CHINA SCI-TECH HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

Stock Code: 985

Annual Report 2009

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chiu Tao *(Chairman)*
Mr. Chiu Kong
Mr. Yeung Kwok Yu
Mr. Kwan Kam Hung, Jimmy
Mr. Hui Richard Rui *(General Manager)*
Mr. Tsui Ching Hung
Mr. Chung Nai Ting
Mr. Lee Ming Tung

Independent Non-executive Directors

Mr. Yu Pan
Ms. Tong So Yuet
Mr. Chan Shek Wah

COMPANY SECRETARY

Mr. Chow Kim Hang

REGISTERED OFFICE

Ground Floor
Caledonian House
Mary Street
P.O. Box 1043
George Town
Grand Cayman
Cayman Islands

HEAD OFFICE AND PR INCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 4504-05, 45th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

The Harbour Trust Company Limited
One Regis Place
P.O. Box 1787
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Management Discussion and Analysis

The Group recorded a total income of approximately HK$44.91 million for the year ended 31 March 2009 (the "Year"). Compared with last year, there was an increase by an amount of approximately HK$15.77 million. The increase is mainly attributable to the increase of dividend income from the Group's securities investment. Compared with previous year, the revenue from the investments in financial instruments segment and the property investments segment increased approximately 285.62% and 23.41% respectively. Rental income will continue to provide a steady cashflow to the Group in the future. The administrative expenses for the Year was approximately HK$71.89 million representing approximately 48.34% increase when compared with last year. During the Year, the Company issued HK$100 million convertible notes. Further, the Group has been preparing to expand its operation and business. It appointed senior officers, including directors, during the Year. Thus, the expenses relating to legal and professional fees, salaries and directors' emolument, and securities transactions had a big jump. All these expenses accounted for over 78.53% of the total administration expenses for the Year. As the global economy plunged during the Year, the performance of the market was terrible. For the Year, the Group recorded a total sum of loss arising from fair value changes of investments held for trading and a loss arising from fair value changes of derivative financial instruments in the amount of approximately HK$332.17 million. In last year, there was a total loss of approximately HK$200.11 million.

In previous year, the Company recorded a loss arising from fair value change of conversion option derivative in the amount of approximately HK$83.00 million. As there was a change in the accounting industry views of the accounting treatment in respect of the convertible notes that was previously applied by the Group, there was no such loss recorded under the current accounting treatment during the Year. Overall, the net loss for the Year was approximately HK$366.52 million as compared to the net loss of approximately HK$305.57 million in the preceding year.

As at 31 March 2009, the Group had bank balance and cash approximately of HK$1,535.27 million. Fair value of investments held for trading was in an amount of approximately HK$571.69 million. During the Year, the Company issued HK$100 million redeemable zero coupon convertible notes (details of which are disclosed below). The convertible notes are compound financial instruments containing liability and equity components. As at 31 March 2009, the outstanding liability component of the convertible notes amounted to approximately HK$68.18 million. Other than the outstanding convertible notes, the Group had no outstanding loan or borrowing from banks or financial institutions as at 31 March 2009. The gearing ratio as at 31 March 2009 was approximately 3.21% based on the net book value of liability component of the convertible notes and the total equity. As at 31 March 2009, the Group had commitments authorized but not contracted for in relation to an agreement with a third party to establish a joint venture in which the Group will invest approximately HK$51 million for investment in property market in the People's Republic of China and such investment amounted to HK$51 million is expected to be satisfied by internal resources in the Group if necessary.

The Group had 15 staff as at 31 March 2009. The staff costs (excluding directors' emoluments) was around HK$8.59 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 a share option scheme but no share option was granted during the year.

On 8 April 2008, due to the termination of the very substantial acquisitions in relation to the Front Wave Group Limited and Global Winner International Holdings Limited, the Company announced the change of the use of proceeds obtained from the placing of new ordinary shares of the Company (the "Share(s)") in June 2007 (the "June Placing"), which was disclosed in the Company's announcement dated 5 June 2007, and from the tranche II of the placing of new Shares in August 2007 (the "August Placing"), which was disclosed in the Company's announcement and circular dated 3 September 2007 and 18 September 2007 respectively. The net proceeds of approximately HK$191 million from the June Placing was to be 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 was to be used for investments in the Group's principal activities. Details of the change of 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 Securities Limited (the "Kingston"), pursuant to which, Kingston conditionally agreed to place, on a fully underwritten basis, the convertible notes in an aggregate principle amount of HK$100 million (the "2008 Convertible Notes"). The 2008 Convertible Notes would carry a right to convert into new Shares in the Company at the conversion price of, subject to adjustment, HK$0.10 per Share from the date of issue of the 2008 Convertible Notes to the date immediately before the first anniversary of the date of issue of the 2008 Convertible Notes, HK$0.11 per Share from the first anniversary of the date of issue of the 2008 Convertible Notes to the date immediately before the second anniversary of the date of issue of the 2008 Convertible Notes, and HK$0.12 per Share from the second anniversary of the date of issue of the 2008 Convertible Notes to the date immediately before the third anniversary of the date of issue of the 2008 Convertible Notes which is the maturity date of the 2008 Convertible Notes. The net proceeds from the placing of 2008 Convertible Notes would be about HK$97 million which will be used for existing business operations and/or activities. Details of the said placing of the 2008 Convertible Notes were disclosed in the Company's announcements dated 2 July 2008. The convertible notes placing was completed on 21 July 2008. Due to the Capital Reorganisation and Rights Issue of the Company (details of which are disclosed below), the conversion price of the 2008 Convertible Notes had been adjusted as follows:

	Conversion price (HK$)		
	Before any adjustments	**After adjustments due to Capital Reorganisation**	**After adjustments due to Rights Issue**
Form 21 July 2008 to 20 July 2009	0.10	2.50	0.635
Form 21 July 2009 to 20 July 2010	0.11	2.75	0.699
Form 21 July 2010 to 20 July 2011	0.12	3.00	0.762

Details of the above adjustments to the conversation price were disclosed in the circular of the Company dated 22 October 2008 and the announcement of the Company dated 2 June 2009.

On 30 September 2008, Polymate Investments Limited (an indirect wholly owned subsidiary of the Company), Kingstate Holdings Limited and the joint venture company entered into a third supplemental agreement (the "Third Supplemental Agreement") in relation to the establishment of the joint venture company, pursuant to which, parties to the Third Supplemental Agreement agreed to further extend the latest date for their contribution of the initial capital of the joint venture company from 30 September 2008 to 31 December 2008. Details of the Third Supplemental Agreement were disclosed in the Company's announcement dated 30 September 2008. On 31 December 2008, the same parties entered into a fourth supplemental agreement (the "Fourth Supplemental Agreement") to further extend the latest date for their contribution of the initial capital of the joint venture company from 31 December 2008 to 30 June 2009. Details of the Fourth Supplemental Agreement were disclosed in the Company's announcement dated 31 December 2008.

On 10 October 2008, the Company proposed a proposal of capital reorganisation (the "Capital Reorganisation") to the shareholders of the Company (the "Shareholder(s)") that: (1) the nominal value of all the issued Shares be reduced from HK$0.10 each to HK$0.004 each (the "Reduced Share(s)") by cancelling HK$0.096 paid up on each issued Share by way of reduction of capital (the "Capital Reduction"); (2) every 25 issued Reduced Shares be consolidated into one consolidated Share of HK$0.10 (the "Consolidated Share(s)"); and (3) the credit arising from the Capital Reduction will be applied to offset against the accumulated losses of the Company and the remaining balance of the credit being credited to the capital reduction reserve account of the Company. The Capital Reorganisation is conditional upon: (1) Shareholders' approval by a special resolution at a extraordinary general meeting of the Company; (2) the confirmation by the Grand Court of Cayman Islands (the "Court") and the registration by the Registrar of Companies in the Cayman Islands of an official copy of the Court order and the minutes containing the particulars required under the Cayman Islands' Companies Law; (3) compliance with the conditions imposed by the Court; and (4) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consolidated Shares in issue upon the Capital Reorganisation becoming effective. The Shareholders had passed a special resolution to approve the Capital Reorganisation at the Company's extraordinary general meeting held on 20 November 2008. The Capital Reorganisation was completed and be effective from 1 April 2009. Details of the Capital Reorganisation were disclosed in the Company's announcement dated 10 October 2008, 30 January 2009, 6 March 2009 and 30 March 2009, and the Company's circular dated 22 October 2008.

On 11 February 2009, Core Business Investments Inc. ("Core Business"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with East Dynamic Holdings Limited ("East Dynamic") to purchase all the shares in Ocean Capital Investments Limited ("Ocean Capital"), a wholly-owned subsidiary of East Dynamic and a shareholder's loan in the amount of HK$35,703,297.26 owed by Ocean Capital to the East Dynamic for a consideration of HK$25,196,702.74 and HK$35,703,297.26 respectively. Ocean Capital through two of its subsidiaries owns 24 residential units in Hong Kong. The transaction was completed on 11 February 2009. Details of the transaction were disclosed in the Company's announcement dated 11 February 2009.

