CHINA SCI-TECH HOLDINGS LIMITED
(中國科技集團有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 985)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2008

The Board of Directors of China Sci-Tech Holdings Limited (the "Company") submit herewith the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	NOTES	**2008** **HK$'000**	2007 *HK$'000*
Revenue	*3*	**6,597**	6,661
Other income		**22,541**	1,750
Administrative expense		**(48,463)**	(12,503)
(Loss) gain arising from fair value changes of investments held for trading		**(190,884)**	6,244
Impairment loss recognised in respect of available-for-sale investments		—	(975)
Gain arising from fair value changes of investment properties		**3,719**	1,573
Loss on redemption of convertible notes		—	(6,710)
Loss arising from fair value changes of commodity future contracts	*9(a)*	**(9,221)**	(454)
Loss arising from fair value changes of conversion option derivatives	*9(b)*	**(82,997)**	(10,561)
Finance costs	*4*	**(6,770)**	(9,026)
Loss on transfer of subsidiaries	*5*	—	(38,918)
Loss before taxation	*6*	**(305,478)**	(62,919)
Taxation	*7*	**(92)**	(126)
Loss for the year		**(305,570)**	(63,045)

	NOTES	2008 HK$'000	2007 HK$'000
Attributable to:			
Shareholders of the Company		(305,526)	(63,045)
Minority interests		(44)	—
		(305,570)	(63,045)
Loss per share	*8*		
— basic		(4.33) cents	(3.67) cents

Consolidated Balance Sheet

At 31 March 2008

	NOTES	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**743**	17
Investment properties		**26,092**	22,373
Available-for-sale investments		**—**	—
		26,835	22,390
Current assets			
Other receivables, deposits and prepayments		**20,679**	21,618
Investments held for trading		**415,115**	318,314
Derivative financial instruments	*9*	**—**	278
Bank balances and cash		**1,996,305**	42,419
		2,432,099	382,629
Current liabilities			
Other payables and accrued charges		**2,290**	20,872
Derivative financial instruments	*9*	**—**	22,949
Amounts due to directors		**417**	300
Amount due to a minority shareholder		**1,999**	—
Taxation payable		**794**	794
		5,500	44,915
Net current assets		**2,426,599**	337,714
Total assets less current liabilities		**2,453,434**	360,104
Non-current liability			
Convertible notes		**—**	60,976
		2,453,434	299,128
Capital and reserves			
Share capital		**1,326,621**	171,748
Reserves		**1,126,813**	127,380
Equity attributable to equity holders of the Company		**2,453,434**	299,128

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared under the historical cost basis, except for the investment properties and certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) - Int 11	HKFRS 2 - Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirement under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new, revised or amended standards and interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]

HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) - Int 12	Service Concession Arrangements[3]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of other new, revised or amended standards and interpretations will have no material impact on the results and the financial position of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating divisions (i) investments in financial instruments and (ii) property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Investments in financial instruments	—	investment and trading of securities and commodity contracts
Property investment	—	rental income from the properties letting under operating lease

Segment information about these businesses is presented below:

	2008 *HK$'000*	**2007** *HK$'000*
Investments in financial instruments	5,055	5,354
Property investment	1,542	1,307
	6,597	6,661

Segment information about these businesses is presented below:

Income statement

	2008		
	Investments in financial instruments	**Property investment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	5,055	1,542	6,597
Segment result	(208,996)	4,889	(204,107)
Other income			22,541
Unallocated corporate expenses			(34,145)
Loss arising from fair value changes of conversion option derivaties			(82,997)
Finance costs			(6,770)
Loss before taxation			(305,478)
Taxation			(92)
Loss for the year			(305,570)

	2007		
	Investments in financial instruments	**Property investment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	5,354	1,307	6,661
Segment result	6,124	3,123	9,247
Other income			1,750
Unallocated corporate expenses			(15,411)
Loss arising from fair value changes of conversion option derivaties			(10,561)
Finance costs			(9,026)
Loss on transfer of subsidiaries			(38,918)
Loss before taxation			(62,919)
Taxation			(126)
Loss for the year			(63,045)

