



SOLARTECH INTERNATIONAL HOLDINGS LIMITED

榮盛科技國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

2007/08 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the “Directors”) of Solartech International Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2008 together with last year’s comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2008

	Notes	Continuing operations		Discontinued operations		Total	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Turnover	3	3,406,813	3,778,692	86,713	81,136	3,493,526	3,859,828
Cost of sales		(3,190,065)	(3,540,442)	(72,463)	(67,383)	(3,262,528)	(3,607,825)
Gross profit		216,748	238,250	14,250	13,753	230,998	252,003
Interest income		16,551	24,158	308	705	16,859	24,863
Other income		31,944	29,555	951	1,264	32,895	30,819
General and administrative expenses		(192,593)	(168,368)	(8,248)	(10,180)	(200,841)	(178,548)
Selling and distribution expenses		(39,697)	(32,669)	(2,112)	(2,871)	(41,809)	(35,540)
Change in fair value of derivative financial instruments		47,830	(269)	-	-	47,830	(269)
Change in fair value of conversion option of convertible notes		7,167	5,325	-	-	7,167	5,325
Reversal of allowance/(allowance) for doubtful debts		598	(5,884)	-	(181)	598	(6,065)
Impairment loss arising from adjustment to fair value less cost to sell		-	-	-	(28,000)	-	(28,000)
Finance costs	5	(55,616)	(64,132)	(448)	(2,742)	(56,064)	(66,874)
Share of results of associates		284	148	-	-	284	148
Share of results of jointly-controlled entities		(625)	(369)	-	-	(625)	(369)
Discount on acquisition of additional interests in subsidiaries		-	4,581	-	-	-	4,581
Gain/(loss) on deemed disposal of a listed subsidiary		11,351	(1,067)	-	-	11,351	(1,067)
Profit/(loss) before taxation	4	43,942	29,259	4,701	(28,252)	48,643	1,007
Taxation	6	(24,095)	(5,796)	(95)	(127)	(24,190)	(5,923)
Profit/(loss) for the year		19,847	23,463	4,606	(28,379)	24,453	(4,916)

* For identification purposes only

	Notes	Continuing operations		Discontinued operations		Total	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Profit/(loss) for the year attributable to:							
Equity holders of the Company		15,241	29,161	4,606	(28,379)	19,847	782
Minority interests		4,606	(5,698)	-	-	4,606	(5,698)
		19,847	23,463	4,606	(28,379)	24,453	(4,916)
Dividends	7						
Paid		-	29,249	-	-	-	29,249
Earnings per share	8						
from continuing and discontinued operations							
- Basic						3.50 HK cents	0.16 HK cents
- Diluted						3.42 HK cents	0.15 HK cents (restated)
from continuing operations							
- Basic						2.68 HK cents	5.99 HK cents
- Diluted						2.63 HK cents	5.05 HK cents

CONSOLIDATED BALANCE SHEET

At 30 June 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		565,207	611,996
Prepayments for acquisition of property, plant and equipment		17,443	22,648
Prepaid lease payments for land – non-current portion		46,455	80,220
Interests in associates		322,417	11,196
Interests in jointly-controlled entities		–	18,023
Deferred tax assets		6,316	6,275
Goodwill		23,389	23,389
Loans receivable		–	46,898
		<u>981,227</u>	<u>820,645</u>
Current assets			
Inventories		266,765	512,092
Debtors, other loans and receivables, deposits and prepayments	9	311,844	516,946
Bills receivable		24,484	62,733
Prepaid lease payments for land – current portion		1,189	1,801
Derivative financial assets		1,702	2,034
Notes receivable		–	55,000
Tax recoverable		1,396	454
Pledged deposits and bank balances		36,619	96,650
Bank balances and cash		85,817	286,070
		<u>729,816</u>	<u>1,533,780</u>
Assets classified as held for sale		–	79,744
		<u>729,816</u>	<u>1,613,524</u>
Current liabilities			
Creditors, other advances and accrued charges	10	198,563	232,468
Bills payable		12,613	161,019
Amount due to an associate		202,054	–
Taxation		7,333	11,289
Obligations under finance leases		3,707	3,185
Borrowings		155,450	717,719
Derivative financial liabilities		9,171	9,967
Convertible notes – liability component		–	72,128
Convertible notes – conversion option component		–	7,167
		<u>588,891</u>	<u>1,214,942</u>
Liabilities associated with assets classified as held for sale		–	20,332
		<u>588,891</u>	<u>1,235,274</u>
Net current assets		<u>140,925</u>	<u>378,250</u>
Total assets less current liabilities		<u>1,122,152</u>	<u>1,198,895</u>