On 13 February 2009, Leadton Corp. ("Leadton"), a wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the "MOU") with 世紀大酒店有限公司 (New Century Hotel Shanghai Company Limited)(the "Shanghai Company"). Pursuant to the MOU, the Shanghai Company agreed to negotiate with the Leadton the terms of a definitive sale and purchase agreement in respect of acquisition of 上海虹口世紀大酒店 (New Century Hotel Shanghai)(the "Shanghai Hotel"). According to the MOU, Leadton paid an earnest money in the amount of HK$10 million to the Shanghai Company. If no sale and purchase agreement can be concluded and entered within the period of the MOU from the date of the MOU until four months thereafter, the earnest money will be refunded to the Leadton. Details of the MOU were disclosed in the Company's announcement dated 13 February 2009.

On 23 February 2009, the Company proposed, subject to the Capital Reorganisation become effective, to have a rights issue exercise on the basis that five rights shares for every Consolidated Share held on the record date (with warrants to be issued in proportion of one warrant for every five rights shares subscribed for) (the "Rights Issue"). The subscription price was HK$0.15 per rights share. Kingston entered into an underwriting agreement with the Company as an underwriter to the Rights Issue on the even date. The Rights Issue would raise not more than approximately HK$398 million before expenses by issuing not less than 2,653,242,530 rights shares. The proceeds from the Rights Issue will be used for the investments in the Group's principal activities. The Rights Issue was approved by independent shareholders of the Company at the extraordinary general meeting held on 9 April 2009 and became unconditional on 27 May 2009. It is expected to be completed on 3 June 2009. Details of the Rights Issue were disclosed in the Company's announcements dated 23 February 2009, 6 March 2009, 11 March 2009, 23 March 2009, 24 March 2009, 24 April 2009, 27 April 2009, 11 May 2009 and 12 May 2009, circular dated 23 March 2009, prospectus dated 16 April 2009 and supplemental prospectus dated 15 May 2009.

On 23 February 2009, the Company announced further change of the use of proceeds obtained from the August Placing. Part of the net proceeds of approximately HK$915 million from the August Placing was changed to fund the acquisition of Shanghai Hotel and/or the investments in the Group's principal activities. Details of the change of use of proceeds were disclosed in the Company's announcement dated 23 February 2009.

On 24 April 2009, Maxter Investments Limited (the "Maxter"), a wholly-owned subsidiary of the Company, as the purchaser, and the Company, as the Maxter's guarantor, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with OZ Minerals Agincourt Pty Ltd. (the "OMA"), as the Vendor, and OZ Minerals Ltd, as the OMA's guarantor, to purchase the entire issued share in OZ Minerals Martabe Pty Ltd (the "Target Company"), a wholly-owned subsidiary of the OMA, at a consideration being the aggregate of US$211 million and a reimbursement amount in a sum of not exceeding US$11.4 million (the "Acquisition"). The Target Company indirectly controlled the entire interest in Martabe Gold and Silver project at the Western side of the island of Sumatera in the Province of North Sumatera, in the Batangtoru sub-district, Indonesia. The Acquisition constitutes a very substantial acquisition for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and will be subject to approval of the shareholders of the Company. Details of the Acquisition were disclosed in the Company's announcement dated 12 May 2009.

On 24 April 2009, Polytex Investments Inc. (the "Grantor"), a wholly-owned subsidiary of the Company and the immediately holding company of Maxter, and the Company (the "Grantor Guarantor") entered into an option agreement (the "Option Agreement") with Acewick Holdings Limited (the "Grantee"), a wholly-owned subsidiary of Smart Rich Energy Finance (Holdings) Limited ("SR") and SR (the "Grantee Guarantor") pursuant to which the Grantor agreed to grant a call option to the Grantee to acquire the entire issued shares in Maxter (the "Call Option"). The option price shall be the aggregate of the total consideration or sum paid or contributed by Group in the Acquisition and US$10 million, which shall be satisfied by the allotment and issue of ordinary shares of SR (the "Consideration Shares"). On 9 May 2009, the Grantee exercised the Call Option. The possible disposal of entire issued shares in Maxter (the "Disposal") and the receipt of Consideration Shares constitutes a very substantial disposal and a very substantial acquisition respectively under the Listing Rules and will be subject to the approval of shareholders of the Company. Details of the Disposal were disclosed in the Company's announcement dated 12 May 2009.

On 27 May 2009, the parties to the Option Agreement entered into a supplemental option agreement, pursuant to which the Grantor agreed to sell and assign to the Grantee and the Grantee agreed to purchase and take an assignment from the Grantor the title, benefits of and interest in the shareholder's loans due and owing to the Grantor by Maxter in an aggregate sum of (i) HK$16,320.20 and (ii) the maximum amount up to the total consideration or sum paid or contributed by the Grantor and/or its subsidiaries on behalf of Maxter for payment to OMA and/or its related bodies corporate under the Sale and Purchase Agreement and accillary documents upon completion of the Sale and Purchase Agreement.

Through the Acquisition or receipt of Consideration Shares, the Group can start its involvement into the mining industry. The Acquisition and Disposal enable the Group to diversify its investment indirectly through the equity interest in SR in the further development of the Martabe Gold and Silver project. As the Group purchased more properties during the Year, more rental income is expected in the coming future. Thus rental income will continue to contribute cashflow to the Group. The financial tsunami hit global economy seriously. The global economy is still sluggish. Unfortunately, the appearance of swine human flu and its rapid worldwide spreading rate will further weaken the global economy. The global economy is not expected to recover soon, and the market will continue to fluctuate in the coming year. Hence, the Group is cautious on the performance of financial instruments investments. The Group will continue to explore potential business opportunities in order to improve its business portfolio and diversify the market risk that the Group will confront in the 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.

CORPORATE GOVERNANCE PRACTICES

The Company aims to achieve good standard of corporate governance and believes that sound corporate governance principles, increased transparency and independency of corporate operation and an effective shareholder communication mechanism will promote the health growth of the Company and in the best interest of its shareholders as a whole.

During the year ended 31 March 2009, the Company complied with most of the code provisions ("Code Provisions") by following those Code Provisions as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") which was applicable to the Company in respect of the year under review. Any deviation of the Code Provisions is explained in this report.

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 2009.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises eleven Directors, of which eight were executive Directors namely Mr. Chiu Tao (Chairman), Mr. Chiu Kong, Mr. Yeung Kwok Yu, Mr. Kwan Kam Hung, Jimmy, Mr. Hui Richard Rui (General Manager), Mr. Tsui Ching Hung, Mr. Chung Nai Ting and Mr. Lee Ming Tung, and three were independent non-executive Directors namely Mr. Yu Pan, Ms. Tong So Yuet and Mr. Chan Shek Wah. One of the independent non-executive Directors possesses the requisite appropriate professional qualification required under the Listing Rules 3.10 (2). Biographical details of all Directors are disclosed on page 13 to page 15 of this Annual Report.

Statistics of Directors' attendance of 29 board of Directors' meetings during the year ended 31 March 2009 are as follows:

Name	**Attended**
Executive Directors	
Mr. Chiu Tao *(Chairman)* (appointed as director on 7 November 2008 and as Chairman on 10 March 2009)	9
Mr. Chiu Kong (resigned as Chairman on 10 March 2009)	3
Mr. Yeung Kwok Yu (appointed on 26 September 2008)	9
Mr. Kwan Kam Hung, Jimmy	26
Mr. Hui Richard Rui	26
Mr. Tsui Ching Hung	6
Mr. Chung Nai Ting	4
Ms. Chiu Si Mary (resigned on 10 March 2009)	1
Mr. Lee Ming Tung	12
Independent non-executive Directors	
Mr. Yu Pan	2
Ms. Tong So Yuet	3
Mr. Chan Shek Wah	3

The Board is the mastermind of the Company. It provides the leadership to the Company and oversees the Group's strategic decisions, business development and performances and all business affairs. With the authorization and delegation from the Board, the management are responsible for the management and administration of the Company and the Group.

Each of our independent non-executive Directors has presented an annual confirmation of independence to the Company in accordance with the requirement of the Listing Rules. The Company considered that all of the independent non-executive Directors to be independent.

Save as disclosed in the section of "Directors' Report", none of the Directors has any financial, business, family or other material/relevant relationship(s) with each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The fiduciary duties of the chairman (the "Chairman") of and chief executive officer (hereinafter refer to the "General Manager" as it is the official title used by the Company) of the Company are segregated and not exercised by the same individual. Mr. Chiu Tao is the Chairman who is responsible for the leadership of the Board and overall business directions of the Group. Mr. Hui Richard Rui is the General Manager who is responsible for the execution of business strategies, day-to-day operation and management of the Group.

NON-EXECUTIVE DIRECTORS

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.