Balance sheet

	2008		2007	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Investments in financial instruments	**415,115**	**—**	318,592	19,358
Property investment	**26,092**	**1,614**	22,373	1,556
Segment assets/liabilities	**441,207**	**1,614**	340,965	20,914
Unallocated corporate assets/liabilities	**2,017,727**	**3,886**	64,054	84,977
	2,458,934	**5,500**	405,019	105,891

Other information

	Investments in financial instruments	**Property investment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2008			
Loss arising from fair value changes of commodity future contracts	(9,221)	—	(9,221)
Loss arising from fair value changes of investments held for trading	(190,884)	—	(190,884)
Gain arising from fair value changes of investment properties	—	3,719	3,719
Year ended 31 March 2007			
Impairment loss recognised in respect of available-for-sale investments	(975)	—	(975)
Loss arising from fair value changes of commodity future contracts	(454)	—	(454)
Gain arising from fair value changes of investments held for trading	6,244	—	6,244
Gain arising from fair value changes of investment properties	—	1,573	1,573

Geographical segments

Geographical breakdown of the Group's revenue by geographical market based on location of customers or where listed securities are traded is as follows:

	Revenue	
	2008	**2007**
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC"), other than Hong Kong	1,874	1,828
Hong Kong	4,723	4,833
	6,597	6,661

The following table provides an analysis of segment assets and additions to property, plant and equipment and investment properties, analysed by the geographical areas in which the assets are located or listed securities are traded:

	Carrying amount of segment assets		Additions to property, plant and equipment, and investment properties	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The PRC, other than Hong Kong	56,047	35,440	—	—
Hong Kong	348,962	271,663	925	—
Singapore	36,198	33,862	—	—
	441,207	340,965	925	—

4. FINANCE COSTS

	2008	**2007**
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years:		
Other borrowings	(1,484)	(617)
Convertible notes	(5,286)	(8,409)
	(6,770)	(9,026)

5. LOSS ON TRANSFER OF SUBSIDIARIES

	2007
	HK$'000
Net assets transfer of:	
Interest in an associate	99,489
Bank balances and cash	5
Other payables and accrued charges	(576)
	98,918
Loss on transfer of subsidiaries	(38,918)
Carrying value of secured other loan repaid	60,000

The subsidiaries transferred to an independent third party during the year ended 31 March 2007 did not contribute significantly to the Group's revenue and operating results for the year ended 31 March 2007.

6. LOSS BEFORE TAXATION

	2008	**2007**
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Directors' remuneration	15,411	2,639
Contributions to the Mandatory Provident Fund	102	45
Other staff costs	4,892	1,733
Total staff costs	20,405	4,417
Auditor's remuneration	850	800
Depreciation	197	25
Exchange loss	986	—
Loss on disposal of property, plant and equipment	2	—
Minimum lease payments under operating leases in respect of rented premises	2,166	1,255
and after crediting in revenue/other income:		
Dividend income	5,055	3,546
Gross rental income less direct operating expenses from investment properties that generated rental income during the year of HK$225,000 (2007: HK$292,000)	1,317	1,015
Exchange gain	—	1,330
Interest income from loans and receivables	22,091	1,808

7. TAXATION

No provision for Hong Kong Profits Tax has been made since the Group had no assessable profits for both years. The amount represents tax arising in other jurisdiction which is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2008	2007
	HK$'000	*HK$'000*
Loss before taxation	(305,478)	(62,919)
Tax at the domestic income tax rate of 17.5% (2007: 17.5%) *(Note)*	53,459	11,011
Tax effect of expenses not deductible for tax purpose	(19,512)	(12,406)
Tax effect of income not taxable for tax purpose	5,663	1,438
Tax effect of tax losses not recognised	(39,928)	(260)
Effect of different tax rate of subsidiaries operating in other jurisdictions	69	94
Others	157	(3)
Taxation charge for the year	(92)	(126)

Note: The rate represents the Hong Kong profits tax rate as the major operation of the Group and its subsidiaries are located in Hong Kong.

