Interim Report 2009

CHINA SCI-TECH HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

Stock Code: 985

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
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 PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

Deloitte Touche Tohmatsu
35th Floor
One Pacific Place
88 Queensway
Hong Kong

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

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

STOCK CODE

985

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of China Sci -Tech Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009 with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

		Six months ended 30 September	
	NOTES	**2009 HK$'000 (Unaudited)**	2008 HK$'000 (Unaudited)
Revenue	4	**23,529**	17,014
Other income	5	**61,184**	14,552
Administrative expenses		**(37,914)**	(24,765)
Gain (loss) arising from fair value changes of investments held for trading		**20,322**	(405,103)
Gain arising from fair value changes of investment properties		**8,577**	—
Loss on early redemption of convertible notes	15	**(27,328)**	—
Gain (loss) arising from fair value changes of derivative financial instruments	5	**9,964**	(19,725)
Finance costs	6	**(4,870)**	(2,048)
Profit (loss) before taxation		**53,464**	(420,075)
Taxation	7	**(11,478)**	(49)
Profit (loss) for the period	8	**41,986**	(420,124)
Other comprehensive income			
Gain arising from fair value changes of available-for-sale investments	13	**14,393**	—
Total comprehensive income (expense) for the period		**56,379**	(420,124)
Profit (loss) for the period attributable to:			
Owners of the Company		**41,986**	(420,124)
Minority interests		**—**	—
		41,986	(420,124)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**56,379**	(420,124)
Minority interests		**—**	—
		56,379	(420,124)
			(Restated)
Earnings (loss) per share			
Basic	9	**HK1.85 cents**	HK(39.80) cents
Diluted	9	**HK1.49 cents**	HK(39.80) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2009

	NOTES	**As at 30 September 2009 HK$'000 (Unaudited)**	As at 31 March 2009 HK$'000 (Audited)
Non-current Assets			
Property, plant and equipment	11	**15,554**	16,106
Investment properties	12	**94,069**	85,492
Available-for-sale investments	13	**101,857**	—
		211,480	101,598
Current Assets			
Other receivables, deposits and prepayments		**40,365**	13,191
Investments held for trading	14	**1,450,941**	571,687
Bank balances and cash		**882,729**	1,535,265
		2,374,035	2,120,143
Current Liabilities			
Other payables and accrued charges		**3,911**	27,874
Amount due to a minority shareholder		**1,999**	1,999
Tax payable		**11,435**	—
		17,345	29,873
Net Current Assets		**2,356,690**	2,090,270
		2,568,170	2,191,868
Capital and Reserves			
Share capital	16	**318,423**	1,326,621
Reserves		**2,249,791**	797,109
Equity attributable to owners of the Company		**2,568,214**	2,123,730
Minority interests		**(44)**	(44)
		2,568,170	2,123,686
Non-current Liability			
Convertible notes	15	**—**	68,182
		2,568,170	2,191,868

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (note a)	Convertible notes equity reserve HK$'000	Other capital reserve HK$'000 (note b)	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2008 (audited)	1,326,621	1,474,039	7,700	–	396,347	–	(751,229)	2,453,478	(44)	2,453,434
Loss for the period and total comprehensive expense for the period	–	–	–	–	–	–	(420,124)	(420,124)	–	(420,124)
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 30 September 2008 (unaudited)	1,326,621	1,474,039	7,700	36,774	396,347	–	(1,171,353)	2,070,128	(44)	2,070,084
At 1 April 2009 (audited)	**1,326,621**	**1,474,039**	**7,700**	**36,774**	**396,347**	**–**	**(1,117,751)**	**2,123,730**	**(44)**	**2,123,686**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**41,986**	**41,986**	**–**	**41,986**
Gain arising from fair value changes of available-for-sale investments (note 13)	**–**	**–**	**–**	**–**	**–**	**14,393**	**–**	**14,393**	**–**	**14,393**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**14,393**	**41,986**	**56,379**	**–**	**56,379**
Cancellation and consolidation of paid up share capital due to capital reorganisation (note 16)	**(1,273,556)**	**–**	**–**	**–**	**604,196**	**–**	**669,360**	**–**	**–**	**–**
Issue of shares (note 16)	**265,358**	**132,697**	**–**	**–**	**–**	**–**	**–**	**398,055**	**–**	**398,055**
Transaction costs attributable to issue of shares	**–**	**(9,950)**	**–**	**–**	**–**	**–**	**–**	**(9,950)**	**–**	**(9,950)**
At 30 September 2009 (unaudited)	**318,423**	**1,596,786**	**7,700**	**36,774**	**1,000,543**	**14,393**	**(406,405)**	**2,568,214**	**(44)**	**2,568,170**