REMUNERATION OF DIRECTORS

The remuneration committee was established on 27 November 2008. It comprises two independent non-executive Directors namely Yu Pan and Chan Shek Wah. The principal responsibilities of the remuneration committee included formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the executive Directors and members of senior management. The overriding objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Group.

The remuneration committee held one meeting during the year to discuss remuneration matters of the staff for year. The members and attendance of the meeting are as follows:

Name of member	Number of attendance
Mr. Yu Pan	1
Mr. Chan Shek Wah	1

NOMINATION OF DIRECTORS

The Company had not set up a nomination committee and retained the functions to the Borad. The nomination of Directors should be taken into consideration of the nominee's qualification, experience, ability and potential contributions to the Company. Two meetings were held during the year to discuss appointment of new Directors with attendance below:

Name of director	Number of attendance
Yeung Kwok Yu (appointed on 26 September 2008)	1
Hui Richard Rui	2
Kwan Kam Hung Jimmy	2
Tsui Ching Hung	1
Chung Nai Ting	1
Lee Ming Tung	1
Yu Pan	1

The Company understands the importance of having a nomination committee and will consider the feasibility of setting up a nomination committee.

AUDITORS' REMUNERATION

During the year ended 31 March 2009, fees paid to the Company's external auditors for non-statutory audit service amounted to approximately HK$0.37 million all of which related to taxation and other service.

Audit fee for the year ended 31 March 2009 is approximately HK$0.95 million.

AUDIT COMMITTEE

For the year ended 31 March 2009, the Audit Committee was composed of three independent non-executive Directors namely Ms. Tong So Yuet (Chairman of the Committee), Mr. Yu Pan and Mr. Chan Shek Wah. Ms. Tong So Yuet possess appropriate professional accounting qualification, while the other members possess extensive management experience in commercial field. The terms of reference of the audit committee include all the duties set out in the Code Provisions C.3.3 of which among other things include reviewing financial statements of the Company. Any findings and recommendations of the Audit Committee are to be submitted to the Board for consideration.

The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee. It is also authorized to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

The members and attendance of the 2 audit committee's meetings during the year ended 31 March 2009 are as follows:

Name	Attended
Mr. Yu Pan	2
Ms. Tong So Yuet	2
Mr. Chan Shek Wah	2

During these meetings, the Audit Committee reviewed reports from external auditors regarding their audit on annual financial statements and review on interim financial results.

OTHER MATTERS

The Directors are responsible for the preparation of financial statements. The Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the financial statements. Also, the internal control system of internal control of the Group has been reviewed during the year.

Code Provision E1.2 requires the Chairman of the board to attend annual general meeting of the Company. Mr Chiu Kong did not attend the 2008 annual general meeting as he was not in Hong Kong on that day.

The statement of the auditors of the Company regarding their reporting responsibilities is set out in the Independent Auditor's Report on page 18 of this annual report.

Directors' Report

The directors of the Company present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 27 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2009 are set out in the consolidated income statement on page 20.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 21 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Chiu Tao - Chairman	(appointed as director on 7 November 2008 and Chairman on 10 March 2009)
Mr. Chiu Kong	(resigned as Chairman on 10 March 2009)
Mr. Yeung Kwok Yu	(appointed on 26 September 2008)
Mr. Kwan Kam Hung, Jimmy	
Mr. Hui Richard Rui - General Manager	
Mr. Tsui Ching Hung	
Mr. Chung Nai Ting	
Ms. Chiu Si Mary	(resigned on 10 March 2009)
Mr. Lee Ming Tung	

Independent non-executive directors:

Mr. Yu Pan
Ms. Tong So Yuet
Mr. Chan Shek Wah

Executive directors:

Mr. Chiu Tao, aged 53, was appointed as director of the Company in November 2008 and as chairman of the Company in March 2009. Mr. Chiu is a well experienced executive and merchant. He was engaged as senior management as well as chairman of various listed companies in Hong Kong. Mr. Chiu has extensive experience in metal business, trading business, investment planning, business acquisition and development, and corporate management. Mr. Chiu is the brother of Mr. Chiu Kong and the brother-in-law of Mr. Yeung Kwok Yu and Mr. Hui Richard Rui.

Mr. Chiu Kong, aged 52, was appointed as director of the Company in June 2002. He has over 15 years of experience in import and export trading, and business development. He is the brother of Mr. Chiu Tao and the brother-in-law of Mr. Yeung Kwok Yu.

Mr. Yeung Kwok Yu, aged 57, was appointed as director of the Company in September 2008. Mr. Yeung had held management positions in trading companies which were based in the People's Republic of China and Hong Kong. He was also engaged as senior management in various listed companies in Hong Kong. Mr. Yeung has extensive experience in general trading, strategic investment planning and business development. Mr. Yeung is the brother-in-law of Mr. Chiu Tao and Mr. Chiu Kong. He is also an executive director of China Strategic Holdings Limited which shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. Kwan Kam Hung, Jimmy, aged 47, was appointed as director of the Company in November 2002. He has over 10 years of experience in the management of finance and accounting. Mr. Kwan is also an executive director of Smart Rich Energy Finance (Holdings) Ltd. which shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. Hui Richard Rui, aged 41, was appointed as director of the Company in August 2004 and as general manager of the Company in October 2006. He graduated from University of Technology, Sydney of Australia with a bachelor degree in mechanical engineering. He has over 10 years of experience in management positions of companies in Australia, Hong Kong and the People's Republic of China. Mr. Hui is the brother-in-law of Mr. Chiu Tao. Mr. Hui is also an executive director of Smart Rich Energy Finance (Holdings) Ltd. and China Strategic Holdings Limited, shares of both companies are listed on The Stock Exchange of Hong Kong Limited.

Mr. Tsui Ching Hung, aged 56, was appointed as director of the Company in May 2007. He holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from the University of Aston and University of Warick in the United Kingdom respectively. He has over 10 yeas of experience in senior management positions of several multinational corporations in Hong Kong. Mr. Tsui is currently an executive director of Smart Rich Energy Finance (Holdings) Limited and an independent non-executive director of Rising Development Holdings Limited. The shares of the two companies are listed on The Stock Exchange of Hong Kong Limited.

Mr. Chung Nai Ting, aged 53, was appointed as director of the Company in May 2007. He has over 20 years of experience in the trading business.

Mr. Lee Ming Tung, aged 47, was appointed as director of the Company in September 2007. He holds a Bachelor of Science degree in accounting from Brigham Young University in U.S.A., a Master of Accountancy degree from Virginia Polytechnic Institute and State University of U.S.A., a Master of Financial Engineering degree from City University of Hong Kong and a Postgraduate Diploma in Corporate Administration from Hong Kong Polytechnic University. Mr. Lee is an associate member of The Hong Kong Institute of Chartered Secretaries and The institute of Chartered Secretaries and Administrators. He has over 15 years of experience in the field of accounting and finance.

Independent Non-executive Directors:

Mr. Yu Pan, aged 54, was appointed as independent non-executive director in September 2004. He has over 15 years of experience in management positions of multinational trading companies in Hong Kong and the Mainland China. Mr. Yu is currently an independent non-executive director of Smart Rich Energy Finance (Holdings) Ltd. which shares are listed on The Stock Exchange of Hong Kong Limited

Ms. Tong So Yuet, aged 36, was appointed as independent non-executive director in February 2005. She graduated from Hong Kong Polytechnic University with a bachelor degree in accountancy. She is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Company Secretaries, The Institute of Chartered Secretaries and Administrator and a Certified Public Accountant (Practising). Prior to joining the Group, She has over 10 years of experience in auditing and accounting sector.

Mr. Chan Shek Wah, aged 45, was appointed in June 2007. He has more than 20 years of professional experiences in the financial services industry. He has been engaged in the sales, proprietary trading, structuring of equity derivatives and equity capital market products as well as the provision of corporate finance advisory services to listed issuers. He was the senior management and the executive directors in several international financial institutions. Mr. Chan is currently an independent non-executive director of Future Bright Holdings Limited, which shares are listed on The Stock Exchange of Hong Kong Limited.

In accordance with articles 91 and 99 of the Company's Articles of Association, Mr. Chiu Tao, Mr. Yeung Kwok Yu, Mr. Chiu Kong, Mr. Hui Richard Rui and Mr. Chung Nai Ting retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The directors of the Company, including the independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association.

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

SHARE OPTION SCHEME

Particular of the Company's share option scheme are set out in note 25 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2009, none of the directors nor chief executives of the Company had any interests or short positions in any shares of the Company or any of its associated corporation which are required (a) to be recorded in the register kept by the Company under Section 352 of the Securities and Futures Ordinance (the "SFO"); or (b) to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries, were a party and in which a director of the Company had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2009, the register of substantial shareholders maintained under Section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name	Number of Consolidated Shares *(Note 1)*	Capacity	Approximate percentage of shareholding *(Note 4)*
Kingston Securities Limited ("Kingston")	6	Beneficial owner	85.71%
	3,423,891,036 *(Note 2)*	Other	
Chu Yuet Wah	3,424,363,042 *(Note 3)*	Interest of controlled corporation	85.72%
Ma Siu Fong	3,423,891,042 *(Note 2)*	Interest of controlled corporation	85.71%

Notes:

1. The number of shares of the Company indicated in the individual substantial shareholder notice and corporate substantial shareholder notice filed by the above persons/entities on 26 February 2009 refers to the number of Consolidated Shares.