At the balance sheet date, the Group had unused tax losses of approximately HK$428,619,000 (2007: HK$200,461,000) available to offset against future profits. No deferred taxation asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely. There were no other significant temporary differences arising during the year or at the balance sheet date.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to shareholders of the Company of HK$305,526,000 (2007: HK$63,045,000) and 7,054,386,204 (2007: 1,717,484,600) weighted average number of ordinary shares in issue during the year.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in a decrease in loss per share for both years.

9. DERIVATIVE FINANCIAL INSTRUMENTS

	2008		2007	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Commodity future contracts *(note a)*	—	—	278	—
Conversion option derivatives *(note b)*	—	—	—	22,949
	—	—	278	22,949

Notes:

(a) The commodity future contracts represent the trading of metals with maturity date in June 2007. All commodity contracts are normally settled other than by physical delivery of the underlying commodity and hence are classified as derivative financial instruments. On maturity, the contracted price is compared to the spot price and the differential is applied to the contracted quantity. A net amount is paid or received by the Group. The derivatives are measured at fair value at the balance sheet date. Their fair values are determined based on the quoted market prices of equivalent instruments at the balance sheet date. The forward commodity contracts were settled in current year.

The loss arising from changes in fair value of the derivative financial instruments for the year is approximately HK$9,221,000 (2007: HK$454,000). The loss mainly comprised of a loss on the change in fair value of trading of future commodity contracts.

(b) Conversion option derivatives represent conversion options that are embedded in certain convertible notes issued by the Company. The conversion option derivatives are carried at fair value at the balance sheet date. The Company issued convertible notes of HK$49,950,000 and HK$60,000,000 on 31 January 2005 and 31 March 2005, respectively (the "2005 Convertible Notes") and HK$49,800,000 on 22 September 2006 (the "2006 Convertible Notes").

At 31 March 2007, the fair values of the conversion option derivatives embedded in the 2005 Convertible Notes were HK$907,000 and HK$272,000 respectively. The fair values of the conversion option derivatives embedded in the 2006 Convertible Notes were HK$21,770,000. The fair value of the conversion option derivatives embedded in the 2005 and 2006 Convertible Notes were carried out by an independent valuer using the Binominal model as at 31 March 2007. Details of the variables and assumptions of the model are as follows:

Convertible Note	**Date of issue**	**Remaining life at 31 March 2007**	**Share price at date of issue** *HK$*	**Exercise price** *HK$*	**Risk free interest rate**	**Expected volatility**	**Expected divided yield**
2005 Convertible Notes							
HKD49.95 million	31/01/2005	10 months	0.290	0.370	3.76%	81.94%	0.00%
2005 Convertible Notes							
HKD60 million	31/03/2005	1 year	0.265	0.400	3.76%	81.94%	0.00%
2006 Convertible Notes							
HKD49.8 million	22/09/2006	2.5 years	0.105	0.145/ 0.160/ 0.176	3.86%	73.66%	0.00%

During the year ended 31 March 2008, all of the 2005 and 2006 Convertible Notes were converted into ordinary shares of the Company. The loss arising from fair value changes of the conversion option derivatives for the year until date of conversion amounted to a loss of HK$82,997,000. The fair value of the conversion option derivatives were carried out by an independent valuer using the Binominal model at the date of conversion. Details of the variables and assumptions of the model are as follows:

