") where share options to subscribe for shares of the Company may be granted to the eligible participants of the Group. No share options have been granted to the eligible participants during the current year under review.

Staff costs, excluding Directors' remuneration, decreased by approximately 41.48% to approximately HK$7.66 million (2008: approximately HK$13.09 million).

Contingent liabilities

Environmental contingencies

The Group had no material environmental contingencies as at 31 March 2009 (2008: The estimated capital budget for environmental protection, in relation to all of the two mines of the Group, amounted to approximately HK$3.08 million according to a report of independent technical adviser dated 15 October 2007.

The Group has not incurred any significant expenditures for environmental remediation, and is currently not involved in any environmental remediation, and has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group and therefore, no provision was made therefor as at 31 March 2008. The PRC government, however, has moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The exact amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.).

Legal contingencies
The Group had no material legal contingencies as at 31 March 2009 and 2008 respectively.

Commitments

Operating lease commitments:
The Group leases its office premises and staff quarters under operating lease arrangements, with leases negotiated for terms ranging from one to three years. None of the leases includes contingent rentals.

As at 31 March 2009, the Group had commitment for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	Year ended 31 March	
	2009	2008
	HK$'000	HK$'000
Within one year	**2,714**	2,916
In the second to fifth year inclusive	**–**	2,860
	2,714	5,776

The operating leases relate to office premises and staff quarters for terms of one to three years to year 2010.

PROSPECTS AND APPRECIATION

The Group achieved an excellent revenue growth for the continuing operation of coal mining business for the year ended 31 March 2009, representing an increase by approximately HK$92.63 million or approximately 264.13% over the corresponding prior year ended.

However, in view of the slower economic growth of the PRC and uncertainty in the economic recovery during this period of global recession, financial tsunami and dampeners on market sentiment (such as the possible potential spread of swine flu), the prospect of the coal market will continue to be affected and the business in coal mining will continue to be difficult and challenging.

On 8 July 2008, the Company entered into a disposal agreement (the "Disposal") for the disposal of the entire equity interests in the Precious Logistics Limited for an aggregate cash consideration of HK$1,500,000. The Disposal was completed on 3 September 2008.

On 18 July 2008, the Company's indirectly wholly owned subsidiary, Star Energy International Investment Company Limited, entered into a non-legal binding memorandum of understanding (the "MOU") in relation to the possible acquisition of the entire equity interest of a company incorporated in the British Virgin Islands (the "BVI Company"). The BVI Company owned 99% of a company incorporated in the PRC (the "PRC Company"). The PRC Company is principally engaged in coal mining and sale of coals.

On 4 August 2008, the Company entered into a placing letter with the placing agent of Wing Hing International (Holdings) Limited (stock code: 621) (the “Wing Hing”) – a company incorporated in Bermuda with limited liability, the shares of which is listed on the main board of the Stock Exchange of Hong Kong Limited. The Company has agreed, as one of the subscribers, to subscribe in cash for the 1,600,000 subscription shares (the “Subscription”) for a total subscription price of HK$2,288,000, i.e. HK$1.43 per new Wing Hing share. The Subscription was completed on 14 August 2008. The Group considers that the Subscription provides (i) an opportunity to enjoy any potential capital gain in the value of the Wing Hing Shares (ii) the Subscription represents an opportunity for the Company to create a synergy effect with Wing Hing as both of them have participated or are going to participate in the coal mining industry; and (iii) a good investment channel for the Company, which is in the interests of the shareholders and the Company as a whole.

On 25 August 2008, the Hang Seng Indexes Company Limited classified the Company’s industry and sector as “Energy” and “Coal” respectively.

The Company acquired the current continuing operation in July 2007 with a view that coal mining business is in a fast growing trend with immense potential and such acquisition would diversify the Group into a new business with significant growth potential.

However, there are a number of unforeseeable and uncontrollable factors happened subsequent to such investment decision in the global economy in year 2008 and year 2009 respectively and has been continuing which resulted in the prospect of the coal mining industry has not been growing as fast as expected.