2. Pursuant to the corporate substantial shareholder notice filed by Kingston on 26 February 2009, it was interested in a total of 3,423,891,042 Consolidated Shares, among which 3,423,891,036 Consolidated Shares being the aggregate of (i) the maximum number of Consolidated Shares underwritten by Kingston under the Rights Issue and (ii) the number of Consolidated Shares falling to be issued by the Company upon full exercise of the subscription rights attaching to the warrants that would be issued to Kingston based on the maximum number of Consolidated Shares underwritten by Kingston. Kingston is controlled as to 51% and 49% by Chu Yuet Wah and Ma Siu Fong respectively.

3. Pursuant to the individual substantial shareholder notice filed by Chu Yuet Wah on 26 February 2009, these 3,424,363,042 Consolidated Shares comprised (i) 3,423,891,042 Consolidated Shares held by Kingston which is owned as to 51% by her and (ii) 472,000 Consolidated Shares held by Best China Limited which is wholly owned by her.

4. The percentage of shareholding in the Company was calculated on the assumptions that (i) the Capital Reorganisation had become effective; (ii) no Consolidated Shares are subscribed for by the qualifying shareholders of the Company under the Rights Issue; (iii) the Rights Issue had been completed (assuming exercise in full of the conversion rights under the 2008 Convertible Notes on or before the record date of the Rights Issue) and (iv) the subscription rights attaching to the warrants issued under the Rights Issue had been exercised in full as at 31 March 2009.

5. As disclosed in the Management Discussion and Analysis section of this annual report, the Capital Reorganisation became effective on 1 April 2009 and the Rights Issue became unconditional on 27 May 2009. The above persons/entities ceased to have 5% or more interest in the shares of the Company upon the Rights Issue becoming unconditional.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short position in issued share capital of the Company as at 31 March 2009.

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

In order to avoid any fraction of the number of the issued shares of the Company after the capital reorganization of the Company, the Company repurchased two shares of its issued shares during the year. Details of the capital organization is set out in the note 28 to the consolidated financial statements.

Other than as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.

MAJOR CUSTOMERS AND SUPPLIERS

The Group has no major suppliers, as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Owing to the nature of its business, the Group has no major customers.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) has an interest in any of the Group's five largest suppliers or customers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

POST BALANCE SHEET EVENT

Details of significant post balance sheet events are set out in note 28 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March 2009 with most of the Code Provisions (the "Code Provisions") in the Code of Corporate Governance Practice, as set out in Appendix 14 of the Listing Rules. Further information of the Company's corporate governance practice including any derivations from the Code Provisions is set out in the Corporate Governance Report on pages 8 to 11.

AUDITOR

Messrs. Deloitte Touche Tohmatsu will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Hui Richard Rui
DIRECTOR
Hong Kong, 2nd June 2009

Deloitte.
德勤

TO THE MEMBERS OF CHINA SCI-TECH HOLDINGS LIMITED
中國科技集團有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Sci-Tech Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 20 to 66, which comprise the consolidated balance sheet as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Group's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 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 disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
2 June 2009

Consolidated Income Statement

For the year ended 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Revenue	7	**21,396**	6,597
Other income		**23,509**	22,541
Administrative expense		**(71,889)**	(48,463)
Loss arising from fair value changes of investments held for trading		**(293,743)**	(190,884)
(Loss) gain arising from fair value changes of investment properties		**(600)**	3,719
Loss arising from fair value changes of derivative financial instruments		**(38,429)**	(9,221)
Loss arising from fair value change of conversion option derivative		**—**	(82,997)
Finance costs	9	**(7,461)**	(6,770)
Loss before taxation	10	**(367,217)**	(305,478)
Taxation	11	**695**	(92)
Loss for the year		**(366,522)**	(305,570)
Attributable to:			
Shareholders of the Company		**(366,522)**	(305,526)
Minority interests		**—**	(44)
		(366,522)	(305,570)
Loss per share – basic and diluted	12	**(69.07) cents**	(108.28) cents

Consolidated Balance Sheet

At 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	13	**16,106**	743
Investment properties	14	**85,492**	26,092
Available-for-sale investments	15	**—**	—
		101,598	26,835
Current assets			
Other receivables, deposits and prepayments	16	**13,191**	20,679
Investments held for trading	17	**571,687**	415,115
Bank balances and cash	18	**1,535,265**	1,996,305
		2,120,143	2,432,099
Current liabilities			
Other payables and accrued charges		**27,874**	2,290
Amounts due to directors	19	**—**	417
Amount due to a minority shareholder	19	**1,999**	1,999
Taxation payable		**—**	794
		29,873	5,500
Net current assets		**2,090,270**	2,426,599
Total assets less current liabilities		**2,191,868**	2,453,434

Consolidated Balance Sheet

At 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current liability			
Convertible notes	20	**68,182**	—
		2,123,686	2,453,434
Capital and reserves			
Share capital	21	**1,326,621**	1,326,621
Reserves		**797,109**	1,126,857
Equity attributable to equity holders of the Company		**2,123,730**	2,453,478
Minority interests		**(44)**	(44)
Total equity		**2,123,686**	2,453,434

The consolidated financial statements on pages 20 to 66 were approved and authorised for issue by the Board of Directors on 2 June 2009 and are signed on its behalf by:

Chiu Tao
CHAIRMAN

Hui Richard Rui
DIRECTOR

	Attributable to equity holders of the Company									
	Share capital	**Share premium**	**Capital reserve**	**Convertible notes equity reserve**	**Other capital reserve**	**Exchange reserve**	**Accumulated losses**	**Total**	**Minority interests**	**Total**
	HK$'000	HK$'000	HK$'000 (note a)	HK$'000	HK$'000 (note b)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2007	171,748	168,166	7,700	—	396,347	870	(445,703)	299,128	—	299,128
Transfer to profit or loss on disposal of foreign operations	—	—	—	—	—	(870)	—	(870)	—	(870)
Loss for the year	—	—	—	—	—	—	(305,526)	(305,526)	(44)	(305,570)
Total recognised expense for the year	—	—	—	—	—	(870)	(305,526)	(306,396)	(44)	(306,440)
Recognition of equity component of convertible notes	—	—	—	30,537	—	—	—	30,537	—	30,537
Shares issued at premium on conversion of convertible notes	189,923	143,422	—	(30,537)	—	—	—	302,808	—	302,808
Shares issued at premium for cash	964,950	1,217,000	—	—	—	—	—	2,181,950	—	2,181,950
Transaction costs attributable to issue of shares	—	(54,549)	—	—	—	—	—	(54,549)	—	(54,549)
At 31 March 2008	1,326,621	1,474,039	7,700	—	396,347	—	(751,229)	2,453,478	(44)	2,453,434
Loss for the year and total recognised expense for the year	—	—	—	—	—	—	(366,522)	(366,522)	—	(366,522)
Recognition of equity component of convertible notes	—	—	—	37,717	—	—	—	37,717	—	37,717
Transaction costs attributable to issue of convertible notes	—	—	—	(943)	—	—	—	(943)	—	(943)
At 31 March 2009	1,326,621	1,474,039	7,700	36,774	396,347	—	(1,117,751)	2,123,730	(44)	2,123,686

(a) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange, in connection with the Group reorganisation completed in January 1994.

(b) The other capital reserve of the Group represents the balance of the credit arising from the cancellation of paid up capital in previous years.

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(367,217)**	(305,478)
Adjustments for:		
Interest income	**(20,784)**	(22,091)
Interest expenses	**7,461**	6,770
Dividend income	**(19,493)**	(5,055)
Depreciation	**868**	197
Exchange gain	**—**	(870)
Loss arising from fair value changes of investments held for trading	**293,743**	190,884
Loss on disposal of property, plant and equipment	**—**	2
Loss (gain) arising from fair value changes of investment properties	**600**	(3,719)
Loss on fair value to commodity futures contracts	**—**	278
Loss on fair value to conversion option derivative	**—**	82,997
Operating cash flows before movements in working capital	**(104,822)**	(56,085)
Decrease in other receivables, deposits and prepayments	**7,578**	939
Increase in investments held for trading	**(450,315)**	(287,685)
Increase (decrease) in other payables and accrued charges	**25,228**	(18,582)
(Decrease) increase in amount due to directors	**(417)**	117
Net cash used in operations	**(522,748)**	(361,296)
Interest received	**20,784**	22,091
Dividend received	**19,493**	5,055
Taxation arising from other jurisdictions paid	**(99)**	(92)
NET CASH USED IN OPERATING ACTIVITIES	**(482,570)**	(334,242)

	NOTE	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(16,108)**	(925)
Acquisition of property interests	26	**(59,857)**	—
NET CASH USED IN INVESTING ACTIVITIES		**(75,965)**	(925)
FINANCING ACTIVITIES			
Interest paid		**(5)**	(2,047)
Increase in amount due to a minority shareholder		**—**	1,999
Proceeds on issue of convertible notes		**100,000**	165,000
Transaction costs on issue of convertible notes		**(2,500)**	(3,300)
Proceeds from issues of shares		**—**	2,181,950
Expenses on issue of shares		**—**	(54,549)
NET CASH FROM FINANCING ACTIVITIES		**97,495**	2,289,053
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(461,040)**	1,953,886
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1,996,305**	42,419
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, representing bank balances and cash		**1,535,265**	1,996,305

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company is an investment holding company and is also engaged in investment in financial instruments and property investment. The principal activities of its principal subsidiaries are set out in note 27.