Convertible Note	**Date of issue**	**Date of conversion**	**Converted amount** *HK$*	**Share price at date of issue** *HK$*	**Exercise price** *HK$*	**Risk free interest rate**	**Expected volatility**	**Expected divided yield**
2005 Convertible Notes	31/01/2005							
HKD49.95 million		11/06/2007	16,200,000	0.660	0.370	4.14%	139.76%	0.00%
2005 Convertible Notes	31/03/2005							
HKD60 million		05/07/2007	4,800,000	0.620	0.400	4.03%	133.09%	0.00%
2006 Convertible Notes	22/09/2006							
HKD49.8 million		07/05/2007	17,400,000	0.215	0.145	3.98%	68.99%	0.00%
		01/06/2007	11,600,000	0.480	0.145	4.31%	84.06%	0.00%
		04/06/2007	20,800,000	0.510	0.145	4.44%	84.06%	0.00%

AN EXTRACT OF THE INDEPENDENT AUDITORS' REPORT

An extract of the independent auditors' report is as follows:

Basis for qualified opinion

As explained in note 8 to the consolidated financial statements, the Group's interest in an associate was transferred to an independent third party during the year ended 31 March 2007. The Group was unable to obtain financial information in respect of this associate from 1 April 2006 to 9 January 2007 (date of transfer) in order to equity account for the Group's share of net assets and results of operation of its associate, in accordance with the requirements of Hong Kong Accounting Standard 28 "Investment in Associates" issued by HKICPA, which requires the Group to account for its share of results of operations and net assets of its associate up to the date of transfer in the consolidated financial statements. We were unable to obtain sufficient information to quantify the impact of this departure from these requirements. Any adjustments found to be necessary would affect the share of result of an associate and loss on transfer of subsidiaries as disclosed in the consolidated income statement for the year ended 31 March 2007. This caused us to qualify our audit opinion on the consolidated financial statements in respect of the year ended 31 March 2007. It is not practicable for us to quantify the effect of such departure on the corresponding figures in the consolidated financial statements for the year ended 31 March 2007.

Qualified opinion arising from disagreement about accounting treatment in prior year

In our opinion, except for the effect on the corresponding figures for the year ended 31 March 2007 of the matters described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2008 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a total income of approximately HK$29.14 million for the year ended 31 March 2008 (the "Year"). Compared with last year, there was an increase by an amount of approximately HK$20.73 million. The increase is mainly attributable to the increase of interest income from financial institutions. Compared with previous year, the revenue from the investments in financial instruments segment decreased approximately 5.58% but from the property investments segment increased approximately 17.98%. Rental income will continue to provide a steady cashflow to the Group in the future. The administration expenses for the Year was approximately HK$48.46 million representing approximately 287.37% increase when compared with last year. During the Year, the Company issued HK$165 million convertible notes and successfully completed two placements of securities. Further, the Group has been preparing to expand its operation and business. It rented more office space, hired more employees and appointed more officers during the Year. Thus, the expenses relating to legal and professional fees, rent and management fee, salaries and emoluments, and issuance of convertible notes and Shares had a big jump. All these expenses accounted for over 69.23% of the total administration expenses for the Year. The market was volatile during the Year as many uncertainties such as the performance of the PRC's financial and property market, financial crisis arisen from sub-prime mortgage crisis in USA, possibility of downturn of the USA's as well as the global economy, and oil price issue had affected the market sentiment. For the Year, the Group recorded a loss arising from fair value changes of investments held for trading and a loss arising from fair value changes of commodity future contract were approximately HK$190.88 million and HK$9.22 million respectively. In last year, it had a gain arising from fair value changes of investments held for trading and a loss arising from fair value changes of commodity future contract of approximately HK$6.24 million and HK$0.45 million respectively. Under the requirements of the Hong Kong Accounting Standard ("HKAS") 39 and HKAS 32, a theoretical gain or loss in relation to the convertible notes would be calculated but in fact such theoretical gain or loss has no co-relation with the actual operation of the Company and would not have any material actual impact on the operation or cashflow of the Company. However, it will affect the result of the income statement of the Company. Under these accounting treatments, the Group recorded a loss arising from change of fair value of conversion option derivative derived from convertible notes issued of approximately HK$83 million during the Year. Details of which can be referred to note 9(b) in this announcement. Overall, the net loss for the Year was approximately HK$305.57 million as compared to the net loss of approximately HK$63.05 million in the preceding year.