(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 and during the six months ended 30 September 2009.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Six months ended 30 September	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Operating activities		
Profit (loss) before taxation	**53,464**	(420,075)
Adjustments for:		
Interest income	**(1,574)**	(12,267)
Dividend income	**(21,554)**	(16,273)
(Gain) loss arising from fair value changes of investments held for trading	**(20,322)**	405,103
Gain arising from fair value changes of investment properties	**(8,577)**	—
Loss on early redemption of convertible notes	**27,328**	—
Finance costs	**4,870**	2,048
Other non-cash items	**640**	19,976
Operating cash flows before movements in working capital	**34,275**	(21,488)
Increase in available-for-sale investments	**(87,464)**	—
Increase in investments held for trading	**(858,932)**	(553,355)
Other working capital items	**(51,137)**	(42,220)
Cash used in operations	**(963,258)**	(617,063)
Income tax paid	**(43)**	(49)
Interest received	**1,574**	12,267
Dividend received	**21,554**	16,273
Net cash used in operating activities	**(940,173)**	(588,572)
Investing activities		
Purchase of property, plant and equipment	**(88)**	(15,411)
Increase in time deposits	**—**	(601,117)
Net cash used in investing activities	**(88)**	(616,528)
Financing activities		
Proceeds from issue of shares upon rights issue and exercise of warrants	**398,055**	—
Redemption of convertible notes	**(100,000)**	—
Share issue expenses	**(9,950)**	—
Interest paid	**(380)**	(5)
Proceeds on issue of convertible notes	**—**	100,000
Transaction costs on issue of convertible notes	**—**	(2,500)
Net cash from financing activities	**287,725**	97,495
Net decrease in cash and cash equivalents	**(652,536)**	(1,107,605)
Cash and cash equivalents at the beginning of the period	**1,535,265**	1,996,305
Cash and cash equivalents at the end of the period, represented by bank balances and cash	**882,729**	888,700

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 interim report.

The condensed 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 the Group is engaged in investment in financial instruments and property investment.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2009. In addition, the following accounting policies were adopted during the period:

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. The Group designated certain listed equity investments as available-for-sale financial assets.

At the end of each reporting period subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES - continued

Early redemption of convertible notes

On early redemption of convertible notes by the Group through exercising an embedded redemption option which was closely related to the liability component of the convertible notes at initial recognition, the difference between the carrying amount of the liability component of the convertible notes derecognised and the redemption amount paid is recognised in profit or loss.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

3. PRINCIPAL ACCOUNTING POLICIES - continued

Except as described below, the adoption of these new HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[5]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Owners[1]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2010
6 Effective for annual periods beginning on or after 1 January 2013

3. PRINCIPAL ACCOUNTING POLICIES - continued

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 April 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary and HKFRS 9 will affect the accounting treatment and disclosure requirements for the Group's available-for-sale investments. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, i.e. the board of directors, in order to allocate resources to segments and to assess their performance. In contrasts, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The identification of the Group's reportable segments under HKFRS 8 is consistent with the prior years' presentation of business segments under HKAS 14. Information report to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on two main operating divisions: investments in financial instruments and property investment. The divisions are the basis on which the Group reports its segment information. The Group's reportable segments under HKFRS 8 are as follows:

Investments in financial instruments	–	trading of securities, available-for-sale investments, convertible notes and derivative financial instruments
Property investment	–	properties letting

4. SEGMENT INFORMATION - continued

The following is an analysis of the Group's revenue and result by operating segment for the periods under review:

	Segment revenue		Segment profit (loss)	
	Six months ended 30 September		Six months ended 30 September	
	2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)	**2009 HK$'000 (unaudited)**	2008 HK$'000 (unaudited)
Investments in financial instruments	**21,554**	16,273	**30,671**	(415,181)
Property investment	**1,975**	741	**10,072**	518
	23,529	17,014	**40,743**	(414,663)
Other income			**61,184**	14,552
Gain arising from fair value change of a derivative financial instrument			**9,964**	—
Loss on early redemption of convertible notes			**(27,328)**	—
Central administration costs			**(26,229)**	(17,916)
Finance costs			**(4,870)**	(2,048)
Profit (loss) before taxation			**53,464**	(420,075)
Taxation			**(11,478)**	(49)
Profit (loss) for the period			**41,986**	(420,124)

4. SEGMENT INFORMATION - continued

All of the segment revenue reported above is generated from external customers.