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

In the current year, the Group has applied the following amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Mininum Funding Requirements and their Interaction

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combination[4]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[6]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

3 Effective for annual periods beginning on or after 1 January 2009

4 Effective for annual periods beginning on or after 1 July 2009

5 Effective for annual periods ending on or after 30 June 2009

6 Effective for annual periods beginning on or after 1 July 2008

7 Effective for annual periods beginning on or after 1 October 2008

8 Effective for transfers on or after 1 July 2009

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for the investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Dividend income from investments held for trading is recognised when the Group's rights to receive payment have been established.

Rental income from operating leases is recognised on the consolidated income statement on a straight line basis over the term of the relevant leases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment including leasehold land and building held for administrative purposes are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly classified into financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL including financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss included any interest earned on the financial assets but excluded any dividend earned.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables (including other receivables and bank balances and cash) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated unlisted equity securities as available-for-sale financial assets.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Convertible notes

Convertible notes contain liability and equity components

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Convertible notes (Continued)

Convertible notes contain liability component and conversion option derivative

Convertible notes issued by the Group that contain both liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion option components are recognised at fair value.

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and conversion option components in proportion to their relative fair values. Transaction costs relating to the conversion option derivative is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

Derivative financial instrument

Derivative financial instrument is initially measured at fair value on the contract date, and is remeasured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and classified as held-for-trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the host contracts are not measured at fair value through the consolidated income statement.

Other financial liabilities

Other financial liabilities, including other payables, amounts due to directors and a minority shareholder, are measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are charged as expense when employees have rendered service entitling them to the contributions.

Operating leases

Leases are classified as operating leases whenever the terms of the lease do not transfer substantially all the risks and rewards of ownership to the leasee.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight line basis over the term of the relevant leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment loss of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below:

(a) Fair Value of Investment Properties

Investment properties are carried in the balance sheet at 31 March 2009 at their fair value of HK$85,492,000. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Fair Value of Convertible Notes

As described in note 6c and note 17, the fair value of the unlisted convertible note has been arrived at on the basis of a valuation carried out by an independent firm of professional valuers using discounted cash flows method at a market interest rate for the equivalent non-convertible note for its straight debt component and using the binomial model for its derivative components. The following key assumptions have been used in determining the fair value:

Risk free rate	0.762%
Expected volatility	121.57%
Yield to maturity	24.23%
Expected option life	1.75 years
Dividend yield	0%
Exercise price	
From issue date to 31 December 2008	HK$0.33
1 January 2009 to 31 December 2009	HK$0.36
1 January 2010 to 31 December 2010	HK$0.39

The carrying amount of the unlisted convertible note is HK$19,332,000 at 31 March 2009.

5. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of convertible notes and equity attributable to equity holders of the Company, comprising issued share capital and reserves as disclosed in consolidated statement of changes in equity.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2009 HK$'000	2008 HK$'000
Financial Assets		
Loans and receivables (including cash and cash equivalents)	**1,535,265**	2,012,132
Investments held for trading	**571,687**	415,115
Financial Liabilities		
Amortised cost	**94,941**	2,416

(b) Financial risk management objectives and polices

The management of the Group manages the financial risks relating to the operations through the monitoring procedures. These risks include market risk (including currency risk, cash flow interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group does not enter into derivative financial instruments for hedging purpose. There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures.

Market risk

Foreign currency risk management

Certain subsidiaries of the Group have investments held for trading denominated in Renminbi and Singapore dollars which are other than the functional currency of the relevant group entity (i.e. Hong Kong Dollars), which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amount of the Group's foreign currency denominated investments at the reporting date is as follows:

	Assets	
	2009 HK$'000	2008 HK$'000
Renminbi	**21,441**	29,955
Singapore dollars	**18,544**	36,198

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and polices *(Continued)*

The following table details the Group's sensitivity to a 5% increase or decrease in the Renminbi and Singapore dollars. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated investments items and adjusts their translation at the year end for a 5% change in foreign currency rate. A positive number indicates a decrease in loss where Renminbi and Singapore dollars strengthen 5% against the Hong Kong dollars. For a 5% weakening of Renminbi and Singapore dollars against Hong Kong dollars, there would be an equal and opposite impact. The analysis is preformed on the same basis for 2008.

The following table indicates the approximate change in the Group's profit or loss in response to reasonably possible changes in the foreign exchange rates to which the Group have significant exposure at the balance sheet date.

	Profit or loss	
	2009	2008
	HK$'000	HK$'000
Renminbi	**895**	1,236
Singapore dollars	**774**	1,493

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Fair value interest rate risk

The Group's fair value interest rate risk relates to fixed rate or zero coupon convertible notes. The Group currently does not have an interest rate hedging policy. The management considers the risk is insignificant to the Group.

Price risk

The Group is exposed to equity security price risk through its investments held for trading. The management of the Group manages this exposure by maintaining a portfolio of investments with different risk and return profiles. If the market prices of the investments held for trading had been 10% higher/lower while all other variables were held constant, the Group's loss for the year ended 31 March 2009 would decrease/increase by HK$47,736,000 (2008: HK$34,247,000).

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and polices *(Continued)*

Credit risk

The Group's principal financial assets which are exposed to credit risk are convertible notes held for trading, other receivables and bank balances.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated balance sheet. The Group reviews the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate impairment losses, if necessary, are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group will closely monitor the credit rating of convertible notes held for trading to ensure that adequate impairment losses, if necessary, are made for irrecoverable amounts.

The Group has no significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and polices *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	0-180 days HK$'000	**181- 365 days HK$'000**	**1-2 year HK$'000**	**Over 2 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount HK$'000**
As at 31 March 2009						
Non-interest bearing						
Other payables	**24,760**	**—**	**—**	**—**	**24,760**	**24,760**
Amount due to a minority shareholder	**1,999**	**—**	**—**	**—**	**1,999**	**1,999**
Convertible notes	**—**	**—**	**—**	**100,000**	**100,000**	**68,182**
	26,759	**—**	**—**	**100,000**	**126,759**	**94,941**

	0-180 days HK$'000	181- 365 days HK$'000	1-2 year HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2008						
Non-interest bearing						
Amounts due to directors	417	—	—	—	417	417
Amount due to a minority shareholder	1,999	—	—	—	1,999	1,999
	2,416	—	—	—	2,416	2,416

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair value of the unlisted convertible note is determined by using the discounted cash flows method at a market interest rate for the equivalent non-convertible note for its straight debt component and using the binomial model for its derivative components;
- the fair value of the investment fund is determined with reference to the net asset value of the fund which is provided by the counterparty financial institution; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in financial statements approximate to their fair values.

7. 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	–	trading of securities, convertible notes and derivatives financial instruments
Property investment	–	properties letting

Segment revenue about these businesses is presented below:

	2009	2008
	HK$'000	HK$'000
Dividend income from investments in financial instruments	**19,493**	5,055
Rental income from property investment	**1,903**	1,542
	21,396	6,597

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments*(Continued)*

Segment information about these businesses is presented below:

Income statement

	2009		
	Investments in financial instruments HK$'000	**Property investment HK$'000**	**Total HK$'000**
Revenue	**19,493**	**1,903**	**21,396**
Segment result	**(335,328)**	**1,105**	**(334,223)**
Other income			**23,509**
Unallocated corporate expenses			**(49,042)**
Finance costs			**(7,461)**
Loss before taxation			**(367,217)**
Taxation			**695**
Loss for the year			**(366,522)**

	2008		
	Investments in financial instruments HK$'000	Property investment HK$'000	Total 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 change of conversion option derivative			(82,997)
Finance costs			(6,770)
Loss before taxation			(305,478)
Taxation			(92)
Loss for the year			(305,570)

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments*(Continued)*

Balance sheet

	2009		2008	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
Investments in financial instruments	**571,687**	**24,760**	415,115	—
Property investment	**85,492**	**761**	26,092	1,614
Segment assets/liabilities	**657,179**	**25,521**	441,207	1,614
Unallocated corporate assets/liabilities	**1,564,562**	**72,534**	2,017,727	3,886
	2,221,741	**98,055**	2,458,934	5,500

