CST MINING GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)
Stock Code: 985

2010
Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chiu Tao *(Chairman)*
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
Mr. Damon G. Barber *(Chief Executive Officer)*
Mr. Owen L. Hegarty *(Vice Chairman)*
Mr. Wah Wang Kei, Jackie

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

Room 4510, 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

I am delighted to present the first annual report of CST Mining Group Ltd. (the "Company", formerly known as China Sci-Tech Holdings Limited), following our transformation during the year from an investment company to a copper mining company.

In May and June of this year, we completed the acquisition of two significant copper mining operations with the acquisitions of Lady Annie and Chariot Resources. Following the closing of these acquisitions, we placed HK$4.68 billion (US$600 million) of new equity to individual and institutional investors. We used the proceeds from the placing to repay some of the short-term bridge financing we had taken out to pay for the acquisitions and will use the remaining funds to pay for the development of Chariot's Mina Justa deposit.

The Lady Annie and Chariot acquisitions are quite complementary to each other and give us a base of operations in Peru and Australia, the second and fifth largest copper producing countries in the world. Both mining operations have significant upside with additional reserve and resource potential beyond those already identified. Additionally, the establishment of mining operations in such prolific copper producing countries will provide us with valuable knowledge and intelligence on more acquisition opportunities.

We are confident that we will be able to grow our copper business both organically and externally from here.

Lady Annie Mine

Lady Annie is located in the highly prospective Mount Isa Inlier of North Western Queensland, Australia. The Mount Isa Inlier is home to a number of world class copper, silver, lead, zinc and gold ore bodies, with highly developed infrastructure in place and a mining-friendly local government. Our mine — an integrated open pit mining and heap leach processing plant — sits on the Western Succession of the Mount Isa Inlier, to the south of Minmetals'Century mine and northwest of Xstrata's Mount Isa mines, two world class deposits. Xstrata's Mount Isa mine was first discovered in 1923. It is now producing 170,000 tonnes of copper in concentrate from underground mining and 300,000 tonnes of copper in anode from the smelter each year. This shows the prospect of the Mount Isa area. We were able to secure a great deal for our shareholders by acquiring the mine for significantly less than A$140 million of capital invested in the operations to date.

The Lady Annie mine will be re-started by the end of 2010. We have already prepared and submitted a revised plan of operations and are now progressing and executing key project agreements. The capital works programme needed for the re-start of operations is well underway and on schedule for completion. Once in full production, Lady Annie will produce 25,000 to 30,000 tonnes per year of LME Grade A Copper Cathode and will employ approximately 200 people.

We have also begun an extensive exploration program and have a large exploration team in place surveying the area for additional mineral deposits.

Mina Justa Project

The Mina Justa Project is one of the more advanced, sizeable, late-stage development projects in Peru. Once developed, it will provide the Company's shareholders with a low-cost, sizeable, long-life stream of copper production. The definitive feasibility study undertaken on the Mina Justa deposit targets processing12 Mtpa of oxide and 5 Mtpa sulphide copper ores to produce on average 110,000 tonnes of saleable copper per year.

The project enjoys an excellent location 400 kilometres southeast of Lima just 25 kilometres from the coast. It has excellent infrastructure with the paved Pan American Highway running through the concession, access to the national power grid, adequate supply of water and a skilled local workforce. The project also has the support of the Peruvian government, which has formally declared the project to be of "National Interest".

For this project, we are fortunate to have two world-class partners, LS Nikko, which owns one of the largest copper smelters in the world, and Korean Resources Corporation ("Kores"), a Korean government agency charged with securing energy and industrial mineral resources abroad. LS Nikko and Kores together hold 30% of the project.

We and our partners are focused on getting Mina Justa into production as quickly as possible.

We are in the process of finishing the permitting and engineering required to begin construction and are targeting to begin construction in 2011. The construction of the mine, infrastructure and processing facilities is estimated to take over 2 years and cost us and our partners nearly US$750 million. I am confident that we will have the mine in production in 2013 on budget and on schedule.

Outstanding Management Team

We made excellent progress during the year in finding and attracting the talent and expertise required to oversee the development and operation of both Lady Annie and Mina Justa.

For the Mina Justa project, we have hired one of the world's leading project managers, Mr. Gary Ward. Gary has more than 40 years of experience with large construction projects in Brazil, Peru, Chile, Russia, China and the United Kingdom.

Other advisors retained to assist us and our partners include Mr. Apolinar (Pol) Guzman, an internationally recognised senior project management/development professional with in-depth experience in very large scale world-class mine development projects; and Mr. Ulrich (Ulli) Rath, the former President and Chief Executive Officer of Chariot Resources with over 35 years of experience in the mining industry.

For Lady Annie, we have put in place a senior management team with more than 100 years' experience between them. The team includes Mr. Barry Deans as General Manager of Australia — Barry is a qualified metallurgist with 40 years' operational experience in the mining industry; Mr. Brian Wyatt as General Manager, Lady Annie Operations — Brian is a mining manager with 25 years' experience on projects in Australia; Mr. James Smart as Mining Manager, Lady Annie Operations — James has over 30 years' experience in the mining industry; and Mr. Greg Bettteridge as Administration Manager — Greg has more than 30 years of experience in accounting, finance, commercial and administration in various industries.

Outlook

Our vision and long-term strategy are to grow the Company into a world-class copper mining company with 250,000 tonnes per annum of copper production within three to five years.

Looking at the existing projects we are currently developing, we can see significant upside from exploration and project enhancement opportunities. We also believe there is tremendous potential for expansion via non-organic growth, and we will continue to use our extensive industry network to source other deals. Our acquisition criteria are mines that are producing more than 50,000 tonnes per annum of saleable copper, have a long mine life, low cash costs and offer significant upside for further resource exploration.

We are proud of the achievements we have made during the year to transform the Company into a copper mining company. Given the continuing strong demand for commodities such as copper, particularly in the economically robust markets of Asia, I have great confidence that the Company will be a viable and profitable enterprise delivering solid value to our shareholders.

The Company also has 9.9% shareholding in G-Resources Group Limited ("G-Resources", formerly known as Smart Rich Energy Finance (Holdings) Limited). The Company is the largest shareholder in G-Resources. We believe that this is an investment with tremendous potential. The Company remains optimistic in this investment and believes it will bring good return to its shareholders.

I would like to thank our investors for the trust they have placed in us, as well as our Board for their guidance and hard work during the transformation of our company into a world-class mining operation.

I look forward to communicating our progress to stakeholders in the year ahead, which promises to be a very active and productive period in our company's history.

Chiu Tao
Chairman

23 July 2010

Management Discussion and Analysis

The revenue of CST Mining Group Limited (the "Company", formerly known as China Sci-Tech Holdings Limited) and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010 (the "Year") was approximately HK$26.41 million. Compared with the corresponding period of last year, there was an increase by an amount of approximately HK$5.01 million. The increase is mainly attributable to the increase of dividend income from the Group's securities investment.

Compared with the previous corresponding year, the revenue from investments in the financial instruments segment and property investment segment increased approximately 15.38% and 105.78% respectively. With a stable occupancy rate, rental income provided a steady cash flow to the Group for the Year and is expected to continue in the future. Other income was up by 210.13% from approximately HK$23.51 million for last year to approximately HK$72.91 million for the Year. The reason for the increase is mainly due to the disposal of an Australian mining company (details of which are provided below) during the Year. The disposal brought a profit of approximately HK$69.31 million to the Group. A loss on redemption of convertible notes of approximately HK$27.33 million was recorded under the requirements of Hong Kong Accounting Standard 39 and 32. Nevertheless, the loss does not affect the Group's cash flows for the Year. The administrative expenses for the Year were approximately HK$85.31 million representing an increase of approximately 18.67% when compared with last year.

