



CHINA SCI-TECH HOLDINGS LIMITED

(中國科技集團有限公司) *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 985)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

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 2007 with the comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	NOTES	Six months ended 30 September	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Revenue	4	8,094	4,521
Other income		—	195
Administrative expenses		(14,307)	(4,912)
Net loss arising from fair value changes of investments held for trading		(64,815)	(58,612)
Net (loss) gain from derivative financial instruments		(580,654)	4,287
Finance costs	5	(5,285)	(4,524)
Loss before taxation	6	(656,967)	(59,045)
Taxation	7	—	(57)
Loss for the period attributable to equity holders of the Company		(656,967)	(59,102)
Loss per share - basic	8	(20.08) cents	(3.44) cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

	<i>NOTES</i>	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		805	17
Investment properties	10	22,373	22,373
		<u>23,178</u>	<u>22,390</u>
Current assets			
Other receivables, deposits and prepayments		51,975	21,618
Investments held for trading		286,518	318,314
Derivative financial instruments		562	278
Bank balances and cash		522,135	42,419
		<u>861,190</u>	<u>382,629</u>
Current liabilities			
Other payables and accrued charges		1,242	20,872
Derivative financial instruments		—	22,949
Amounts due to directors		—	300
Taxation payable		1,194	794
		<u>2,436</u>	<u>44,915</u>
Net current assets		<u>858,754</u>	<u>337,714</u>
Total assets less current liabilities		<u>881,932</u>	360,104
Non-current liability			
Convertible notes	11	—	60,976
		<u>881,932</u>	<u>299,128</u>
Capital and reserves			
Share capital	12	526,621	171,748
Reserves		355,311	127,380
Equity attributable to equity holders of the Company		<u>881,932</u>	<u>299,128</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Other capital reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2007 (audited)	171,748	168,166	7,700	396,347	870	(445,703)	299,128
Exchange difference arising from translation of foreign operation recognised directly in equity	—	—	—	—	(870)	—	(870)
Loss for the period	—	—	—	—	—	(656,967)	(656,967)
Total recognised loss for the period	—	—	—	—	(870)	(656,967)	(657,837)
Shares issued at premium on conversion of convertible notes	189,923	639,317	—	—	—	—	829,240
Shares issued at premium for cash	164,950	246,451	—	—	—	—	411,401
At 30 September 2007 (unaudited)	526,621	1,053,934	7,700	396,347	—	(1,102,670)	881,932
At 1 April 2006 (audited)	171,748	168,166	7,700	396,347	870	(382,658)	362,173
Loss for the period and total recognised loss for the period	—	—	—	—	—	(59,102)	(59,102)
At 30 September 2006 (unaudited)	171,748	168,166	7,700	396,347	870	(441,760)	303,071

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2007

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	<u>(90,662)</u>	<u>(55,886)</u>
Net cash from investing activities		
Purchase of property, plant and equipment	<u>(868)</u>	<u>—</u>
Net cash from financing activities		
Interest paid	(685)	(1,879)
Net proceeds on issue of convertible notes	161,700	48,804
Net proceeds from issuing of shares	411,401	—
Repayment to directors	<u>(300)</u>	<u>—</u>
	<u>572,116</u>	<u>46,925</u>
Net increase (decrease) in cash and cash equivalents	480,586	(8,961)
Cash and cash equivalents at the beginning of the period	42,419	83,646
Effect of foreign exchange rates change	<u>(870)</u>	<u>—</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u>522,135</u></u>	<u><u>74,685</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

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 is also 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 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 fair values.

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 2007.

In the current interim period, the Group has applied, for the first time, the new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2007. The adoption of these new HKFRSs had no material effect on how the results for the current or the prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

3. PRINCIPAL ACCOUNTING POLICIES - continued

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) - INT 12	Service Concession Arrangements ²
HK(IFRIC) - INT 13	Customer Loyalty Programmes ³
HK(IFRIC) - INT 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

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

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

4. SEGMENT INFORMATION

Business segments

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

Principal activities are as follows:

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

Segment information about these businesses is presented below:

	Six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Investment in financial instruments		
Dividend income	3,478	3,000
Interest income	3,886	926
	<hr/>	<hr/>
	7,364	3,926
	<hr/>	<hr/>
Gross rental income from investment properties	730	595
	<hr/>	<hr/>
	8,094	4,521
	<hr/> <hr/>	<hr/> <hr/>

4. SEGMENT INFORMATION - continued

Segment information about these businesses is presented below:

Income statement

	Six months ended 30 September 2007		
	Investments in financial instruments (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue	<u>7,364</u>	<u>730</u>	<u>8,094</u>
Segment result	<u>(59,090)</u>	<u>532</u>	<u>(58,558)</u>
Unallocated corporate expenses			(593,124)
Finance costs			<u>(5,285)</u>
Loss before taxation			<u>(656,967)</u>
Taxation			<u>—</u>
Loss for the period			<u><u>(656,967)</u></u>

	Six months ended 30 September 2006		
	Investments in financial instruments (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue	<u>3,926</u>	<u>595</u>	<u>4,521</u>
Segment result	<u>(50,399)</u>	<u>420</u>	<u>(49,979)</u>
Unallocated corporate expenses			(4,542)
Finance costs			<u>(4,524)</u>
Loss before taxation			<u>(59,045)</u>
Taxation			<u>(57)</u>
Loss for the period			<u><u>(59,102)</u></u>

5. FINANCE COSTS

	Six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest on borrowings wholly repayable within five years:		
Other borrowings	(120)	(377)
Convertible notes	(5,165)	(4,147)
	<u>(5,285)</u>	<u>(4,524)</u>

6. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Loss before taxation has been arrived at after charging:		
Depreciation	80	15
Staff cost	4,583	1,452
Minimum lease payments under operating leases in respect of rented premises	1,770	697
	<u>1,770</u>	<u>697</u>

7. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements since the Group had no assessable profits arising in Hong Kong for both periods.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period of approximately 656,967,000 (six months ended 30 September 2006: loss of HK\$59,102,000) and on the weighted average number of shares of 3,272,338,238 (six months ended 30 September 2006: 1,717,484,600) shares in issue during the period.

No diluted loss per share figure has been presented for both periods because there are no dilutive potential ordinary shares.

9. DIVIDEND

No dividends were paid during the period. The directors do not recommend payment of an interim dividend.

10. INVESTMENT PROPERTIES

At 30 September 2007, the directors considered the carrying amount of the investment properties carried at revalued amounts and estimated that the carrying amounts do not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

11. CONVERTIBLE NOTES

	<i>HK\$'000</i>
Convertible notes	
At 1 April 2007	60,976
Issued during the period	161,700
Interest charged	5,222
Interest paid	(565)
Conversion during the period	(227,333)
	<hr/>
At 30 September 2007	<hr/> <hr/>

The Company issued convertible notes of HK\$49,950,000 and HK\$60,000,000 on 31 January 2005 and 31 March 2005, respectively (the "2005 Convertible Notes"), HK\$49,800,000 on 22 September 2006 (the "2006 Convertible Notes") and HK\$165,000,000 on 3 July 2007 (the "2007 Convertible Notes").

11. CONVERTIBLE NOTES - continued

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 issues of the 2005 Convertible Notes. An initial conversion price for the first year is HK\$0.27 per share and HK\$0.3 per share (subject to adjustment), respectively. The conversion price for second year is HK\$0.32 per share and HK\$0.35 per share, respectively and for third year is HK\$0.37 per share and HK\$0.40 per share, respectively. The conversion prices of the 2005 Convertible Notes are subject to change from each anniversary of the issue date. 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 the period of 3 years from the date of issues of the 2006 Convertible Notes. An initial conversion price for the first year is HK\$0.145 per share and for second year is HK\$0.16 per share, and for third year is HK\$0.176 per share respectively. The conversion prices of the 2006 Convertible Notes are subject to change from each anniversary of the issue date. 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 issues 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 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.

At the balance sheet date, all the convertibles notes are converted to ordinary shares.

The change in fair value of the conversion option derivative for the period until date of conversion amounted to a loss of approximately HK\$579,016,000. The loss mainly comprised of a loss on the change in fair value of the conversion option derivative that resulted from the increase in the share price from HK\$0.103 at the date of entering into the 2007 Convertible Notes agreement to HK\$0.570 at date of issuance of the 2007 Convertible Notes.