Other information

	Investments in financial instruments HK$'000	**Property investment HK$'000**	**Total HK$'000**
Year ended 31 March 2009			
Loss arising from fair value changes of derivative financial instruments	**(38,429)**	**—**	**(38,429)**
Loss arising from fair value changes of investments held for trading	**(293,743)**	**—**	**(293,743)**
Loss arising from fair value changes of investment properties	**—**	**(600)**	**(600)**
Year ended 31 March 2008			
Loss arising from fair value changes of derivativ financial instruments	(9,221)	—	(9,221)
Loss arising from fair value changes of investment held for trading	(190,884)	—	(190,884)
Gain arising from fair value changes of investment properties	—	3,719	3,719

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments

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

	Revenue	
	2009	2008
	HK$'000	HK$'000
The People's Republic of China (the "PRC"), other than Hong Kong	**13,144**	1,874
Hong Kong	**7,686**	4,723
Singapore	**566**	—
	21,396	6,597

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	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC, other than Hong Kong	**46,433**	56,047	**—**	—
Hong Kong	**592,203**	348,962	**76,231**	925
Singapore	**18,543**	36,198	**—**	—
	657,179	441,207	**76,231**	925

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors

The emoluments paid or payable to each of the twelve (2008: eleven) directors were as follows:

	Year ended 31 March 2009				
Name	Fees	Basic Salaries allowances and benefits-in-kind	Performance related bonus	Contributions to retirement benefit scheme	Total
	HK'000	HK'000	HK'000	HK'000	HK'000
Chiu Tao *(Chairman)*	—	5,146	1,000	5	6,151
Chiu Kong	—	4,275	4,150	12	8,437
Kwan Kam Hung Jimmy	—	858	300	12	1,170
Hui Richard Rui	—	1,161	200	12	1,373
Tsui Ching Hung	—	1,040	150	12	1,202
Chung Nai Ting	—	1,055	300	12	1,367
Lee Ming Tung	—	786	300	12	1,098
Yeung Kwok Yu	—	105	—	3	108
Chiu Si Mary	—	615	—	12	627
Yu Pan	100	—	—	—	100
Tong So Yuet	150	—	—	—	150
Chan Shek Wah	200	—	—	—	200
	450	15,041	6,400	92	21,983

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors *(Continued)*

	Year ended 31 March 2008				
Name	Fees HK'000	Basic Salaries allowances and benefits-in-kind HK'000	Performance related bonus HK'000	Contributions to retirement benefit scheme HK'000	Total HK'000
Chiu Kong *(Chairman)*	—	3,516	5,150	12	8,678
Kwan Kam Hung Jimmy	—	783	300	12	1,095
Hui Richard Rui	—	1,196	300	12	1,508
Tsui Ching Hung	—	918	150	11	1,079
Chung Nai Ting	—	803	300	11	1,114
Chiu Si Mary	—	423	200	10	633
Lee Ming Tung	—	406	450	6	862
Miu Frank H.	25	—	—	—	25
Yu Pan	100	—	—	—	100
Tong So Yuet	150	—	—	—	150
Chan Shek Wah	167	—	—	—	167
	442	8,045	6,850	74	15,411

The performance related bonus payable to executive directors is determined based on the performance of the individual directors.

(b) Information regarding employees' emoluments

Of the five individuals with the highest emoluments in the Group, all are directors of the Company whose emoluments are included in note 8(a).

9. FINANCE COSTS

	2009	2008
	HK$'000	HK$'000
Interest on borrowings wholly repayable within five years:		
Other borrowings	(5)	(1,484)
Convertible notes (note 20)	(7,456)	(5,286)
	(7,461)	(6,770)

10. LOSS BEFORE TAXATION

	2009	2008
	HK$'000	HK$'000
Loss before taxation has been arrived at after charging:		
Directors' remuneration (note 8(a))	21,983	15,411
Contributions to the Mandatory Provident Fund	211	102
Other staff costs	8,585	4,892
Total staff costs	30,779	20,405
Auditor's remuneration	970	850
Depreciation	868	197
Exchange loss	—	986
Loss on disposal of property, plant and equipment	—	2
Minimum lease payments under operating lease in respect of rented premises	2,122	2,166
and after crediting:		
Gross rental income less direct operating expenses from investment properties that generated rental income during the year of HK$394,000 (2008: HK$225,000)	1,509	1,317
Exchange gain	224	—
Interest income	20,784	22,091

11. TAXATION

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

No provision for Hong Kong Profits Tax has been made since the Group had no assessable profits derived in Hong Kong for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	2009 HK$'000	2008 HK$'000
Current tax	(99)	(92)
Overprovision in respect of prior years	794	—
Tax credit (charge) for the year	695	(92)

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

	2009 HK$'000	2008 HK$'000
Loss before taxation	(367,217)	(305,478)
Tax credit at the domestic income tax rate of 16.5% (2008: 17.5%) (Note)	60,591	53,459
Tax effect of expenses not deductible for tax purpose	(13,061)	(19,512)
Tax effect of income not taxable for tax purpose	6,905	5,663
Overprovision in respect of prior years	794	—
Tax effect of tax losses not recognised as deferred tax asset	(54,598)	(39,928)
Effect of different tax rate of subsidiaries operating in other jurisdictions	64	69
Others	—	157
Tax credit (charge) for the year	695	(92)

Note: The rate represents the Hong Kong Profits Tax rate as the major operations of the Company and its subsidiaries are located in Hong Kong.

11. TAXATION *(Continued)*

At the balance sheet date, the Group had unused tax losses of approximately HK$759,516,000 (2008: HK$428,619,000) 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.

12. LOSS PER SHARE

The calculation of basic loss per share attributable to shareholders of the Company is based on the following data:

	2009	2008
	HK$'000	HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share attributable to equity holders of the Company	**(366,522)**	(305,526)

	2009	2008
Number of shares		
Weighted average number of ordinary shares in issue during the year	**13,266,212,650**	7,054,386,204
Effect of the capital reorganisation completed on 1 April 2009 (note 28)	**(12,735,564,144)**	(6,772,210,756)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**530,648,506**	282,175,448

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 during the year presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2007	—	262	217	—	479
Additions	—	—	85	840	925
Disposals	—	(262)	(135)	—	(397)
At 31 March 2008	—	—	167	840	1,007
Acquisition of property interests	—	59	64	—	123
Additions	13,191	475	261	2,181	16,108
At 31 March 2009	13,191	534	492	3,021	17,238
DEPRECIATION					
At 1 April 2007	—	262	200	—	462
Provided for the year	—	—	22	175	197
Eliminated on disposals	—	(262)	(133)	—	(395)
At 31 March 2008	—	—	89	175	264
Provided for the year	242	103	69	454	868
At 31 March 2009	242	103	158	629	1,132
CARRYING VALUES					
At 31 March 2009	12,949	431	334	2,392	16,106
At 31 March 2008	—	—	78	665	743

The above items of property, plant and equipment are depreciated using straight line method at the following rates per annum:

Land and buildings	2%
Leasehold improvements	20% - 33%
Furniture and equipment	15% - 25%
Motor vehicles	25%

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

As the allocation of lease payments between leasehold land and buildings elements cannot be made reliably, owner-occupied leasehold land is classified as property, plant and equipment and stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

At 31 March 2009, land and buildings with carrying amounts of HK$12,949,000 (2008: nil) were situated in Hong Kong under long-term leases.

14. INVESTMENT PROPERTIES

	2009	2008
	HK$'000	HK$'000
FAIR VALUE		
At the beginning of the year	**26,092**	22,373
Acquisition of property interests (note 26)	**60,000**	—
(Loss) gain arising from fair value changes recognised in the consolidated income statement	**(600)**	3,719
At the end of the year	**85,492**	26,092

An analysis of the Group's investment properties is as follows:

	2009	2008
	HK$'000	HK$'000
Land and buildings in Hong Kong held under long-term leases	**60,500**	—
Land and buildings in the PRC held under medium-term leases	**24,992**	26,092
	85,492	26,092

The fair values of the Group's investment properties at both year ends have been arrived at on the basis of valuations carried out as of these days by Asset Appraisal Limited, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The properties were rented out under operating leases.

15. AVAILABLE-FOR-SALE INVESTMENTS

Details of available-for-sale investments as at 31 March are set out below:

	2009	2008
	HK$'000	HK$'000
Unlisted equity securities	5,100	5,100
Less: Impairment loss	(5,100)	(5,100)
	—	—

The unlisted investments represent approximately 0.20% (2008: 0.26%) investment in Hennabun Capital Group Limited, a company incorporated in the British Virgin Islands and engaged in securities trading, investment holding and provision of brokerage and financial services. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2009	2008
	HK$'000	HK$'000
Other receivables	—	15,827
Deposits and prepayments	13,191	4,852
	13,191	20,679

At 31 March 2008, the Group has other receivables balance of HK$15,827,000 with brokerage firms. The entire amount was recovered during 2009.