During the Year, the Company completed the capital reorganization and rights issue (details of which were disclosed in the "Management Discussion and Analysis" of the Company's 2009 annual report). The financial problems of five members of the European Union, namely, Portugal, Italy, Ireland, Greece and Spain, and the disappointing recovery of the economies of the United States together with the financial policies of the People Republic of China caused fluctuations in the financial market in the Year. The performance of the Group's financial assets at fair value through profit or loss ("FVTPL") was affected by the fluctuating market. A loss arising from fair value changes of financial assets at FVTPL in the amount of approximately HK$37.57 million was recorded. There was a loss of approximately HK$293.74 million for the previous year. The expenses relating to legal and professional fees, consultancy service fee, remuneration and salaries, and securities expenses increased. All these expenses accounted for over 73% of the total administrative expenses for the Year. Overall, the total loss for the Year was approximately HK$56.38 million as compared with the total loss of approximately HK$366.52 million in the preceding year.

As at 31 March 2010, the Group had bank balances and cash of approximately HK$482.69 million. Fair value of available-for-sale investments and financial assets at FVTPL were approximately HK$118.81 million and HK$1,698.01 million respectively. As at 31 March 2010, the Group has no capital commitment. In August 2009, the Company redeemed all outstanding convertible notes with the total principal amount of HK$100.00 million. There were no outstanding convertible notes as at the end of the Year. As at 31 March 2010, the Group had no outstanding loans or borrowings from banks or financial institutions. Hence, based on the balance of all outstanding loans and borrowings from financial institutions and total equity, the gearing ratio as at 31 March 2010 was 0%. Due to the high base price of the open tender for the Shanghai hotel and commercial real estate project, it was decided not to bid on this 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 the 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 the circular of the Company dated 31 August 2007. As at 31 March 2010, the net assets value of the Group amounted to HK$2,477.93 million.

The Group had 14 staff as at 31 March 2010. Staff costs (excluding directors' emoluments) were around HK$5.78 million for the Year. Staff remuneration package are normally reviewed annually. The Group also participated in the 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.

Overview of the Company

The Company is engaged in the copper mining business following the successful acquisitions of Chariot Resources Limited and the Lady Annie Project in Australia.

The Company is headquartered in the Hong Kong Special Administrative Region.

The Company owns a 70% interest in Marcobre and a 100% interest of CST Minerals Lady Annie Pty Ltd. ("Lady Annie", formerly known as Cape Lambert Lady Annie Exploration Pty Ltd.). The Company also owns a 9.9% stake in G-Resources Group Limited ("G-Resources", formerly known as Smart Rich Energy Finance (Holdings) Limited), another Hong Kong listed mining company whose primary asset is a 95% equity interest in the Martabe Gold and Silver Project in Indonesia.

Marcobre

Marcobre is a Peruvian company, which is a joint venture between the Company and LS-Nikko Copper Inc. and Korea Resources Corporation ("Kores"). Marcobre owns the Marcona Copper Property in coastal southern Peru. The project has a resource base of more than three million tonnes of contained copper and reserves of more than one million tonnes of contained copper. A Definitive Feasibility Study ("DFS") has been completed for average production of 110,000 tonnes per annum of copper as copper cathodes and copper contained in concentrates starting in 2013 for 10 years of the initial reserves. Capital cost for the project is estimated at US$745 million, and cash operating costs are estimated at an average of US$0.90/lb over the life of mine. The project has potential for further reserves in and around the existing orebodies (known as Mina Justa) and therefore potential for expansion and longer life. The Marcona Copper Property has the support of the national and regional governments of Peru and nearby communities. The National Government of Peru has given the Mina Justa Project "National Interest" status.

Lady Annie

The Lady Annie Project, which comprises principally the Lady Annie mining area, Mount Kelly mining area, Mount Kelly process plant and tenements, is located in the Mount Isa district of northwestern Queensland, Australia. The Mount Isa Inlier hosts several known copper oxide and sulphide resources, and notable copper and lead-zinc silver mines. Granted tenements held by the Lady Annie Project cover approximately 1,640 km^2 and include 14 mining leases and 28 EPMs (exploration permit for minerals).

Significant Events and Events After the Reporting Period

The Company is an investment holding company listed in Hong Kong. It was primarily engaged in investments in financial instruments and property investment.

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 the 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 the 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 and G-Resources (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 G-Resources (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 the 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 the circular of the Company dated 9 June 2009.

On 28 February 2010, the Company, China Sci-Tech Minerals Limited, an indirect wholly-owned subsidiary of the Company (as the purchaser), and Chariot Resources Limited ("Chariot" as the vendor) entered into an arrangement agreement to acquire the entire issued and outstanding share capital of Chariot, at the aggregate cash consideration of approximately C$244,580,000 (the "Chariot Acquisition"). Chariot owns a 70% interest in the Marcona Copper Property and the Mina Justa Project located in Peru. The definitive feasibility study, which was completed in 2009, identified oxide and sulphide and inferred mineral resources of 401.4 million tonnes grading 0.77 percent copper and probable ore reserves of 163.4 million tonnes grading 0.80 percent copper, and confirmed the potential for a conventional open pit mining, vat leach and flotation operation to support annual production of approximately 100,000 tonnes of copper in cathode and concentrate, which will be supplied predominantly to Asian markets.

The Chariot Acquisition constituted a very substantial acquisition under Chapter 14 of the Listing Rules. The Chariot Acquisition was completed on 11 June 2010. Details of the Chariot Acquisition were disclosed in the Company's announcements dated 25 March 2010, 13 June 2010 and circular dated 30 April 2010.

On 11 March 2010, the Company, CST Minerals Pty Limited, an indirect wholly-owned subsidiary of the Company (as the purchaser) and Cape Lambert Resources Limited (as the vendor) entered into a shares sales agreement to acquire the entire existing issued shares capital of Lady Annie (the "Lady Annie Acquistion"), which owns the Lady Annie Project, at a cash consideration of A$130 million. The consideration will be increased by an additional A$5.0 million if and when the following milestones are achieved: (i) upon the production of the first 10,000 tonnes of copper cathode from the Lady Annie Project, A$2.5 million becomes payable; and (ii) upon the delineation of additional ore reserves containing 25,000 tonnes of contained copper, A$2.5 million becomes payable. The Lady Annie Acquisition constituted a very substantial acquisition under Chapter 14 of the Listing Rules. The Lady Annie Acquistion was completed on 31 May 2010. Details of the Lady Annie Acquisition were disclosed in the Company's announcements dated 25 March 2010, 30 March 2010 and 31 May 2010 and circular dated 12 May 2010.

On 25 March 2010, the Company, BOCI Asia Limited ("BOCI") and Morgan Stanley & Co. International plc ("Morgan Stanley") (BOCI and Morgan Stanley together as the "Chariot Placing Agents") entered into a conditional placing agreement, pursuant to which the Chariot Placing Agents agreed, to procure, on a best efforts basis, investors to subscribe for up to 31,200,000,000 new shares of the Company at a minimum placing price of HK$0.20 per placing share (the "Chariot Placing"). It was anticipated that the gross proceeds from the Chariot Placing will be approximately US$800 million (equivalent to approximately HK$6,208 million).

Completion of the Chariot Placing was conditional upon, among other things, the completion of Chariot Acquisition. On the same date, the Company, Deutsche Bank AG, Hong Kong Branch ("Deutsche") and Morgan Stanley (Deutsche and Morgan Stanley together as the "Lady Annie Placing Agents") entered into a conditional placing agreement, pursuant to which the Lady Annie Placing Agents agreed, to procure, on a best efforts basis, investors to subscribe for up to 7,800,000,000 new shares of the Company at a placing price of not less than HK$0.20 per placing share (the "Lady Annie Placing"). Completion of the Lady Annie Placing was conditional upon, among other things, the completion of Lady Annie Acquisition.