12. SHARE CAPITAL

	Number of ordinary shares	Issued and fully paid share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 April 2007	5,000,000,000	500,000
Increase during the period	45,000,000,000	4,500,000
	<u>50,000,000,000</u>	<u>5,000,000</u>
At 30 September 2007	<u>50,000,000,000</u>	<u>5,000,000</u>
Issued and fully paid:		
At 1 April 2007	1,717,484,600	171,748
Shares issue at premium for cash	1,649,496,000	164,950
Shares issue at premium on conversion of convertible notes	1,899,232,052	189,923
	<u>5,266,212,652</u>	<u>526,621</u>
At 30 September 2007	<u>5,266,212,652</u>	<u>526,621</u>

On 4 April 2007, 21 June 2007 and 28 September 2007, the Company issued and allotted 343,496,000, 436,000,000 and 870,000,000 new shares at HK\$0.1, HK\$0.45 and HK\$0.22 each for cash by placing, respectively. The shares issued rank para 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 shares, 80,000,000 shares 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 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.

13. 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:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
In respect of rented premises:		
Within one year	3,319	1,616
In the second to fifth year inclusive	818	1,066
	<u>4,137</u>	<u>2,682</u>

Operating lease payments represent rentals payable by the Group's 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:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Within one year	1,634	700
In the second to fifth year inclusive	1,580	475
	<u>3,214</u>	<u>1,175</u>

Leases are negotiated for an average term of two years.

14. COMMITMENTS

At balance sheet date, the Group had capital 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 (2006: nil) for investment in the property market in the People's Republic of China.

At the balance sheet date, the Group had capital commitments contracted for but not provided in the condensed consolidated financial statements as follows:

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
(a) Acquisition of property, plant and equipment	—	755
(b) Acquisition of subsidiaries	<u>204,667</u>	<u>—</u>

15. POST BALANCE SHEET EVENTS

(i) Placing of 8,000,000,000 new shares

On 28 August 2007, the Company entered into a conditional placing agreement in relation to the share placing of 8,000,000,000 new shares of HK\$0.1 each. On 27 December 2007, the share placing was completed. 6,000,000,000 new shares and 2,000,000,000 new shares of HK\$0.1 were issued on 15 November 2007 and 27 December 2007 respectively at a price of HK\$0.22 per share. Net proceeds of approximately HK\$1,716,000,000 were obtained from the share placing. The shares issued rank para present in all material respects with the then existing shares.

(ii) Very substantial acquisition in relation to acquisition of shares in Global Winner International Holdings Limited (“Global Winner”)

On 2 November 2007, a wholly-owned subsidiary of the Company entered into a sales and purchase agreement (the “SP Agreement”) with third parties, and has conditionally agreed to acquire the entire share capital of Global Winner, at a consideration of approximately HK\$197.4 million to be satisfied by the allotment and issue of 220,000,000 fully-paid new shares of HK\$0.1 each of the Company at HK\$0.8 per share and cash of approximately HK\$21.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a revenue of approximately HK\$8.09 million for the period of six months ended 30 September 2007 (the "Period"). Compared with the corresponding period of last year, there was an increase by an amount of approximately HK\$3.57 million. The increase is mainly attributable to the increase of dividend income from securities investments, interest income from financial institutions and rental income. Compared with previous corresponding period, the revenue from the investments in financial instruments segment and the property investments segment have increased approximately 88% and 23% respectively. Rental income will continue to provide a steady cashflow to the Group in the future. The administration expenses for the Period was HK\$14.31 million representing approximately 191% increase when compared with the same period of last year. During the Period, the Company issued HK\$165 million convertible notes and successfully completed two placements of securities. Further, the Group has been preparing to expand its operation and business. It rented more office space and hired more employees during the Period. Thus, the expenses relating to legal and professional fees, rent and management fee, salaries, and issuance of convertible notes and Shares had a big jump. All these expenses account for over 74% of the total administration expenses for the Period. The sentiment of market was positive in general, but the market was still volatile during the Period. For the Period, the net loss arising from fair value changes of investments held for trading was approximately HK\$64.82 million. When comparing with the corresponding period of last year, it had approximately 10.58% increase. Since the 2005 financial year, the Group adopted the new Hong Kong Accounting Standard ("HKAS") 39 and HKAS 32 in relation to recording convertible loan notes at fair value. Under these accounting treatments, a theoretical gain or loss in relation to the convertible notes would be calculated but in fact such theoretical gain or loss has no co-relation with the actual operation of the Group and would not have any material actual impact on the operation and any cashflow of the Company. However, it will affect the result of the incoming statement of the Company. Under these accounting standards' requirements, the Group recorded a loss arising from changes of fair value of conversion option derivative derived from the convertible notes issued of approximately HK\$579.02 million. Details of which can refer to note 11 of notes to condensed consolidated financial statements. Overall, the net loss for the period was approximately HK\$656.97 million as compared to the net loss of approximately HK\$59.10 million in the corresponding period of preceding year.