17. INVESTMENTS HELD FOR TRADING

Investments held for trading stated at fair value as at 31 March are set out below:

	2009	2008
	HK$'000	HK$'000
Equity securities listed in Hong Kong	438,350	348,962
Equity securities listed outside Hong Kong	39,984	66,153
Convertible notes:		
– listed in Hong Kong	42,802	—
– unlisted	19,332	—
Debt securities	1,170	—
Investment fund	30,049	—
	571,687	415,115

The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchange. The fair value of the investment fund is determined with reference to the net asset value of the underlying assets of the funds which is provided by the counterparty financial institution.

The convertible notes are redeemable, non-interest bearing and are repayable upon maturity which is ranging from 3 to 5 years from the date of issue. The Group has the right to convert, on any business day, the convertible notes into ordinary shares of the issuer from the date of acquisition of the convertible notes to their maturity dates. The issuers may also redeem the convertible notes at par value or above at any time prior to maturity. As the Group holds the convertible notes for trading purpose, the convertibles notes are classified as investments held for trading.

The fair value of those convertible notes listed on the Stock Exchange and the debt securities issued by a company listed in the New York Stock Exchange are determined based on the quoted market prices in an active market. The fair value of the unlisted convertible note of HK$19,332,000 (2008: nil), which was issued by a company listed on the Stock Exchange, has been arrived at on the basis of a valuation carried out as of that day by Asset Appraisal Limited, independent qualified professional valuers not connected with the Group. The fair value of the unlisted convertible note is calculated using the discounted cash flows method at a market interest rate for the equivalent non-convertible note for its straight debt component and using the binomial model for its derivative components.

18. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less at prevailing market interest rates. The effective interest rate ranges from 0.4% to 3.7% (2008: 1.1% to 3.6%) per annum.

19. AMOUNTS DUE TO DIRECTORS/A MINORITY SHAREHOLDER

The amounts are unsecured, interest-free and repayable on demand.

20. CONVERTIBLE NOTES

	HK$'000
At 1 April 2007	60,976
Interest charged	5,286
Interest paid	(563)
Issued during the year	131,163
Converted during the year	(196,862)
At 31 March 2008	—
Issued during the year	60,726
Interest charged	7,456
At 31 March 2009	**68,182**

20. CONVERTIBLE NOTES *(Continued)*

2005, 2006 and 2007 Convertible Notes

The 2005 Convertible Notes are unsecured, carry interest at 3% per annum and are repayable upon maturity 3 years from the date of issue. Holders of the 2005 Convertible Notes have the right to convert, on any business day, the 2005 Convertible Notes into ordinary shares of the Company during a period of 3 years from the date of issue of the 2005 Convertible Notes at varying conversion prices stipulated in the convertible note agreement. The Company may redeem the 2005 Convertible Notes at par value to the extent of the entire principal amount outstanding at any time prior to maturity.

The 2006 Convertible Notes are unsecured, carry interest of 5% per annum and are repayable upon maturity 3 years from the date of issue. Holders of the 2006 Convertible Notes have the right to convert, on any business day, the 2006 Convertible Notes into ordinary shares of the Company during a period of 3 years from the date of issue of the 2006 Convertible Notes at varying conversion prices stipulated in the convertible note agreement. The Company may redeem the 2006 Convertible Notes at par value to the extent of the entire principal amount outstanding at any time prior to maturity.

The 2007 Convertible Notes are unsecured, carry interest of 4% per annum and are repayable upon maturity 3 years from the date of issue. Holders of the 2007 Convertible Notes have the right to convert, on any business day, the 2007 Convertible Notes into ordinary shares of the Company during the period of 3 years from the date of issue of the 2007 Convertible Notes. An initial conversion price is HK$0.11 per share from the date of issue 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 the maturity date on 28 February 2010. The conversion prices of the 2007 Convertible Notes are subject to anti-dilutive adjustments. The Company may redeem the 2007 Convertible Notes at par value to the extent of the entire principal amount outstanding at any time prior to maturity.

The effective interest rates of the liability components in relation to the 2005 Convertible Notes, 2006 Convertible Notes and 2007 Convertible Notes ranged from 11.25% to 13.33%.

All of the 2005 Convertible Notes, 2006 Convertible Notes and 2007 Convertible Notes have been converted to ordinary shares of the Company during the year ended 31 March 2008. Details of conversion are set out in note 21.

20. CONVERTIBLE NOTES *(Continued)*

2008 Convertible Notes

On 21 July 2008, the Company issued zero coupon convertible notes with face value of HK$100,000,000 (the "2008 Convertible Notes"). The 2008 Convertible Notes are unsecured, non-interest bearing and repayable upon maturity which is 3 years from the date of issue. Holders of the 2008 Convertible Notes have the right to convert, on any business day, the 2008 Convertible Notes into ordinary shares of the Company during the period of 3 years from the date of issue. An initial conversion price is HK$0.10 per share from the date of issue to 20 July 2009, HK$0.11 per share from 21 July 2009 to 20 July 2010 and HK$0.12 per share from 21 July 2010 to the maturity date on 20 July 2011. The conversion prices of the 2008 Convertible Notes are subject to anti-dilutive adjustments. The Company may redeem the 2008 Convertible Notes at par value to the extent of the entire principal amount outstanding at any time prior to maturity. As the capital reorganization of the Company was completed and share consolidation was effected on 1 April 2009, the conversion prices were adjusted from HK$0.10, HK$0.11 and HK$0.12 to HK$2.50, HK2.75 and HK$3.00 respectively. The conversion prices were further adjusted from HK$2.50, HK$2.75 and HK$3.00 to HK$0.635, HK$0.699 and HK$0.762 respectively due to the rights issue of the Company. Details of the capital reorganization and the rights issue of the Company are set out in note 28.

The 2008 Convertible Notes are compound financial instruments containing two components, liability and equity elements. The fair value of the liability component was calculated using the discounted cash flows method at a market interest rate for the equivalent non-convertible notes. The residual amount, representing the value of the equity conversion option is included in shareholders' equity as convertible notes equity reserve. The effective interest rate of the liability component is approximately 17.11%.

No 2008 Convertible Notes have been converted to ordinary shares of the Company during the year.

21. SHARE CAPITAL

	Nominal value per share	Number of shares		Share capital	
		2009	2008	**2009**	2008
	HK$			**HK$'000**	HK$'000
Authorised:					
At 1 April	0.1	**50,000,000,000**	5,000,000,000	**5,000,000**	500,000
Increase during the year		**—**	45,000,000,000	**—**	4,500,000
At 31 March		**50,000,000,000**	50,000,000,000	**5,000,000**	5,000,000
Issued and fully paid					
At 1 April	0.1	**13,266,212,652**	1,717,484,600	**1,326,621**	171,748
Shares issued at premium for cash		**—**	9,649,496,000	**—**	964,950
Shares issued at premium on conversion of convertible notes		**—**	1,899,232,052	**—**	189,923
Shares buy-back		**(2)**	—	**—**	—
At 31 March		**13,266,212,650**	13,266,212,652	**1,326,621**	1,326,621

On 4 April 2007, 21 June 2007, 27 September 2007, 15 November 2007 and 27 December 2007, the Group issued and allotted 343,496,000, 436,000,000, 870,000,000, 6,000,000,000 and 2,000,000,000 new shares at HK$0.1, HK$0.45, HK$0.22, HK$0.22 and HK$0.22 each, respectively, for cash by placing. The shares issued rank pari passu in all material respects with the then existing shares.

On 7 May 2007, 1 June 2007 and 6 June 2007, a total of 120,000,000, 80,000,000 and 143,448,274 shares were allotted and issued respectively by the Company at the conversion price of HK$0.145 per share according to the terms and conditions under the 2006 Convertible Notes.

On 13 June 2007, a total number of 43,783,782 shares were allotted and issued by the Company at the conversion price of HK$0.37 per share according to the terms and conditions under the 2005 Convertible Notes issued on 31 January 2005. On 5 July 2007, a total of 12,000,000 shares were allotted and issued by the Company at the conversion price of HK$0.4 per share according to the terms and conditions under the 2005 Convertible Notes issued on 31 March 2005.

On 4 July 2007, 5 July 2007 and 9 July 2007, a total of 663,636,361, 236,363,636 and 599,999,999 shares were allotted and issued respectively by the Company at the conversion price of HK$0.11 per share according to the terms and conditions under the 2007 Convertible Notes.

Details of changes in share capital subsequent to 31 March 2009 are set out in note 28.

22. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Mandatory Provident Fund Scheme is funded by monthly contribution from both employees and the Group at a rate of 5% of the employee's relevant payroll with maximum employee's contribution of not exceeding HK$1,000 a month.

The retirement benefit cost charged to the consolidated income statement of HK$302,000 (2008: HK$176,000) represents contributions payable to the scheme by the Group at rate specified in the rules of the scheme.

23. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments payable under non-cancellable operating leases which fall due as follows:

	2009	2008
	HK$'000	HK$'000
In respect of rented premises:		
Within one year	**4,311**	2,229
In the second to fifth year inclusive	**1,242**	94
	5,553	2,323

Operating lease payments represent rentals payable by the Group rented premises. Leases are negotiated for an average term of two years.

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2009	2008
	HK$'000	HK$'000
Within one year	**2,069**	494
In the second to fifth year inclusive	**—**	63
	2,069	557

Leases are negotiated for an average term of two years.

24. CAPITAL COMMITMENTS

At 31 March 2008 and 2009, the Group had commitments authorised but not contracted for in relation to an agreement with a third party to establish a joint venture in which the Group will invest approximately HK$51,000,000 for investment in the property market in the PRC.

	2009	2008
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	**—**	14,321

25. SHARE OPTION SCHEME

The Company has a share option scheme (the "Scheme") which was adopted on 11 May 2007. The Scheme is valid and effective for a period of ten years from the date of adoption.

Pursuant to the Scheme, the Company may grant options to employees (including existing and proposed directors), adviser, consultant, agent, contractor, client and supplier of any members of the Group (collectively the "Participants"). The purpose of the Scheme is to attract, retain and motivate Participants to strive for future development and expansion of the Group and to provide incentive to encourage the Participants to enjoy the results of the Company attained through their efforts and contributions. The total number of shares of the Company available for issue under the Scheme is 218,098,060 which represents 10% of the issued share capital of the Company as at 11 May 2007. No Participants shall be granted an option if the total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in twelve month period up to and including the date of grant to such Participants would exceed 1% of the shares of the Company for the time being in issue unless the proposed grant has been approved by the shareholders of the Company in general meeting with the proposed grantee and his associates abstaining from voting. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the board of the directors of the Company (the "Board") may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof and the Board may provide restrictions on the exercise of an option during the period an option may be exercised. The subscription price of the option shall be determined by the Board but in any case shall not be less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited on the date of grant which must be a trading day, (ii) the average closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date of grant and (iii) the nominal value of a share of the Company. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

Up to 31 March 2009, no share options have been granted by the Company since the adoption of the Scheme.

26. ACQUISITION OF PROPERTY INTERESTS

On 11 February 2009, the Group has acquired the residential property interests in Hong Kong and its related assets and liabilities ("Property Interests") held by Jabour Limited ("Jabour") and Isenberg Holdings Limited ("Isenberg"), through acquisition of the entire issued share capital of Ocean Capital Investments Limited which is the immediate holding company of Jabour and Isenberg.

	HK$'000
Property Interests acquired:	
Investment properties	60,000
Property, plant and equipment	123
Other receivables	90
Bank balances	1,043
Other payables	(356)
Total consideration, satisfied by cash	60,900

	HK$'000
Net cash outflow arising on acquisition:	
Cash consideration	(60,900)
Bank balances acquired	1,043
	(59,857)

The Property Interests contributed a profit of HK$769,000 to the Group's loss for the period between the date of acquisition and the balance sheet date.

27. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2009 and 2008 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital/ registered and paid-up capital	Proportion of nominal value of issued share capital/registered and paid-up capital held by the Company		Principal activities
			Directly	Indirectly	
China Sci-Tech Secretaries Limited	Hong Kong	HK$10,000	100%	—	Provision of secretarial services and investment holding
Cyber Range Limited	British Virgin Islands*	US$1	100%	—	Investment holding
Harbour Fair Overseas Limited	British Virgin Islands*	US$1	100%	—	Investment holding
Isenberg Holdings# Limited	Hong Kong	HK$2	—	100%	Property investment
Jabour Limited#	Hong Kong	HK$2	—	100%	Property investment
Millennium Riders Limited	British Virgin Islands*	US$1	100%	—	Investment holding
Perfect Touch Technology Inc.	British Virgin Islands*	US$2	100%	—	Investment holding
Smart Ease Limited	Hong Kong	HK$2	100%	—	Investment holding
Sky Falcon Investments Limited	British Virgin Islands*	US$1	100%	—	Investment holding
Kingarm Company Limited	Hong Kong	HK$2	—	100%	Property investment

27. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ operation	Issued share capital/ registered and paid-up capital	Proportion of nominal value of issued share capital/registered and paid-up capital held by the Company		Principal activities
			Directly	Indirectly	
Partner United Limited	British Virgin Islands*	US$1	—	100%	Investment holding
Skytop Technology Limited	Hong Kong	HK$3	—	100%	Securities investment
Unigolden Limited	Hong Kong	HK$2	—	100%	Property investment

* These companies are engaged in investment business and have no specific principal place of operations.

[#] Newly acquired during the year.

In the opinion of the directors of the Company, the above companies will principally affect the operations of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities at 31 March 2009 or at any time during the year.

28. POST BALANCE SHEET EVENTS

Capital Reorganisation

On 10 October 2008, the Company made a proposal of capital reorganisation to the shareholders that: (1) the nominal value of all the existing issued shares be reduced from HK$0.10 each to HK$0.004 each by cancelling HK$0.096 paid up on each existing issued share by way of reduction of capital; (2) every 25 reduced issued shares of HK$0.004 each be consolidated into one consolidated share of HK$0.10; and (3) the credit arising from such reduction of capital will be applied to offset against the accumulated losses of the Company and the remaining balance of the credit being credited to the capital reduction reserve account of the Company. The capital reorganisation was completed and the consolidation was effected on 1 April 2009.

Rights Issue

On 23 February 2009, the Company proposed to have a rights issue exercise on the basis of five rights shares for every reorganised share held on the record date (with warrants to subscribe for warrant shares in the proportion of one warrant for every five rights shares subscribed for), the subscription price is HK$0.15 per rights share.

The number of rights shares to be issued would be not less than 2,653,242,530 rights shares (with warrants) and not more than 2,853,242,530 rights shares (with warrants and assume full exercise of the rights attached to the 2008 Convertible Notes).

Although the proposed rights issue has been approved by the shareholders on 9 April 2009, it is conditional upon (i) the obligations of the underwriter under the underwriting agreement not being terminated; and (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of and permission to deal in all the rights shares, in both nil-paid and fully-paid forms, the warrants and the warrant shares. In addition, the trading in shares, nil-paid rights shares and shares in temporary counter of the Company has been suspended from 24 April 2009 to 12 May 2009 in relation to a very substantial acquisition transaction and a potential very substantial disposal transaction. Therefore, the completion date of the proposed rights issue is extended to 3 June 2009.

28. POST BALANCE SHEET EVENTS *(Continued)*

Very Substantial Acquisition

On 24 April 2009, Maxter Investments Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, and the Company, as the Purchaser's guarantor, entered into a conditional sale and purchase agreement with OZ Minerals Agincourt Pty Ltd (the "Vendor") and OZ Minerals Limited, as the Vendor's guarantor, to acquire from the Vendor the entire issued share capital of OZ Minerals Martabe Pty Ltd (the "Target Company") at a consideration being the aggregate of US$211 million and a reimbursement amounted not exceeding US$11.4 million. The Target Company indirectly holds 95% interest in Martabe Gold and Silver project in the Western side of the island of Sumatera in the Province of North Sumatera, in the Batangtoru sub-district, Indonesia. The acquisition constitutes a very substantial acquisition for the Company under the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Listing Rules") and will be subject to the approval of the shareholders.

Very Substantial Disposal

On 24 April 2009, Polytex Investments Inc. (the "Grantor"), a wholly-owned subsidiary of the Company and the immediate holding company of the Purchaser, granted Acewick Holdings Limited (the "Grantee"), a wholly-owned subsidiary of Smart Rich Energy Finance (Holdings) Limited (the "SR"), a call option to acquire the entire issued share capital of the Purchaser. The option price shall be the aggregate of US$10 million, which shall be satisfied by the allotment and issue of ordinary shares of the SR, and the consideration aggregate assumed or sum paid or contributed by the Group in the acquisition of the Target Company. On 9 May 2009, the Grantee exercised the call option. The possible disposal constitutes a very substantial disposal for the Company under the Listing Rules and will be subject to the approval of the shareholders.

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(Restated)		
RESULTS					
(LOSS) PROFIT FOR THE YEAR	**(366,522)**	(305,570)	(63,045)	25,499	(10,090)

	At 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	**2,221,741**	2,458,934	405,019	431,239	446,303
TOTAL LIABILITIES	**(98,055)**	(5,500)	(105,891)	(69,066)	(110,381)
NET ASSETS	**2,123,686**	2,453,434	299,128	362,173	335,922

Particulars of Properties Held by the Group

Location	Use	Lease term
Unit Nos. 1104-1107 and Unit Nos. 2501-2512 Oriental Building No. 39 Jianshe Road Luohu District Shenzhen Guangdong Province PRC	Commercial	Medium term lease
East Portion of level 18 and Unit No. 2601 and Carparking Space No. 20 on basement level Shartex Plaza No. 88 Zunyi South Road Changning District Shanghai PRC	Commercial	Medium term lease