On 15 June 2010, the Company and Kingston Securities Limited (the "Kingston") entered into a co-manager agreement, pursuant to which Kingston agreed, on a fully underwritten basis, to place, or failing which itself to, as part of the Lady Annie Placing, subscribe for 3,900,000,000 placing shares at the subscription price of HK$0.20 per placing share as part of the Lady Annie Placing. The aggregate subscription price for the Co-Manager Subscription Shares shall be HK$780,000,000 (approximately US$100,000,000).

The Chariot Placing and the Lady Annie Placing (together referred as the "Placing") were launched on 18 June 2010. Having considered the funding requirements of the Company, the placing price of HK$0.20 per placing share and the interests of existing shareholders, the Company had decided that the size of the Placing would be set at US$600,000,000. The Placing was well received by investors. There was strong demand for the Placing Shares and the Company is pleased to report that orders received exceeded US$1,000,000,000. Subject to fulfilment of the conditions to which the Placing was subject, the aggregate number of Shares that would be issued by the Company pursuant to the Placing would be 23,400,000,000 shares.

On 18 June 2010, the Company, the Chariot Placing Agents and Lady Annie Placing Agents entered into amendment letters (the "Amendment Letters") with the respective to amend certain terms under the Chariot Placing Agreement and the Lady Annie Placing Agreement (together referred as the "Placing Agreements"). According to the Amendment Letters, Placing Agreements were amended to obligations, subject to satisfaction of the conditions precedent and the other terms of the respective Placing Agreements, to procure placees to purchase 18,720,000,000 and 780,000,000 placing shares respectively, or failing which to subscribe for such placing shares. The gross proceeds of the Placing are intended to be utilised in the following manner: (i) approximately US$380 million (equivalent to approximately HK$2,964 million) to finance the acquisitions of Chariot (US$260 million) and Lady Annie (US$120 million) indirectly, through the repayment of the short-term bridge financing raised by the Company, and the fees and expenses related to these acquisitions; (ii) approximately US$170 million (equivalent to approximately HK$1,326 million) to fund the capital costs for the development of the Mina Justa Project; and (iii) the balance for general corporate purposes. The Placing was completed on 25 June 2010. Details of the Placing were disclosed in the Company's announcements dated 25 March 2010, 15 June 2010, 16 June 2010, 20 June 2010, 21 June 2010 and 25 June 2010 and the Company's circulars dated 30 April 2010 and 12 May 2010.

The change of name of the Company from "China Sci-Tech Holdings Limited" to "CST Mining Group Limited" and the adoption of「中科礦業集團有限公司」(for identification purpose only) as the Chinese name of the Company have become effective on 22 June 2010. The stock short name of trading in the Shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has changed from "CHINA SCI-TECH" to "CST MINING" in English and from「中國科技」to「中科礦業」in Chinese with effect from 30 June 2010. The stock short name of trading in the Warrants on the Stock Exchange has changed from "C SCI-TECHW1106" to "CST MININGW1106" in English and from「中國科技一一零六」to「中科礦業一一零六」in Chinese, with effect from 30 June 2010. Details of the change of the Company name were disclosed in the Company's announcement dated 25 March 2010, 25 June 2010 and the Company's circular dated 30 April 2010.

Outlook

For the Lady Annie Project, we have already prepared and submitted a revised plan of operations and are now progressing and executing key project agreements.

The capital works programme needed for the re-start of operations is underway and on schedule for completion.

An extensive exploration programme has already begun and a 13-person exploration team is now in place.

At the Mina Justa site, the main elements of the current Marcobre work plan will continue, with a focus on obtaining approval for the Environmental and Social Impact Assessment, ensuring key permits are secured and upgrading the concentrator metallurgy and design to DFS level.

For both projects, we are continuing to recruit and hire the necessary staff, with most key senior positions now filled.

The long-term strategy of the Company is to grow the Company into a world-class Asia Pacific copper business with a medium term production target of 250,000 tonnes per year within three to five years.

The Company's expansion will be achieved through organic and non-organic growth in the Asia Pacific region, with a focus on development-ready projects or advanced exploration projects.

The main acquisition criteria will be mines producing more than 50,000 tonnes per annum of copper metal or contained in concentrates, have a long mine life with low cash costs, and offer significant upside for further resource exploration.

Over the next 12 months, the Company intends to commence copper production at the Lady Annie Project and finalize all the permitting and engineering required to begin construction of the Mina Justa mine. The funding requirement may be satisfied by way of internal resources and/or other effective sources of funding, such as borrowing from financial institutions and equity market.

Forward Looking Statements

This annual report may contain forward-looking statements reflecting our current expectation regarding future events, results or outcomes. These expectation may or may not be realized. Shareholders and investors also refer to the risk factors contained in the Company's circulars dated 30 April 2010 and 12 May 2010 in relation to our mining business.

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 healthy growth of the Company and in the best interest of its shareholders as a whole.

During the year ended 31 March 2010, 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 2010.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises thirteen Directors, of which ten were executive Directors namely Mr. Chiu Tao (Chairman), 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, Mr. Damon G. Barber (Chief Executive Officer), Mr. Owen L. Hegarty (Vice Chairman) and Mr. Wah Wang Kei Jackie, 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 18 to page 20 of this annual report.

Statistics of Directors' attendance of 46 board of Directors' meetings during the year ended 31 March 2010 are as follows:

Name	Attended
Executive Directors	
Mr. Chiu Tao *(Chairman)*	44
Mr. Chiu Kong (resigned on 25 June 2010)	2
Mr. Yeung Kwok Yu	21
Mr. Kwan Kam Hung, Jimmy	39
Mr. Hui Richard Rui	24
Mr. Tsui Ching Hung	4
Mr. Chung Nai Ting	2
Mr. Lee Ming Tung	21
Independent Non-executive Directors	
Mr. Yu Pan	2
Ms. Tong So Yuet	2
Mr. Chan Shek Wah	2

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 (the "CEO") 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. Damon G. Barber is the CEO 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 comprises two independent non-executive Directors namely Mr. Yu Pan and Mr. 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 two meetings 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	2
Mr. Chan Shek Wah	2

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. One meeting was held during the year to discuss appointment of new Directors with attendance below:

Name of director	Number of attendance
Mr. Chiu Tao	1
Mr. Yeung Kwok Yu	1
Mr. Kwan Kam Hung, Jimmy	1

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

AUDITOR'S REMUNERATION

During the year ended 31 March 2010, fees paid to the Company's external auditor for non-statutory audit service amounted to approximately HK$1.70 million all of which related to taxation and other service.

Audit fee for the year ended 31 March 2010 is approximately HK$1.03 million.

AUDIT COMMITTEE

For the year ended 31 March 2010, 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 2010 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.

The Code Provision E.1.2 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.

The statement of the auditors of the Company regarding their reporting responsibilities is set out in the Independent Auditor's Report on page 25 of this annual 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 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 28 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2010 are set out in the consolidated statement of comprehensive income on page 26.