Segment profit (loss) represents the profit (loss) earned/incurred by each segment without allocation of other income, gain arising from fair value change of a derivative financial instrument in respect of the equity shares of G-Resources Group Limited ("G-Resources") (formerly known as Smart Rich Energy Finance (Holdings) Limited), a company listed on the Stock Exchange, as set out in note 5, loss on early redemption of convertible notes, central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's assets by operating segment:

	As at 30 September 2009 HK$'000	As at 31 March 2009 HK$'000
Segment assets		
- Investments in financial instruments	**1,552,798**	571,687
- Property investment	**94,069**	85,492
	1,646,867	657,179
Unallocated corporate assets	**938,648**	1,564,562
	2,585,515	2,221,741

5. OTHER INCOME

Included in other income is a net gain of HK$59,342,000 arising from the following transactions:

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") for a consideration being the aggregate of US$211 million and a reimbursement amounted to not exceeding US$11.4 million (the "Consideration"). 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.

On the same date, Polytex Investments Inc., a wholly-owned subsidiary of the Company and the immediate holding company of the Purchaser, granted Acewick Holdings Limited ("Acewick"), a wholly-owned subsidiary of G-Resources, a call option to acquire the entire issued share capital of the Purchaser. The exercise price of the option was the aggregate of the Consideration plus US$10 million which was satisfied by the allotment and issue of ordinary shares of G-Resources. On 9 May 2009, Acewick exercised the call option for a total consideration of US$221 million plus a reimbursement of US$6.56 million. US$211 million out of US$221 million and the reimbursement were settled by cash and US$10 million was settled by 221,428,571 equity shares of G-Resources at HK$0.35 per share.

Upon the completion of these two transactions, a gain of HK$77,500,000 after netting off a transaction cost of HK$18,158,000 which could not be reimbursed from G-Resources, were recognised in other income. In addition, a gain on a derivative financial instrument of HK$9,964,000 arising from the fair value change of 221,428,571 equity shares of G-Resources from 9 May 2009 to the transaction's completion date were recognised in profit or loss. At 30 September 2009, 221,428,571 equity shares of G-Resources were classified as available-for-sale investments.

6. FINANCE COSTS

	Six months ended 30 September	
	2009 **HK$'000** **(unaudited)**	2008 HK$'000 (unaudited)
Interest on borrowings wholly repayable within five years:		
Other borrowings	**(380)**	(5)
Convertible notes (note 15)	**(4,490)**	(2,043)
	(4,870)	(2,048)

7. TAXATION

	Six months ended 30 September	
	2009 **HK$'000** **(unaudited)**	2008 HK$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	**(11,435)**	—
Other jurisdiction	**(43)**	(49)
	(11,478)	(49)

Hong Kong Profits tax is recognised based on management's best estimate of the annual income tax rate expected for the full financial year. The estimated annual tax rate used is 16.5% for the six months ended 30 September 2009.

For the six months ended 30 September 2008, no provision for Hong Kong Profits Tax had been made in the condensed consolidated financial statements since the Group had no assessable profits arising in Hong Kong.

The taxation charge in jurisdictions other than Hong Kong for both periods is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

8. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 September	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit (loss) for the period has been arrived at after charging:		
Depreciation	**640**	251
Staff costs		
Directors' remuneration	**8,580**	4,930
Contributions to the Mandatory Provident Fund	**42**	42
Other staff costs	**2,291**	4,064
Total staff cost	**10,913**	9,036
Exchange loss	**239**	—
Minimum lease payments under operating leases in respect of rented premises	**2,821**	1,817
and after crediting:		
Bank interest income (note)	**1,574**	12,267
Commission income	**—**	1,750
Exchange gain	**—**	269
Gross rental income less direct operating expenses from investment properties that generated rental income during the period of HK$337,000 (2008: HK$149,000)	**1,638**	592

Note: For the six months ended 30 September 2009, bank interest income arose from bank deposits with maturity of 3 months or less. For the six months ended 30 September 2008, bank interest income included those arising from bank deposits with maturity more than 3 months but less than 6 months. The interest rates were ranged from 0.03% to 0.20% (for six months ended 30 September 2008: 0.89% to 3.25%) per annum.