The Board believes that the profitability potential of the current continuing operation will be reduced in the short to medium terms, hence, on 13 March 2009, the Group entered into a non-legal binding memorandum of understanding with Lasting Power Investments Limited, a wholly-owned subsidiary of the Artfield Group Limited (stock code: 1229) (the “Artfield”) in relation to disposal of 51% equity interest (the “51% Disposal”) in Star Fortune International Investment Company Limited which beneficially owned the entire interest in the mining rights (採礦許可證) in the Kaiyuan Open Pit Coal Mine (凱源露天煤礦) and the exploration permit (礦產資源勘查許可證) in the Zexu Open Pit Coal Mine (澤旭露天煤礦) and subsequently entering into a conditional disposal agreement on 30 April 2009 for the 51% Disposal with a disposal consideration of HK$100 million in cash (the “Disposal Consideration”).

As at 31 March 2009 with cash on hand of approximately HK$54.18 million (2008: approximately HK$69.40 million) and gearing of 36.7% (2008: 23.5%), the Group is still capable and will continue to actively looking for any other potential attractive mining acquisition targets and business opportunities outside the mining sections.

Although the current adverse macro-economic conditions and the global financial crisis are having a negative impact on the overall business globally but there is no significant effect to the businesses of the Group. Notwithstanding the foregoing, 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 will constantly keep reviewing the Group’s strategies and operations with a view to improve its business performance in the current global financial tsunami.

As the Disposal Consideration is all cash in nature, the 51% Disposal provides a good opportunity for the Company to realize part of the investment and enhance the cash resources of the Group for possible future investments within the coal mining sector or other sectors(s) with growth potential including those sectors which the Director believe are less affected by the global downturn to improve its standard performance and to improve shareholders’ returns.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year under review (2008: HK$Nil).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code"). During the year ended 31 March 2009, the Company had made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard set out in the Code.

CORPORATE GOVERNANCE PRACTICES

Ming Kei Energy Holdings Limited (the "Company") and its subsidiaries (collectively refer to as the "Group") is committed to promoting high standards of corporate governance. The board (the "Board") of directors (the "Directors") of the Company believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

During the year ended 31 March 2009, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except the following:

1. A.4.1 of the CG Code requires that all non-executive director should be appointed for a specific term, subject to re-election. Currently, all independent non-executive Director of the Company are not appointed for a specific term. They are, however, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the articles of association (the "Articles of Association") of the Company. Since their appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

2. A.4.4 of the CG Code requires Company should establish a nomination committee at which the majority of the members of the nomination committee should be the independent non-executive directors. Currently, no nomination committee was established by the Company. The Company is in the progress of forming a nomination committee which is expected to be established in accordance with the GEM Listing Rules as and when appropriate.

COMPETITION AND CONFLICT OF INTERESTS

Up to the date of this announcement, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) 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.

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. As of the date of this announcement, the audit committee comprises three members, Mr. Sung Wai Tak, Herman, Mr. Chung Ho Tung, and Mr. Fung Ho Yin, all are independent non-executive Directors of the Company. The audit committee held four meetings during the year. The Group's audited results for the year ended 31 March 2009 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.

REMUNERATION COMMITTEE

A remuneration committee was set up on 20 March 2006 with written terms of reference to oversee the remuneration policy and structure for all directors and senior management. As of the date of this announcement, the remuneration committee comprised three members, namely Mr. Sung Wai Tak, Herman, Mr. Fung Ho Yin, and Mr. Chung Ho Tung, all are independent non-executive Directors of the Company. The role and function of the remuneration committee include the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors.

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

Hong Kong, 26 May 2009

As at the date of this announcement, the Company's executive Directors are Ms. Yick Mi Ching, Dawnibilly, Mr. Tsang Ho Ka, Eugene, Mr. Wong Wai Sing and Mr. Luk Yue Kan and the Company's independent non-executive Directors are Mr. Sung Wai Tak, Herman, Mr. Fung Ho Yin and Mr. Chung Ho Tung.

This announcement, 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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