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 14 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 15 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	
Mr. Chiu Kong	(resigned on 25 June 2010)
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	
Mr. Damon G. Barber	(appointed as director and chief executive officer on 1 April 2010)
Mr. Owen L. Hegarty	(appointed as director and vice chairman on 31 May 2010)
Mr. Wah Wang Kei, Jackie	(appointed as director on 25 June 2010)

Independent Non-executive Directors:

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

Executive Directors:

Mr. Chiu Tao, aged 54, 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-in-law of Mr. Yeung Kwok Yu. He is also the chairman and an executive director of G-Resources Group Limited which shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. Yeung Kwok Yu, aged 59, 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. He is also an executive director of Fulbond Holdings Limited which shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. Kwan Kam Hung, Jimmy, aged 48, 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 G-Resources Group Limited and Fulbond Holdings Limited. The shares of both companies are listed on The Stock Exchange of Hong Kong Limited.

Mr. Hui Richard Rui, aged 42, 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 also an executive director of G-Resources Group Limited and China Strategic Holdings Limited. The shares of both companies are listed on The Stock Exchange of Hong Kong Limited.

Mr. Tsui Ching Hung, aged 57, 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 years of experience in senior management positions of several multinational corporations in Hong Kong. Mr. Tsui is currently a non-executive director of G-Resources Group 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 54, 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 48, 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.

Mr. Damon G Barber, aged 42, was appointed as director and the chief executive officer of the Company in April 2010. He was most recently the Managing Director, Head of Metals and Mining, Asia with Deutsche Bank. Mr. Barber has over 17 years of experience in advisory and management roles in the natural resources industry, having worked five years in the United States of America mining industry and having spent the last 12 years providing advice and investment banking services to natural resource companies as a member of Deutsche Bank's Natural Resources Group from 2007 to 2010 and Credit Suisse's Natural Resources Group from 1998 to 2007. Mr. Barber holds a Bachelor of Science degree in mining engineering, cum laude, from the University of Kentucky and a Master of Business Administration degree, with distinction, from the Wharton School of Business.

Mr. Owen L Hegarty, aged 62, was appointed as director and vice chairman of the Company in May 2010. Mr. Hegarty has over 35 years of direct experience in the global mining industry. He was the founding managing director and chief executive officer of Oxiana Limited, which was a significant copper and gold explorer, developer and producer in Australia and Asia. Oxiana Limited merged with Zinifex Limited to become OZ Minerals Limited in June 2008. Prior to founding Oxiana Limited, Mr. Hegarty worked with the Rio Tinto Group for 25 years where he served as the managing director of Rio Tinto Group's Asian business and Australia copper and gold business. Mr. Hegarty is a fellow of the Australasian Institute of Mining and Metallurgy ("AusIMM") and he was elected a director of AusIMM in October 2008. He is also a fellow of the Australian Institute of Company Directors and is a member of the South Australian Minerals and Petroleum

Expert Group. In 2006, Mr. Hegarty was awarded the AusIMM Institute Medal for his leadership and achievements in the mining industry. Mr. Hegarty was also awarded the GJ Stokes Memorial Award for his distinguished service to the mining industry in 2008. Mr. Hegarty is currently a non-executive director of Fortescue Metals Group Limited and Range River Gold Limited (both of which are listed on the Australian Stock Exchange), and an executive director of G-Resources Group Limited which shares are listed on The Stock Exchange of Hong Kong Limited. He was a director of Oxiana Limited and OZ Minerals Limited until June 2008 and December 2008, respectively.

Mr. Wah Wang Kei, Jackie, aged 43, was appointed as director of the Company in June 2010. Mr. Wah graduated from The University of Hong Kong in 1990. He is a practicing solicitor in Hong Kong and was qualified as a solicitor in 1992. Mr. Wah was a partner of a local law firm in Hong Kong until 1997 and is a consultant of Messrs. Beiten Burkhardt, an international law firm. Mr. Wah is currently an executive director of G-Resources Group Limited and Fulbond Holdings Limited. The shares of the two companies are listed on the main board of the Stock Exchange.

Independent Non-executive Directors:

Mr. Yu Pan, aged 55, 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 People's Republic of China. Mr. Yu is currently an independent non-executive director of Fulbond Holdings Limited which shares are listed on The Stock Exchange of Hong Kong Limited

Ms. Tong So Yuet, aged 38, 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 46, 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. Damon G. Barber, Mr. Owen L. Hegarty, Mr. Tsui Ching Hung, Mr. Chan Shek Wah, Mr. Kwan Kam Hung, Jimmy and Mr. Lee Ming Tung 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 EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2010, the directors, chief executives and their associates had the following interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Tranasactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position in shares and/or underlying shares of the Company

Name of director	Capacity	Number of ordinary shares and/or underlying shares held	Approximate percentage of the Company's issued share capital
CHIU Tao	Personal interests (Note 1)	4,900,000,000	152.62%
HEGARTY Owen L.	Personal interests (Note 2)	450,000,000	14.02%
BARBER Damon G.	Personal interests (Note 3)	300,000,000	9.34%
HUI Richard Rui	Personal interests (Note 4)	75,000,000	2.34%

Notes:

1. Pursuant to the share option agreement made between Mr. Chiu Tao ("Mr. Chiu") and the Company dated 24 March 2010, the Company conditionally agreed to grant Mr. Chiu share options to subscribe up to 1,000,000,000 shares of the Company (the "Shares"). Details of the terms of the said share options can be referred to the Company's announcement dated 25 March 2010 and circular dated 12 May 2010. Pursuant to two subscription agreements made between Mr. Chiu and the Company dated 29 March 2010, 3,900,000,000 new Shares were issued to Mr. Chiu on 25 June 2010. Details of the said two subscription agreements can be referred to the Company's announcement dated 29 March 2010 and circular dated 30 April 2010 and 12 May 2010.

2. Pursuant to the share option agreement made between Mr. Hegarty Owen L. ("Mr. Hegarty") and the Company dated 24 March 2010, the Company conditionally agreed to grant Mr. Hegarty share options to subscribe up to 450,000,000 Shares. Details of the terms of the said share options can be referred to the Company's announcement dated 25 March 2010 and circular dated 12 May 2010.

3. Pursuant to the share option agreement made between Mr. Barber Damon G. ("Mr. Barber") and the Company dated 19 March 2010, the Company conditionally agreed to grant Mr. Barber share options to subscribe up to 300,000,000 Shares. Details of the terms of the said share options can be referred to the Company's announcement dated 25 March 2010 and circular dated 12 May 2010.

4. Pursuant to the share option agreement made between Mr. Hui Richard Rui ("Mr. Hui") and the Company dated 24 March 2010, the Company conditionally agreed to grant Mr. Hui share options to subscribe up to 75,000,000 Shares. Details of the terms of the said share options can be referred to the Company's announcement dated 25 March 2010 and circular dated 12 May 2010.

Save as disclosed above, none of the directors, chief executives and their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Part XV of SFO) as at 31 March 2010 as required to be in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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 2010, there were no persons had interests or short poitions, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register of substantial shareholders maintained under Section 336 of the SFO.

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

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

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.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period are set out in note 29 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 2010 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 13 to 16.