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
Earnings (loss)	**2009 HK$'000**	2008 HK$'000
Earnings (loss) for the purposes of basic earnings (loss) per share attributable to the owners of the Company	**41,986**	(420,124)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**4,490**	—
Earnings (loss) for the purposes of diluted earnings (loss) per share attributable to the owners of the Company	**46,476**	(420,124)

	Six months ended 30 September	
	2009 ('000)	2008 ('000) (as restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**2,270,601**	1,055,622
Effect of dilutive potential ordinary shares:		
Convertible notes (Note)	**754,098**	—
Warrants	**92,198**	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**3,116,897**	1,055,622

The weighted average number of ordinary shares for the six months ended 30 September 2008 for the purpose of calculating the basic and diluted loss per share has been adjusted to reflect the effects of capital reorganisation, rights issue and exercise of warrants as set out in note 16.

Note: The computation of diluted loss per share for the six months ended 30 September 2008 does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in a decrease in loss per share in prior period.

10. DIVIDEND

No dividends were paid, declared or proposed during the current period. The directors do not recommend the payment of an interim dividend (2008: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2009, the Group has additions of leasehold improvements of HK$88,000 (six months ended 30 September 2008: HK$475,000).

During the six months ended 30 September 2008, the Group purchased leasehold land and buildings located in Hong Kong of HK$13,191,000, motor vehicles of HK$1,484,000 and furniture and equipments of HK$261,000.

12. INVESTMENT PROPERTIES

The fair values of the Group's investment properties at 30 September 2009 and 31 March 2009 have been arrived at on the basis of valuations carried out as of these dates by Asset Appraisal Limited, an independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of transactions prices for similar properties.

13. AVAILABLE-FOR-SALE INVESTMENTS

During the six months ended 30 September 2009, the Group received 221,428,571 ordinary shares of G-Resources as a part of the consideration for the transactions as set out in note 5.

The investments were measured at their fair values. At their initial recognition date, the fair value of the investments was HK$87,464,000. The fair value of the investments at 30 September 2009 was HK$101,857,000, resulting in a gain of HK$14,393,000. The fair value is determined based on the quoted market bid prices available on the Stock Exchange.

14. INVESTMENTS HELD FOR TRADING

Investments held for trading are set out below:

	As at 30 September 2009 HK$'000	As at 31 March 2009 HK$'000
Equity securities		
- listed in Hong Kong	**1,224,903**	438,350
- listed outside Hong Kong	**49,794**	39,984
Convertible notes		
- listed in Hong Kong	**5,595**	42,802
- unlisted	**30,245**	19,332
Debt securities	**1,053**	1,170
Investment funds	**139,351**	30,049
	1,450,941	571,687

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 values of the investment funds are determined with reference to the net asset values of the underlying assets of the funds which are provided by the counterparty financial institutions.

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 values 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 active markets. The fair value of the unlisted convertible note, which was issued by a company listed on the Stock Exchange, has been arrived at on the basis of a valuation carried out at the end of each reporting period 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.

15. CONVERTIBLE NOTES

	HK$'000
Convertible notes	
At 1 April 2009 (audited)	**68,182**
Interest charged	**4,490**
Redeemed during the period	**(72,672)**
At 30 September 2009 (unaudited)	—

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 16.

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 17.29%.

On 17 August 2009, the Company redeemed the 2008 Convertible Notes for a consideration of HK$100,000,000 through exercising the early redemption option which was closely related to the liability component at initial recognition. The difference between the redemption amount and the carrying amount represent a loss of HK$27,328,000 to profit or loss.

16. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.1 each:		
Authorised		
At 30 September 2009 and 31 March 2009	50,000,000,000	5,000,000
Issued and fully paid		
At 1 April 2009	13,266,212,650	1,326,621
Cancellation of paid up share capital arising from the capital reorganisation	(12,735,564,144)	(1,273,556)
Issue of shares upon rights issue	2,653,242,530	265,324
Issue of shares upon exercise of warrants	343,892	34
At 30 September 2009	3,184,234,928	318,423

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 to 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 to be consolidated into one consolidated share of HK$0.10; and (3) the credit arising from such reduction of capital to offset against the accumulated losses of the Company and the remaining balance of the credit being credited to the other capital reserve of the Company. The capital reorganisation was completed and the consolidation was effected on 1 April 2009. 12,735,564,144 issued and fully paid shares, amounting to HK$1,273,556,000, were being cancelled due to the capital reorganisation. Included in the reduced share capital of HK$1,273,556,000, HK$669,360,000 were used to offset against the accumulated losses of the Company as at 1 April 2009 and the remaining balance of HK$604,196,000 was transferred to other capital reserve.