As at 31 March 2008, the Group had bank balance and cash approximately of HK$2 billion. Fair value of investments held for trading was in an amount of approximately HK$415.12 million. As at 31 March 2008, the Group had no outstanding convertible notes. The Group had no outstanding loan or borrowing from banks or financial institutions as at 31 March 2008 as well.

The Group had 21 staff as at 31 March 2008. The staff costs (excluding directors' emoluments) was around HK$4.99 million for the Year. Staff remuneration package are normally reviewed annually. The Group has participated in Mandatory Provident Fund Scheme. In addition, the Group provides other staff benefits which include double pay and medical benefits. The Group has adopted a share option scheme in the Year but no share option was granted during the Year.

On 16 March 2007, the Company entered into a placing agreement with Taifook Securities Company Limited ("Taifook"), pursuant to which, Taifook agreed to place on a best effort basis, the convertible notes in an aggregate principle amount of HK$165 million with interest at a rate of 4% per annum. The convertible notes would carry a right to convert into new shares in the Company ("Shares" and each a "Share") at the conversion price of, subject to adjustment, HK$0.11 per Share from the date of issue of the convertible notes to 29 February 2008, HK$0.12 per Share from 1 March 2008 to 28 February 2009, and HK$0.13 per Share from 1 March 2009 to 28 February 2010 which was the maturity date of the convertible notes. The placing of the convertible notes was completed on 3 July 2007. The net proceeds of approximately HK$161.45 million from the placing of convertible notes had been utilized as one-third of it was used as the Group's general working capital (approximately HK$53.82 million) and the remaining was used to finance investment of securities (approximately HK$107.63 million). The 165 million convertible notes were fully converted in July 2007 and 1,499,999,996 Shares were issued. Details of the said placing of the convertible notes were disclosed in the Company's announcements dated 23 March 2007 and 3 July 2007 and the Company's circular dated 24 April 2007.

On 4 June 2007, the Company entered into a placing agreement with Kingston Securities Limited ("Kingston"), pursuant to which, Kingston agreed to place, on a fully written basis, 436,000,000 new Shares at HK$0.45 per Share (the "June Placing"). The net proceeds from the placing was approximately HK$191 million which was intended to be used for investment opportunities in metal ore. The placing of Shares was completed on 21 June 2007. Details of the said placing were disclosed in the Company's announcement dated 5 June 2007.

On 20 June 2007, Power East Investments Inc., an indirect wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Qian Mingjin (錢銘今) as vendor and Wang Liang (王亮) as guarantor (the "S&P Agreement 1") to acquire all the issued shares in and a shareholder loan of Front Wave Group Limited ("Front Wave") at the total consideration of RMB199,500,000 to be satisfied partially by the allotment and issue of 113,183,532 fully paid Shares at HK$0.46 per Share and by cash. The consideration would be financed by internal resources. Upon completion of the S&P Agreement 1, Front Wave would have 95% equity interest in Xing City Hong Ji Mining Industry Company Limited (興城市宏基礦業有限公司) which had the exploration right to and would have the mining licence for the Liaoning Province Xing City Guojiazhen Renhe Molybdenum Mine (遼寧省興城市郭家鎮任合鉬礦). Details of the said acquisition were disclosed in the Company's announcement dated 4 July 2007.

On 9 August 2007, Polymate Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Kingstate Holdings Limited to establish a joint venture to submit tender in an open tender for investment and development of a hotel and commercial real estate project in Shanghai (the "Tender"). Pursuant to the agreement, the joint venture would establish a Hong Kong company and in turn would set up a project company in the PRC. The registered capital of the project company would be HK$100 million. Due to the delay in timetable for the relevant tender, two supplemental agreements were signed to extend the date for injection of capital from 17 September 2007 to 30 September 2008. Details of the said joint venture was disclosed in the Company's announcement dated 13 August 2007 and circular dated 31 August 2007. Details of the said two supplemental agreements were disclosed in the Company's announcements dated 17 September 2007 and 31 December 2007 respectively.