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

Damon G. Barber
DIRECTOR and CHIEF EXECUTIVE OFFICER
Hong Kong, 23 July 2010

Deloitte.
德勤

TO THE MEMBERS OF CST MINING GROUP LIMITED
(FORMERLY KNOWN AS CHINA SCI-TECH HOLDINGS LIMITED)
中科礦業集團有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of CST Mining Group Limited (formerly known as China Sci-Tech Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 74, which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 2010 and of the Group's 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
23 July 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	NOTES	2010	2009
		HK$'000	HK$'000
Revenue	7	**26,407**	21,396
Other income	8	**72,909**	23,509
Administrative expense		**(85,312)**	(71,889)
Loss arising from fair value changes of financial assets at fair value through profit or loss		**(37,569)**	(293,743)
Gain (loss) arising from fair value changes of investment properties		**14,049**	(600)
Loss on redemption of convertible notes	20	**(27,328)**	—
Loss arising from fair value changes of derivative financial instruments		**—**	(38,429)
Finance costs	10	**(9,801)**	(7,461)
Loss before taxation	11	**(46,645)**	(367,217)
Taxation	12	**(9,731)**	695
Loss for the year		**(56,376)**	(366,522)
Other comprehensive income			
Gain arising from fair value changes of available-for-sale investments		**22,143**	—
Total comprehensive expenses for the year		**(34,233)**	(366,522)
Loss for the year attributable to owners of the Company		**(56,376)**	(366,522)
Total comprehensive expenses attributable to owners of the Company		**(34,233)**	(366,522)
			(Restated)
Loss per share			
Basic and diluted	13	**(2.07) cents**	(34.72) cents

Consolidated Statement of Financial Position

At 31 March 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	14	**49,036**	16,106
Investment properties	15	**99,541**	85,492
Available-for-sale investments	16	**118,807**	—
		267,384	101,598
Current assets			
Other receivables, deposits and prepayments		**44,066**	13,191
Financial assets at fair value through profit or loss	17	**1,698,011**	571,687
Bank balances and cash	18	**482,691**	1,535,265
		2,224,768	2,120,143
Current liabilities			
Other payables and accrued charges		**2,776**	27,874
Amount due to a minority shareholder	19	**1,999**	1,999
Tax payable		**9,447**	—
		14,222	29,873
Net current assets		**2,210,546**	2,090,270
Total assets less current liabilities		**2,477,930**	2,191,868

Consolidated Statement of Financial Position

At 31 March 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current liability			
Convertible notes	20	—	68,182
		2,477,930	2,123,686
Capital and reserves			
Share capital	21	**318,609**	1,326,621
Reserves		**2,159,365**	797,109
Equity attributable to owners of the Company		**2,477,974**	2,123,730
Minority interests		**(44)**	(44)
		2,477,930	2,123,686

The consolidated financial statements on pages 26 to 74 were approved and authorised for issue by the Board of Directors on 23 July 2010 and are signed on its behalf by:

Chiu Tao	**Damon G. Barber**
CHAIRMAN	**DIRECTOR AND CHIEF EXECUTIVE OFFICER**

Consolidated Statement of Changes In Equity

For the year ended 31 March 2010

	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	Warrant reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 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 comprehensive 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
Loss for the year	–	–	–	–	–	–	–	(56,376)	(56,376)	–	(56,376)
Gain arising from fair value changes of available-for-sale investments	–	–	–	–	–	22,143	–	–	22,.143	–	22,143
Total comprehensive expense for the year	–	–	–	–	–	22,143	–	(56,376)	(34,233)	–	(34,233)
Cancellation and consolidation of paid up share capital due to capital reorganisation (note 21)	(1,273,556)	–	–	–	604,196	–	–	669,360	–	–	–
Redemption of convertible notes	–	–	–	(36,774)	–	–	–	36,774	–	–	–
Issue of shares (note 21)	265,544	67,672	–	–	–	–	65,211	–	398,427	–	398,427
Transaction costs attributable to issue of shares	–	(9,950)	–	–	–	–	–	–	(9,950)	–	(9,950)
At 31 March 2010	318,609	1,531,761	7,700	–	1,000,543	22,143	65,211	(467,993)	2,477,974	(44)	2,477,930

(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 due to capital reorganisation in previous years and during the year (note 21).

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(46,645)**	(367,217)
Adjustments for:		
Interest income	**(2,605)**	(20,784)
Interest expenses	**9,801**	7,461
Dividend income	**(22,491)**	(19,493)
Depreciation	**2,242**	868
Loss arising from fair value changes of financial assets at fair value through profit or loss	**37,569**	293,743
Loss on disposal of property, plant and equipment	**20**	—
(Gain) loss arising from fair value changes of investment properties	**(14,049)**	600
Other non-cash income	**(69,306)**	—
Loss on redemption of convertible notes	**27,328**	—
Operating cash flows before movements in working capital	**(78,136)**	(104,822)
(Increase) decrease in other receivables, deposits and prepayments	**(30,814)**	7,578
Increase in financial assets at fair value through profit or loss	**(1,163,893)**	(450,315)
(Decrease) increase in other payables and accrued charges	**(25,098)**	25,228
Decrease in amounts due to directors	**—**	(417)
Net cash used in operations	**(1,297,941)**	(522,748)
Interest received	**2,605**	20,784
Dividend received	**22,491**	19,493
Taxation arising from other jurisdictions paid	**(284)**	(99)
NET CASH USED IN OPERATING ACTIVITIES	**(1,273,129)**	(482,570)

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	NOTE	2010 HK$'000	2009 HK$'000
INVESTING ACTIVITIES			
Purchase of vessel and furniture and equipment	27	**(30,000)**	—
Purchase of other property, plant and equipment		**(5,293)**	(16,108)
Proceeds on disposal of other property, plant and equipment		**40**	—
Purchase of available-for-sale investments		**(9,200)**	—
Transaction costs on other non-cash income		**(18,158)**	—
Acquisition of property interests	27	**—**	(59,857)
NET CASH USED IN INVESTING ACTIVITIES		**(62,611)**	(75,965)
FINANCING ACTIVITIES			
Interest paid		**(5,311)**	(5)
New borrowing raised		**1,500,000**	—
Repayment of a borrowing		**(1,500,000)**	—
Redemption of convertible notes		**(100,000)**	—
Proceeds from issues of shares upon rights issue and exercise of warrants		**398,427**	—
Share issue expenses		**(9,950)**	—
Proceeds on issue of convertible notes		**—**	100,000
Transaction costs on issue of convertible notes		**—**	(2,500)
NET CASH FROM FINANCING ACTIVITIES		**283,166**	97,495
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,052,574)**	(461,040)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1,535,265**	1,996,305
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, representing bank balances and cash		**482,691**	1,535,265

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 investments in financial instruments and property investment. The principal activities of its principal subsidiaries are set out in note 28.

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

In the current year, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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 on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

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

Except as described below, the adoption of these new and revised HKFRSs had no material effect on the 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 consolidated financial statements) and changes in the format and content of the consolidated financial statements. However, HKAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 "Financial Instruments: Disclosures")

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. However, HKFRS 8 has had no impact on the measurement of segment revenue, result, assets and liabilities of the Group and on the redesignation of operating segment.

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)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[8]
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 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[7]
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 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]

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

[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.

[7] Effective for annual periods beginning on or after 1 July 2010.

[8] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

The adoption of HKFRS 3 (Revised 2008) 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 April 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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 consolidated financial statements 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 statement of comprehensive income 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

Dividend income from financial assets at fair value through profit or loss and available-for-sale investments is recognised when the Group's rights to receive payment have been established.

Rental income from operating leases is recognised in profit or loss on a straight line basis over the term of the relevant leases.

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 on initial recognition.

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 profit or loss in the period 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 profit or loss in the period in which the item is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position 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 asset 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 to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at FVTPL comprise of 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.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excluded any dividend or interest earned on the financial assets.

Loans and receivables

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

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

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 the end of the reporting period (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. 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.

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 losses 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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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.

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 (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts). 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 to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Convertible notes containing 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 rate 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)*

Derivative financial instrument

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Other financial liabilities

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Warrants

Warrants issued by the Company that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments are classified as an equity instrument.

For warrants issued to subscribers of the Company's shares, the fair value of warrants on the date of issue is recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium upon exercise of the warrants. Where the warrants remain unexercised at the expiry date, the amount previously recognised in warrant reserve will be transferred to the accumulated losses.

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 in other comprehensive income 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income 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 end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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 the respective 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 the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefit costs

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 profit or loss on a straight line basis over the term of the relevant leases.