As at 30 September 2007, the Group had bank balance and cash approximately of HK\$522.14 million. Fair value of investments held for trading was in an amount of approximately HK\$286.52 million. As at 30 September 2007, the Group had no outstanding convertible notes at the end of the Period. The Group had no outstanding loan or borrowing from banks or financial institutions as at 30 September 2007 as well.

The Group had 11 staff as at 30 September 2007. The staff costs (excluding directors' emoluments) was around HK\$1.94 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 share option scheme but no share option was ganted during the Period.

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

On 4 June 2007, the Company entered into a placing agreement with Kingston Securities Limited ("Kingston"), pursuant to which, Kingston agreed to place, on a fully written basis, 436,000,000 new Shares at HK\$0.45 per Share. The net proceeds from the placing was approximately HK\$191 million. The placing of Shares was completed on 21 June 2007. Approximately HK\$2.01 million of the net proceeds was deposited into an escrow account to be used as compensation for obtaining mining licence in respect of the S&P Agreement 1 mentioned below. Details of the said placing were disclosed in the Company's announcement dated 5 June 2007.

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

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

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

On 2 November 2007, Think Smart International Corp., a wholly owned subsidiary of the Company, entered into a conditional sale and purchased agreement with Mr. Mi Dengfeng (米登鋒) (the “S&P Agreement 2”) to acquired all the shares in Global Winner International Holdings Limited (金禮國際控股有限公司) (the “Global Winner”) from Mr. Mi Dengfeng (米登鋒) at a consideration of approximately HK\$197.40 million to be satisfied partially by allotment and issue of 220,000,000 fully paid Shares at HK\$0.80 per Share and by cash. The consideration will be financed by internal resources. Global

Winner and its subsidiaries (the “Global Winner Group”) had entered into 13 acquisition agreements with various molybdenum mine owners in PRC (the “Acquisition Agreements”) to acquire the controlling stake of these mines. Pursuant to S&P Agreement 2, a supplemental acquisition agreement will be entered into between Global Winner Group and those mine owners and Global Winner Group shall have the discretion to settle certain amounts of the maximum consideration payable under the Acquisition Agreements and the supplemental acquisition agreement of approximately RMB2.84 billion payable by the Global Winner Group to the mine owners by way of allotment and issue of fully paid Shares at HK\$0.80 per Share. Thus, the total consideration payable under the S&P Agreement 2 and the supplemental acquisition agreement amounts to approximately RMB3.03 billion. Details of the said acquisition were disclosed in the Company’s announcement dated 20 November 2007.

With stable occupancy rate of the Group’s investment properties, it will be expected to bring steady rental income to the Group and thus will continue to contribute cashflow to the Group. It is expected that the market will still volatile and its sentiment will fluctuate as many issues such as performance of the PRC stock markets and property markets, monetary policy in PRC and sub-prime mortgage crisis in United States can have a profound effect on the market sentiment globally. In view of the increase in demand for natural resources and energy in the world and the increase in the prices of metals over the past years, the Group are optimistic about the future prospect of the demand for natural resources and the energy industry taking into account that the sustainable economic growth of the PRC and the national consumption of the metal. Entering into the S&P Agreement 1 and S&P Agreement 2 allows the Group to diversify its business into the mineral and mining industry. The Group will continue to explore potential business opportunities in order to improve its earning capacity and diversify the market risk that the Group will confront in long run. If such opportunities arise in the future, the funding requirement may be satisfied by way of internal resources and/or other effective sources of funding, depending on the then market sentiment.

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

As at 30 September 2007, 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 2007, there were no persons, had interests or short positions, other than a director or chief executive of the Company, had 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 2007 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

Although non-executive directors are subject to retirement by rotation at the annual general meeting of the Company as specified by the Company's articles of association, non-executive directors are not appointed for a specific term.

The Company is still in the process of setting the term of appointment for each non-executive director as more time is needed before all details are determined.

(b) Code provision B.1.1

Remuneration committee has not been set up yet. The Company is still in the process of establishing a Remuneration Committee as more time is needed before all details including composition and terms of reference are determined.

(c) Code provision E.1.2

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

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 2007.

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 2007 interim report has been reviewed by the Company's audit committee which comprises the three independent non-executive directors of the Company.

By order of the Board
Hui Richard Rui
Director

Hong Kong, 29 December 2007

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

* *for identification only*