On 28 August 2007, the Company entered into a placing agreement with Kingston, pursuant to which, Kingston agreed to place, on a fully written basis, 870,000,000 new Shares at HK$0.22 per Share. The net proceeds from the placing was approximately HK$186 million. The placing of Shares was completed on 27 September 2007. The net proceeds was fully used for working capital and Group's business-related investments. Details of the said placing were disclosed in the Company's announcement dated 3 September 2007.

On 28 August 2007, the Company also entered into a placing agreement (the "August Placing") with Kingston, pursuant to which, Kingston agreed to place, on a best effort basis, 8,000,000,000 new Shares at HK$0.22 per Share (the "Placing Shares"). The net proceeds from the placing was approximately HK$1.72 billion. The August Placing could be completed partially by a maximum of 14 lots provided that the aggregate number of the Placing Shares for each partial completion shall not be less than 600,000,000 (save for the last lot of the August Placing where the number of the Placing Shares to be issued may be less than 600,000,000, as the case maybe). The whole August Placing was completed on 27 December 2007. 6,000,000,000 new Shares and 2,000,000,000 new Shares were issued on 15 November 2007 and 27 December 2007 respectively. The net proceeds was intended to used for funding future acquisition of mineral resources business. Details of the said placing were disclosed in the Company's announcement dated 3 September 2007.

On 2 November 2007, Think Smart International Corp, a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Mr. Mi Dengfeng (米登峰) (the "S&P Agreement 2") to acquired all the shares in Global Winner International Holdings Limited (金澧國際控股有限公司) (the "Global Winner") from Mr. Mi Dengfeng (米登峰) at a consideration of approximately HK$197.4 million to be satisfied partially by allotment and issue of 220,000,000 fully paid Shares at HK$0.80 per Share and by cash. Global Winner and its subsidiaries (the "Global Winner Group") had entered into 13 acquisition agreements with various molybdenum mine owners in PRC (the "Acquisition Agreements") to acquire the controlling stake of these mines. Pursuant to the S&P Agreement 2, a supplemental acquisition agreement would be entered into between Global Winner Group and those mine owners and Global Winner Group should have the discretion to settle certain amounts of the maximum consideration payable under the Acquisition Agreements and the supplemental agreement of approximately RMB2.84 billion payable by the Global Winner Group to the mine owners by way of allotment and issue of fully paid Shares at HK$0.80 per Share. Thus, the total consideration payable under the S&P Agreement 2 and the supplemental acquisition agreement amounts to approximately RMB3.03 billion. Details of the said acquisition were disclosed in the Company's announcement dated 20 November 2007.

However, as a result of the Catalogue of Foreign Investment Business Guidance (revised 2007) (外商投資產業指導目錄(2007年修訂)) effective from 1 December 2007, foreign investment in molybdenum exploration and mining in the PRC has been prohibited. Having taking consideration of the legal opinions issued by the PRC lawyer in connection with the S&P Agreement 1 and the S&P Agreement 2 and the possibility of fulfillment of all the conditions precedent under the S&P Agreement 1 and the S&P Agreement 2, the Company decided to terminate the S&P Agreement 1 and the S&P Agreement 2 on 17 March 2008. Details of the termination of the S&P Agreement 1 and the S&P Agreement 2 were disclosed in Company's announcement dated 17 March 2008.

Due to the termination of the very substantial acquisitions in relation to the S & P Agreement 1 and S & P Agreement 2, the Company then changed the use of proceeds obtained from the June Placing and August Placing. The net proceeds of approximately HK$191 million from the June Placing had been changed for general working capital of the Group. As of the date of this announcement, approximately HK$13 million was used as general working capital of the Group. About HK$800 million out of the net proceeds of approximately HK$1,715 million from the August Placing had been changed for investments in the Group's principal activities. As of the date of this announcement, approximately HK$510 million was used for investment in financial instruments. Details of the change of the use of proceeds were disclosed in the Company's announcement dated 8 April 2008.