The Group as lessee

Operating lease payments are recognised as an expense 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.

Impairment loss of tangible assets

At the end of the reporting period, 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 any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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 end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below:

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2010 at their fair value of HK$99,541,000 (2009: 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 statement of comprehensive income.

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 equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank balances and cash, equity attributable to owners 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

	2010	2009
	HK$'000	HK$'000
Financial Assets		
Loans and receivables (including cash and cash equivalents)	**486,549**	1,535,265
Financial assets at FVTPL	**1,698,011**	571,687
Available-for-sale investments	**118,807**	—
Financial Liabilities		
Amortised cost	**1,999**	94,941

(b) Financial risk management objectives and policies

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 and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. 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 financial assets at FVTPL 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.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

The carrying amount of the Group's foreign currency denominated financial assets at FVTPL at the end of the reporting period is as follows:

	Assets	
	2010	2009
	HK$'000	HK$'000
Renminbi	**29,261**	21,441
Singapore dollars	**21,592**	18,544

The following table details the Group's sensitivity to a 5% (2009: 5%) increase or decrease in the Renminbi and Singapore dollars. 5% (2009: 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 end of the reporting period for a 5% (2009: 5%) change in foreign currency rate. A positive number indicates a decrease in loss where Renminbi and Singapore dollars strengthens 5% (2009: 5%) against the Hong Kong dollars. For a 5% (2009: 5%) weakening of Renminbi and Singapore dollars, against Hong Kong dollars, there would be an equal and opposite impact.

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 end of the reporting period.

	Profit or loss	
	2010	2009
	HK$'000	HK$'000
Renminbi	**1,222**	895
Singapore dollars	**901**	774

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

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short-term bank deposits. If the bank interest rate had been 10 basis point (2009: 100 basis point) increase/decrease while all other variables were held constant, the Group's loss for the year ended 31 March 2010 would decrease/increase by HK$483,000 (2009: HK$15,353,000). It is the Group's policy to keep its bank deposits at floating rate of interests so as to minimise the cash flow interest rate risk.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Price risk

The Group is exposed to equity security price risk through its financial assets at FVTPL and available-for-sale investments. 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 financial assets at FVTPL and available-for-sale investments had been 10% (2009: 10%) higher/lower while all other variables were held constant, the Group's loss for the year would decrease/increase by HK$141,784,000 (2009: HK$47,736,000) and investment revaluation reserve would increase/decrease by HK$10,961,000 (2009: nil), respectively.

Credit risk

The Group's principal financial assets which are exposed to credit risk are other receivables and bank balances and cash.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The Group reviews the recoverable amount of each individual receivable at the end of the reporting period 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 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 good reputation.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(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**
At 31 March 2010						
Non-interest bearing						
Amount due to a minority shareholder	**1,999**	**—**	**—**	**—**	**1,999**	**1,999**

	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
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

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair values of financial instruments

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

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;
- 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 value of the underlying assets of the funds which are provided by the counterparty financial institutions; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flows 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 the consolidated financial statements approximate their fair values.

6. FINANCIAL INSTRUMENTS *(Continued)*

(d) Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2010				
Financial assets at FVTPL	1,360,638	40,651	296,722	1,698,011
Available-for-sale investments	109,607	—	—	109,607
	1,470,245	40,651	296,722	1,807,618

There is no transfer between Level 1 and 2 in the current year.

Reconciliation of Level 3 fair value measurements of unlisted investment funds and unlisted convertible notes are as follows:

	Unlisted investment funds HK$'000	Unlisted convertible note HK$'000	Total HK$'000
At 1 April 2009	—	19,332	19,332
Additions	260,340	10,000	270,340
Disposals	—	(27,060)	(27,060)
Gains recognised in profit or loss, included in loss arising from fair value changes of financial assets at FVTPL	5,818	28,292	34,110
At 31 March 2010	266,158	30,564	296,722

7. 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. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments as compared with the primary reportable segments as previously determined in accordance with HKAS 14 "Segment Reporting". Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The identification of the Group's operating segments under HKFRS 8 is consistent with the prior years' presentation of business segments under HKAS 14. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance by type of investments 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 operating segments under HKFRS 8 are as follows:

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

Segment revenue and result

Revenue represents dividend income arising from financial assets at FVTPL and rental income from properties letting under operating leases. The following is an analysis of the Group's revenue and result by operating segment for the periods under review:

	Segment revenue		Segment (loss) profit	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Investments in financial instruments	**22,491**	19,493	**(28,035)**	(335,328)
Property investment	**3,916**	1,903	**16,831**	1,105
	26,407	21,396	**(11,204)**	(334,223)
Other income			**72,909**	23,509
Loss on redemption of convertible notes			**(27,328)**	—
Central administration costs			**(71,221)**	(49,042)
Finance costs			**(9,801)**	(7,461)
Loss before taxation			**(46,645)**	(367,217)
Taxation			**(9,731)**	695
Loss for the year			**(56,376)**	(366,522)

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

7. SEGMENT INFORMATION *(Continued)*

Accounting policies of the operating segment are the same as the Group's accounting policies described in note 3. Segment loss represents the loss incurred by each segment without allocation of other income, loss on 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.

Segment assets

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

	2010	2009
	HK$'000	HK$'000
Segment assets:		
– Investments in financial instruments	**1,816,818**	571,687
– Property investment	**99,541**	85,492
Total segment assets	**1,916,359**	657,179
Unallocated corporate assets:		
– Bank balances and cash	**482,691**	1,535,265
– Property, plant and equipment	**49,036**	16,106
– Others	**44,066**	13,191
	575,793	1,564,562
Consolidated assets	**2,492,152**	2,221,741

Other segment information

Amounts included in the measure of segment result:

	2010	2009
	HK$'000	HK$'000
Investments in financial instruments:		
– Loss arising from fair value changes of financial assets at FVTPL	**(37,569)**	(293,743)
Property investment:		
– Gain (loss) arising from fair value changes of investment properties	**14,049**	(600)

7. SEGMENT INFORMATION *(Continued)*

Geographical information

A geographical analysis of the Group's revenue from external customers based on the geographical market where listed securities are traded for investments in financial instruments segment and based on the geographical location of the properties for property investment segment and information about its carrying amount of non-current assets excluding financial instruments by the geographical location of the assets are detailed as follows:

	Revenue from external customers		Carrying amounts of non-current assets	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
The People's Republic of China (the "PRC"), other than Hong Kong	**1,565**	13,144	**28,741**	24,992
Hong Kong	**16,062**	7,686	**119,836**	76,606
Singapore	**8,780**	566	**—**	—
	26,407	21,396	**148,577**	101,598

8. OTHER INCOME

Included in other income is a net gain of HK$69,306,000 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 (approximately HK$1,712.8 million) and a reimbursement of transaction cost amounting to not exceeding US$11.4 million (approximately HK$88.4 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 (approximately HK$77.5 million) which will be 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 transaction cost of US$6.56 million. On 3 July 2009, US$211 million out of US$221 million and the reimbursement of US$6.56 million were settled by cash to the Vendor on behalf of Acewick. The remaining US$10 million (approximately HK$77.5 million) was settled by 221,428,571 equity shares of G-Resources, which was determined based on the agreed issuance price of HK$0.35 per share of G-Resources, at their fair value as at that date of HK$0.395 per share, amounting to HK$87,464,000 in aggregate.

8. OTHER INCOME *(Continued)*

Upon the completion of these two transactions, a gain of HK$69,306,000 after netting off a transaction cost of HK$18,158,000 which could not be reimbursed from G-Resources, was recognised in profit or loss as other income. The 221,428,571 equity shares of G-Resources received by the Group upon the completion of these transactions were classified as available-for-sale investments in the consolidated statement of financial position.