In addition, the Company issued 2,653,242,530 ordinary shares at a subscription price of HK$0.15 each in the capital of the Company, by way of rights issue, on the basis of five rights shares for every reorganised share held on 3 April 2009. The transaction was completed on 3 June 2009. The net proceeds of approximately HK$388,036,000 were received and the new shares rank pari passu in all respects with the then existing issued shares.

16. SHARE CAPITAL - continued

Together with the rights issue, the Company also issued 530,648,506 warrants on the basis of one warrant for every five rights shares subscribed for. The exercise price of the warrants is HK$0.20 per share (subject to adjustment), and the warrant can be exercised by warrant holders on or before 2 June 2011.

During the period, 343,892 warrants were exercised, resulting in the issuance of 343,892 ordinary shares of HK$0.10 each of the Company at a subscription price of HK$0.20 per share. The new shares rank pari passu with the then existing shares in all respects.

17. COMMITMENTS

At 30 September 2009, the Group has no commitment authorised but not contracted or contracted but not provided for.

At 31 March 2009, the Group had commitment authorised but not contracted for in relation to an agreement with a third party to establish a joint venture in which the Group would invest HK$51,000,000 in the property market in the People's Republic of China. The transaction was terminated during the six months ended 30 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

The revenue of the Group for the period of six months ended 30 September 2009 (the "Period") is approximately HK$23.53 million. Compared with the corresponding period of last year, there was an increase by an amount of approximately HK$6.52 million. The increase is mainly attributable to the increase of dividend income from the Group's securities investment. Compared with previous corresponding period, the revenue from the investments in financial instruments segment and property investment segment increased approximately 32.45% and 166.53% respectively. Rental income provided a steady cash flow to the Group for the Period and is expected to continue in the future. Other income was up by approximately 320.45% from approximately HK$14.55 million for the same period of last year to approximately HK$61.18 million for the Period. The reason for such increase is mainly because of the disposal of an Australian mining company (details of which are mentioned below) during the Period. The disposal brought a profit of approximately HK$59.34 million to the Group. A loss on early redemption of convertible notes of approximately HK$27.33 million was recorded under the requirements of Hong Kong Accounting Standard 39 and 32. Nevertheless, such loss does not affect the Group's cash flow for the Period. The administration expenses for the Period was approximately HK$37.91 million representing approximately 53.09% increase when compared with last corresponding period. During the Period, the Company completed the capital reorganization and rights issue (details of which were disclosed in the section headed "Management Discussion and Analysis" of the Company's 2009 annual report). The expectation of recovery of economies of Hong Kong and United States caused the rebound of the financial market in the Period. Benefiting from the rebound, the Group recorded a gain from fair value changes of investments held for trading of approximately HK$20.32 million as opposed to a loss of approximately HK$405.10 million for the corresponding period of last year. Thus, the expenses relating to legal and professional fees, salaries, and securities expenses had increased accordingly. All these expenses accounted for over 60% of the total administration expenses for the Period. Overall, the total comprehensive income for the Period was approximately HK$56.38 million as opposed to the net loss of approximately HK$420.12 million in the preceding relevant period.

As at 30 September 2009, the Group had bank balance and cash of approximately HK$882.73 million. Fair value of investments held for trading and available-for-sale investments were approximately HK$1,450.94 million and HK$101.86 million respectively. As at 30 September 2009, the Group committed to invest in an investment fund up to an amount of approximately HK$99.56 million, but the fund has not yet requested the Group to honour the commitment. The commitment will expire on 28 February 2010. In August 2009, the Company redeemed all outstanding convertible notes with the total principle amount of HK$100.00 million. There were no outstanding convertible notes as at the end of the Period. As at 30 September 2009, the Group had no outstanding loan or borrowing from banks or financial institutions. Hence, based on the total amount of net book value of liability component of the convertible notes and the balance of all outstanding loans and borrowings from financial institutions and the total equity, the gearing ratio as at 30 September 2009 was 0%. Due to high base price of the open tender for the Shanghai hotel and commercial real estate project, it was decided not to bid the project. Accordingly, the joint venture agreement entered into between a subsidiary of the Company and Kingstate Holdings Limited on 9 August 2007 and all related supplemental agreements signed afterwards were terminated. Details of the joint venture agreement, supplemental agreements and the termination of such agreements were disclosed in Company's announcements dated 13 August 2007, 17 September 2007, 31 December 2007, 30 September 2008, 31 December 2008, 30 June 2009 and 30 September 2009 respectively and circular of the Company dated 31 August 2007.