On 30 June 2008, the Company entered into a convertible notes placing agreement with Kingston (the "CN Placing Agreement"), pursuant to which, Kingston conditionally agreed to place, on a fully written basis, the convertible notes in an aggregate principle amount of HK$100 million. The convertible notes would carry a right to convert into new Shares at the conversion price of, subject to adjustment, HK$0.10 per Share from the date of issue of the convertible notes to the date immediately before the first anniversary of the date of issue of the convertible notes, HK$0.11 per Share from the first anniversary of the date of issue of the convertible notes to the date immediately before the second anniversary of the date of issue of the convertible notes, and HK$0.12 per Share from the second anniversary of the date of issue of the convertible notes to the date immediately before the third anniversary of the date of issue of the convertible notes which is the maturity date of the convertible notes. The net proceeds from the placing of convertible notes would be about HK$97 million which would be used for existing business operations and/or activities. The convertible notes placing was completed on 21 July 2008. Details of the said placing of the convertible notes were disclosed in the Company's announcements dated 2 July 2008.

With stable occupancy rate of the Group's investment properties, it will be expected to bring steady rental income to the Group and thus will continue to contribute cashflow to the Group. It is expected that the market will still volatile and its sentiment will fluctuate as many issues such as performance of the PRC stock markets and property markets, financial crisis arisen from sub-prime mortgage crisis in USA, possibility of the downturn of the USA's and the global economy, high oil price and inflation, can have a profound effect on the market sentiment globally. The two very substantial acquisitions of the Group in relation of molybdenum mines during the Year were terminated as a result of the Catalogue of Foreign Investment Business Guidance (revised 2007) 《外商投資產業指導目錄(2007年修訂)》, which has been effective from 1 December 2007, prohibits foreign investment in molybdenum exploration and mining in PRC. The Group is still optimistic about the natural mineral industry. The Group will continue to explore potential business opportunities in order to improve its earning capacity and diversify the market risk that the Group will confront in long run. If such opportunities arise in the future, the funding requirement may be satisfied by way of internal resources and/or other effective sources of funding, depending on the then market sentiment.

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

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

CORPORATE GOVERNANCE PRACTICES

The Company has, during the year ended 31 March 2008, met the code provision set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except for the following deviations:

(a) **Code provision A.4.1**

The non-executive Directors are not appointed for a specific term. Thus the Company has deviated from Code Provision A.4.1. However, non-executive directors are subject to retirement by rotation at the Company's annual general meeting as specified by the articles of association of the Company.

(b) **Code provision B.1.1**

Code Provision B.1.1 requires setting up of the remuneration committee. The Company has deviated from the requirement and the remuneration committee has not been set up yet. The Company is in the process of establishing a remuneration committee as more time is needed for determining details which are appropriate and beneficial to the Company including the composition and terms of reference.

(c) **Code provision E.1.2**

Code Provision E.1.2 requires the chairman of the board to attended annual general meeting of the Company. Mr. Chiu Kong did not attend the 2007 annual general meeting as he was not in Hong Kong on that day.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding director's securities transactions. Having made specific enquiry of all directors of the Company ("Director(s)"), all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 March 2008.

REVIEW BY AUDIT COMMITTEE

The results for the year ended 31 March 2008 have been reviewed by the audit committee of the Company.

By Order of the Board
Hui Richard Rui
Director

Hong Kong, 25 July 2008

As at the date of this announcement, the executive Directors are Mr. Chiu Kong (Chairman), Mr. Kwan Kam Hung, Jimmy, Mr. Hui Richard Rui, Mr. Tsui Ching Hung, Mr. Chung Nai Ting, Ms. Chiu Si Mary and Mr. Lee Ming Tung and the independent non-executive Directors are Mr. Yu Pan, Ms. Tong So Yuet and Mr. Chan Shek Wah.

* *For identification purpose only*