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors

The emoluments paid or payable to each of the eleven (2009: twelve) directors were as follows:

	Year ended 31 March 2010				
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)*	—	14,129	6,000	12	20,141
Chiu Kong	—	2,592	—	12	2,604
Chung Nai Ting	—	1,105	300	12	1,417
Hui Richard Rui	—	875	400	12	1,287
Kwan Kam Hung, Jimmy	—	885	334	12	1,231
Lee Ming Tung	—	818	300	12	1,130
Tsui Ching Hung	—	1,040	150	12	1,202
Yeung Kwok Yu	—	302	300	4	606
Yu Pan	100	—	—	—	100
Tong So Yuet	150	—	—	—	150
Chan Shek Wah	200	—	—	—	200
	450	21,746	7,784	88	30,068

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

(a) Directors *(Continued)*

	Year ended 31 March 2009				
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 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

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 9(a).

10. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest on borrowings wholly repayable within five years:		
Other borrowings	5,311	5
Convertible notes (note 20)	4,490	7,456
	9,801	7,461

11. LOSS BEFORE TAXATION

	2010 HK$'000	2009 HK$'000
Loss before taxation has been arrived at after charging:		
Directors' remuneration (note 9(a))	30,068	21,983
Contributions to the Mandatory Provident Fund	139	211
Other staff costs	5,641	8,585
Total staff costs	35,848	30,779
Auditor's remuneration	1,080	970
Depreciation	2,242	868
Loss on disposal of property, plant and equipment	20	—
Minimum lease payments under operating leases in respect of rented premises	2,973	2,122
and after crediting:		
Gross rental income less direct operating expenses from investment properties that generated rental income during the year of HK$1,549,000 (2009: HK$394,000)	2,367	1,509
Exchange gain	190	224
Interest income	2,605	20,784

12. TAXATION

	2010	2009
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	9,447	—
Other jurisdiction	284	99
Overprovision in prior years	—	(794)
Taxation expense (credit)	9,731	(695)

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 year ended 31 March 2010.

For the year ended 31 March 2009, no provision for Hong Kong Profits Tax had been made in the 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 years is recognised based on the rates prevailing in the relevant jurisdictions.

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

	2010	2009
	HK$'000	HK$'000
Loss before taxation	46,645	367,217
Tax credit at the domestic income tax rate of 16.5% (2009: 16.5%) (note)	7,696	60,591
Tax effect of expenses not deductible for tax purpose	(9,088)	(13,061)
Tax effect of income not taxable for tax purpose	8,971	6,905
Overprovision in prior years	—	794
Tax effect of tax losses not recognised	(17,026)	(54,598)
Effect of different tax rate of subsidiaries operating in other jurisdictions	(284)	64
Tax (charge) credit for the year	(9,731)	695

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.

12. TAXATION *(Continued)*

At the end of the reporting period, the Group had unused tax losses of approximately HK$764,979,000 (2009: HK$661,791,000) available to offset against future profits. No deferred tax 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 end of the reporting period.

13. LOSS PER SHARE

The calculation of the basic and diluted losses per share attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$'000	HK$'000
Loss		
Loss for the purposes of basic and diluted loss per share attributable to the owners of the Company	**56,376**	366,522

	2010	2009
	'000	'000
		(as restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,726,446**	1,055,622

The weighted average number of ordinary shares for the year ended 31 March 2009 for the purpose of calculating the basic and diluted loss per share has been adjusted to reflect the effects of capital reorganisation and rights issue as set out in note 21.

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

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Vessel HK$'000	Total HK$'000
COST						
At 1 April 2008	—	—	167	840	—	1,007
Acquired through acquisition of subsidiaries (note 27)	—	59	64	—	—	123
Additions	13,191	475	261	2,181	—	16,108
At 31 March 2009	13,191	534	492	3,021	—	17,238
Acquired through acquisition of a subsidiary (note 27)	—	—	1,003	—	28,936	29,939
Additions	—	900	1,194	3,199	—	5,293
Disposals	—	—	—	(80)	—	(80)
At 31 March 2010	13,191	1,434	2,689	6,140	28,936	52,390
DEPRECIATION						
At 1 April 2008	—	—	89	175	—	264
Provided for the year	242	103	69	454	—	868
At 31 March 2009	242	103	158	629	—	1,132
Provided for the year	264	218	161	984	615	2,242
Eliminated on disposals	—	—	—	(20)	—	(20)
At 31 March 2010	506	321	319	1,593	615	3,354
CARRYING VALUES						
At 31 March 2010	12,685	1,113	2,370	4,547	28,321	49,036
At 31 March 2009	12,949	431	334	2,392	—	16,106

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

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

Leasehold land and buildings	2%
Leasehold improvements	20% - 33%
Furniture and equipment	20% - 25%
Motor vehicles	25%
Vessel	25%

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 2010, leasehold land and buildings with carrying amounts of HK$12,685,000 (2009: 12,949,000) were situated in Hong Kong under long-term leases.

15. INVESTMENT PROPERTIES

	2010 HK$'000	2009 HK$'000
FAIR VALUE		
At the beginning of the year	85,492	26,092
Acquired through acquisition of subsidiaries (note 27)	—	60,000
Gain (loss) arising from fair value changes recognised in profit or loss	14,049	(600)
At the end of the year	99,541	85,492

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

	2010 HK$'000	2009 HK$'000
Land and buildings in Hong Kong held under long-term leases	70,800	60,500
Land and buildings in the PRC held under medium-term leases	28,741	24,992
	99,541	85,492

The fair values of the Group's investment properties at the end of both reporting periods have been arrived at on the basis of valuations carried out as of these dates 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.

16. AVAILABLE-FOR-SALE INVESTMENTS

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

	2010 HK$'000	2009 HK$'000
Unlisted equity securities	5,100	5,100
Less: Impairment loss	(5,100)	(5,100)
	—	—
Equity securities listed in Hong Kong	109,607	—
Club debenture	9,200	—
	118,807	—

The unlisted equity securities represent approximately 0.07% (2009: 0.20%) 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. The unlisted equity securities and the club debenture are measured at cost less impairment at the end of the reporting period 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.

The Group received 221,428,571 equity shares of G-Resources, which were classified as available-for-sale investments, as part of the consideration for the transactions as set out in note 8. At the end of the reporting period, the listed equity securities are stated at fair values which have been determined based on quoted market bid prices available on the relevant stock exchange.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL stated at fair value as at 31 March are set out below:

	2010	2009
	HK$'000	HK$'000
Equity securities listed in Hong Kong	**1,301,185**	438,350
Equity securities listed outside Hong Kong	**50,853**	39,984
Convertible notes:		
– listed in Hong Kong	**5,772**	42,802
– unlisted	**30,564**	19,332
Debt securities	**2,828**	1,170
Investment funds	**306,809**	30,049
	1,698,011	571,687

The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges. The fair values of the investment funds are determined with reference to the values of the underlying assets of the funds which are provided by the counterparty financial institutions.

The convertible notes are redeemable 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. 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 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$30,564,000 (2009: HK$19,332,000) 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 using the prevailing borrowing rate of the issuer 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 0.2% to 0.6% (2009: 0.4% to 3.7%) per annum.

19. AMOUNT DUE TO A MINORITY SHAREHOLDER

The amount is unsecured, interest-free and repayable on demand.

20. 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 reorganisation 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, HK$2.75 and HK$3.00 respectively. The conversion prices were further adjusted to HK$0.635, HK$ 0.699 and HK$0.762 due to the rights issue of the Company. Details of the capital reorganisation and the rights issue of the Company are set out in note 21.