The Group had 14 staff as at 30 September 2009. The staff costs (excluding directors' emoluments) was around HK$2.29 million for the Period. 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 Period.

On 24 April 2009, Maxter Investments Limited ("Maxter"), a wholly-owned subsidiary of the Company, as the purchaser, and the Company, as 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 holds 95% 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 it was completed on 29 June 2009. Details of the Acquisition were disclosed in the Company's announcements dated 12 May 2009, 27 May 2009, 1 June 2009, 2 June 2009, 25 June 2009 and 29 June 2009 respectively, and circular of the Company dated 9 June 2009.

On 24 April 2009, Polytex Investments Inc. (the "Grantor"), a wholly-owned subsidiary of the Company and the immediate 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 G-Resources Group Limited ("GR") and GR (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 exercise 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 GR (the "Consideration Shares"). On 9 May 2009, the Grantee exercised the Call Option. 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 ancillary documents upon completion of the Sale and Purchase Agreement. The possible disposal of entire issued shares in Maxter (the "Disposal") and the receipt of Consideration Shares constitute a very substantial disposal and a very substantial acquisition respectively under the Listing Rules. The Disposal was completed on 3 July 2009. Details of the Disposal were disclosed in the Company's announcements dated 12 May 2009, 27 May 2009, 1 June 2009, 2 June 2009, 25 June 2009 and 3 July 2009 respectively, and circular of the Company dated 9 June 2009.

The Acquisition and Disposal enable the Group to enhance and diversify its investment indirectly through the equity interest in GR in the further development of the Martabe Gold and Silver project. Furthermore, the Group does not have to bear the costs of capital investments from direct investment in the project. Rental income will continue to contribute steady cash flow to the Group. Although the financial market did rebound in the first half of 2009-2010 financial year, the global economy is still struggling for recovery. In addition, the threat of swine human flu and Dubai World financial difficulty will further weaken the global economy. The global economy is not expected to recover soon. The market will continue to fluctuate in the coming future. 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 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.

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

As at 30 September 2009, none of the directors and chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required (a) to be recorded in the register required to be kept under section 352 of the SFO; or (b) to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2009, there were no persons had interests or short positions, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE

The Company has, during the six months ended 30 September 2009 met the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except for the following deviations:

(a) Code provision A.4.1

The Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Currently, all independent non-exective directors of the Company are not appointed for specific term. However, the Company's articles of association provide that every directors are subject to retirement by rotation at least once every 3 years and re-election at the annual general meeting, the board considers that the Company meets the objectives of the Code.

(b) Code provision E.1.2

The Code requires the chairman of the independent board committee be available to answer questions at any general meeting to approve transactions that are subject to independent shareholders' approval. The extraordinary general meeting of the Company was held on 9 April 2009 for approving, among other matters, the proposed rights issue. Mr. Yu Pan, the chairman of the relevant independent board committee of the Company could not attend such extraordinary general meeting. However, directors of the Company responsible for the rights issue attended such extraordinary general meeting and were available to answer questions from shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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, all directors confirmed that they had complied with the required standard set out in the Model code during the six months ended 30 September 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW BY AUDIT COMMITTEE

The 2009 interim report has been reviewed by the Company's audit committee which comprises the three independent non-executive directors of the Company and the Company's auditors, Deloitte Touche Tohmatsu.

As the date of this interim report, the executive directors of the Company are Mr. Chiu Tao, Mr. Chiu Kong, Mr. Yeung Kwok Yu, Mr. Kwan Kam Hung Jimmy, Mr. Hui Richard Rui, Mr. Tsui Ching Hung, Mr. Chung Nai Ting and Mr. Lee Ming Tung and the independent non-executive directors of the Company are Mr. Yu Pan, Ms. Tong So Yuet and Mr. Chan Shek Wah.

By order of the Board
Chiu Tao
Chairman

Hong Kong, 21 December 2009

Deloitte.
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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF CHINA SCI-TECH HOLDINGS LIMITED

INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 20 which comprises the condensed consolidated statement of financial position of China Sci-Tech Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") as of 30 September 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 December 2009