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 17.29%.

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. The difference between the redemption amount and the carrying amount of the liability component represent a loss on redemption of HK$27,328,000 which has been charged to profit or loss.

20. CONVERTIBLE NOTES *(ontinued)*

The movement of the liability component of the convertible notes is set out below:

	HK$'000
At 1 April 2008	—
Issued during the year	60,726
Interest charged	7,456
At 31 March 2009	68,182
Interest charged	4,490
Redeemed during the year	(72,672)
At 31 March 2010	—

21. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.1 each:		
Authorised		
At 31 March 2009 and 2010	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	2,196,608	220
At 31 March 2010	3,186,087,644	318,609

21. SHARE CAPITAL *(Continued)*

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, 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.

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 anti-dilution adjustment), and the warrant can be exercised by warrant holders on or before 2 June 2011.

During the year, 2,196,608 warrants were exercised, resulting in the issuance of 2,196,608 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. At 31 March 2010, the Company had outstanding 528,451,898 warrants, the exercise in full of which would result in the issue of 528,451,898 ordinary shares of HK$0.1 each.

The fair value of the warrants issued during the year was calculated using the binomial model.

The inputs into the model were as follows:

Date of issue	3 June 2009
Share price	HK$0.27
Exercise price	HK$0.20
Maturity date	2 June 2011
Expected volatility	65.05%
Expected dividend yield	0%
Risk free rate	0.538%
Fair value per warrant	HK$0.1234

The variables and assumptions used in computing the fair value of the warrants are based on the management's best estimate.

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 income with maximum employee's contribution of not exceeding HK$1,000 a month.

The retirement benefit cost charged to the consolidated statement of comprehensive income of HK$227,000 (2009: HK$302,000) 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 end of the reporting period, the Group had commitments for future minimum lease payments payable under non-cancellable operating leases which fall due as follows:

	2010	2009
	HK$'000	HK$'000
In respect of rented premises:		
Within one year	**4,243**	4,311
In the second to fifth year inclusive	**5,543**	1,242
	9,786	5,553

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 end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2010	2009
	HK$'000	HK$'000
Within one year	**2,598**	2,069
In the second to fifth year inclusive	**1,417**	—
	4,015	2,069

Leases are negotiated for an average term of two years.

24. CAPITAL COMMITMENTS

At 31 March 2010, the Group has no capital commitment authorised but not contracted or contracted but not provided for.

At 31 March 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. The transaction was terminated during the year ended 31 March 2010.

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 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 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. After the completion of consolidation of the shares of the Company in April 2009, the total number of shares of the Company available for issue under the Scheme was reduced to 8,723,922 which represents approximately 0.03% of the issued share capital of the Company as at the date of this annual report.

Up to 31 March 2010, no share options have been granted by the Company since the adoption of the Scheme.

26. MAJOR NON-CASH TRANSACTION

During the year, the Group received 221,428,571 equity shares of G-Resources at HK$0.395 per share, which were classified as available-for-sale investments, as a part of the consideration for the transactions as set out in note 8.

27. ACQUISITION OF ASSETS AND LIABILITIES

On 5 March 2010, the Group has acquired the vessel and its related furniture and equipment held by Deep Bowl Limited through acquisition of the entire issued share capital of Deep Bowl Limited.

	HK$'000
Net assets acquired:	
Property, plant and equipment	29,939
Other receivables and deposits	61
Total consideration, satisfied by cash	30,000

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 31 March 2009.

28. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2010 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
Deep Bowl Limited #	British Virgin Islands*	US$1	—	100%	Vessel 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

28. 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	
Kingarm Company Limited	Hong Kong	HK$2	—	100%	Property investment
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 principally affected 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 issued any debt securities at 31 March 2010 or at any time during the year.

29. EVENTS AFTER THE REPORTING PERIOD

(a) Very substantial acquisitions

(i) Subsequent to 31 March 2010, the Company through its indirect wholly-owned subsidiary, CST Minerals Pty Limited (the "Purchaser"), completed negotiation with Cape Lambert Resources Limited ("Cape Lambert") for the acquisition of the entire issued share capital of CST Minerals Lady Annie Pty Ltd. (formerly known as Cape Lambert Lady Annie Exploration Pty Ltd.) ("CST Minerals"). The transaction was subject to shareholders' approval and is completed on 31 May 2010 at an aggregate cash consideration of Australian dollars ("A$") 130 million, with an additional cash consideration of A$5 million to be paid by the Purchaser if and when certain milestones with reference to the production of copper cathode and the delineation of additional ore reserves are achieved pursuant to the share sale agreement entered by the Purchaser and Cape Lambert. Details of the acquisition are set out in the Company's circular dated 12 May 2010. A deposit of A$5 million (equivalent to approximately HK$35,670,000) was paid by the Purchaser during the year and included in other receivables, deposits and prepayments as at 31 March 2010.

The transaction is to be accounted for as acquisition of business as the company acquired constitutes a business under HKFRS 3 "Business Combinations". The principal assets of CST Minerals are property, plant and equipment, mining property interests, exploration and evaluation expenditure, located in north-western Queensland, Australia. The fair value of the assets and liabilities acquired shall be assessed as at the date of completion of the acquisition. At the date of approval for issuance of these consolidated financial statements, the valuation of each component of the identifiable assets acquired and liabilities assumed is still on-going and subject to finalisation, which involve the work by independent valuer. The directors of the Company are of the opinion that such valuation would not be available at the date of approval of these consolidated financial statements.

29. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(a) Very substantial acquisitions *(Continued)*

(ii) On 28 February 2010, the Company, through its indirect wholly-owned subsidiary, China Sci-Tech Minerals Limited (formerly known as 0874791 B.C. Limited), entered into an arrangement agreement with Chariot Resources Limited ("Chariot", together with its subsidiaries are hereinafter collectively referred to as the "Chariot Group") to acquire the entire issued share capital of Chariot at an aggregate cash consideration of approximately Canadian dollars ("C$") 244,580,395 (equivalent to approximately HK$1,748,750,000), estimated based on the entire and outstanding share capital of Chariot as at 28 February 2010 and representing C$0.67 per share. Details of the acquisition are set out in the Company's circular dated 30 April 2010.

The transaction is to be accounted for as acquisition of assets and liabilities as the companies acquired do not constitute a business under HKFRS 3. The principal assets of the Chariot Group are mining property interests and bank balances and cash, as set out in the Company's circular dated 30 April 2010. The transaction is completed on 11 June 2010.

(b) Placing

As the Group considers the funding requirements of the above transactions and the future mining operation, two placing exercises of new ordinary shares of the Company with a maximum proceed of US$600 million (the "Placing") are carried out. The completion of the Placing took place on 25 June 2010 and 23,400 million ordinary shares are issued to independent placees at placing price of HK$0.2 each with gross proceeds of approximately HK$4,680 million.

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(Restated)	
RESULTS					
(LOSS) PROFIT FOR THE YEAR	**(56,376)**	(366,522)	(305,570)	(63,045)	25,499

	At 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	**2,492,152**	2,221,741	2,458,934	405,019	431,239
TOTAL LIABILITIES	**(14,222)**	(98,055)	(5,500)	(105,891)	(69,066)
NET ASSETS	**2,477,930**	2,123,686	2,453,434	299,128	362,173

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
Unit B on 2/F Unit A and B on 3/F Unit B on 5/F Unit A, B & C on 16/F to 23/F of Fortwest No. 1 Westlands Road Quarry Bay Hong Kong	Commerical	Long term lease
Flat 10 on 20/F Apartment Tower on the Western Side Convention Plaza No. 1 Harbour Road Hong Kong	Residential	Long term lease