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current liabilities		
Borrowings	17,065	20,408
Obligations under finance leases	3,469	4,821
Deferred consideration payable	10,342	16,297
Deferred tax liabilities	5,171	20,743
	<u>36,047</u>	<u>62,269</u>
Net assets	1,086,105	1,136,626
EQUITY		
Capital and reserves		
Share capital	6,037	4,892
Reserves	1,072,570	933,534
	<u>1,078,607</u>	938,426
Equity attributable to equity holders of the Company	1,078,607	938,426
Share option reserve of a listed associate/subsidiary	4,795	4,128
Minority interests	2,703	194,072
	<u>2,703</u>	<u>194,072</u>
Total equity	1,086,105	1,136,626
	<u>1,086,105</u>	<u>1,136,626</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	Share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve fund	Share option reserve	Retained profits	Total	Share option reserve of listed subsidiary/associate	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2006	4,851	160,200	587,012	(4,281)	4,474	1,783	187,052	941,091	3,565	208,950	1,153,606
Exchange differences arising on translation of foreign operations and share of reserve of jointly-controlled entities and total income for the year recognised directly in equity	-	-	-	23,337	-	-	-	23,337	-	7,597	30,934
Profit for the year	-	-	-	-	-	-	782	782	-	(5,698)	(4,916)
Total recognised income for the year	-	-	-	23,337	-	-	782	24,119	-	1,899	26,018
Repurchase of shares	(9)	(912)	-	-	-	-	-	(921)	-	-	(921)
Issue of shares upon exercise of share options	50	1,150	-	-	-	-	-	1,200	-	-	1,200
Transfer upon exercise of share options	-	362	-	-	-	(362)	-	-	(438)	438	-
Forfeiture of share options	-	-	-	-	-	(646)	1,847	1,201	(1,201)	-	-
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	(10,539)	(10,539)
Recognition of equity-settled share based payments	-	-	-	-	-	985	-	985	2,202	-	3,187
Increase in minority interests arising from deemed disposal of a listed subsidiary	-	-	-	-	-	-	-	-	-	2,716	2,716
Dividends paid	-	-	-	-	-	-	(29,249)	(29,249)	-	-	(29,249)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	-	(9,392)	(9,392)
Appropriation	-	-	-	-	616	-	(616)	-	-	-	-
At 30 June 2007	4,892	160,800	587,012	19,056	5,090	1,760	159,816	938,426	4,128	194,072	1,136,626

	Share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve fund	Share option reserve	Retained profits	Share option reserve of listed subsidiary/associate	Minority interests	Total equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Total HK\$'000	HK\$'000	HK\$'000	
Exchange differences arising on translation of foreign operations, hedges of net investment in foreign operations and share of reserve of associates and jointly-controlled entities and total income for the year recognised directly in equity	-	-	-	52,351	-	-	-	52,351	-	19,051	71,402
Profit for the year	-	-	-	-	-	-	19,847	19,847	-	4,606	24,453
Total recognised income for the year	-	-	-	52,351	-	-	19,847	72,198	-	23,657	95,855
Placement of new shares	970	62,996	-	-	-	-	-	63,966	-	-	63,966
Issue of shares upon exercise of share options	175	4,951	-	-	-	-	-	5,126	-	-	5,126
Transfer upon exercise of share options	-	496	-	-	-	(496)	-	-	-	-	-
Forfeiture of share options	-	-	-	-	-	(1,034)	1,152	118	(118)	-	-
Appropriation	-	-	-	-	13,356	-	(13,356)	-	-	-	-
Increase in minority interests arising from deemed disposal of a listed subsidiary before re-classification into an associate	-	-	-	-	-	-	-	-	-	90,249	90,249
Re-classification of interest in a subsidiary into an associate	-	-	-	(9,235)	(6,897)	-	10,091	(6,041)	(3,194)	(305,275)	(314,510)
Recognition of equity-settled-share based payments	-	-	-	-	-	4,814	-	4,814	3,979	-	8,793
At 30 June 2008	6,037	229,243	587,012	62,172	11,549	5,044	177,550	1,078,607	4,795	2,703	1,086,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2008

1. ORGANISATION AND OPERATIONS

The Company is incorporated in Bermuda 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 Corporate Information in the annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of cables and wires, and manufacture and trading of connectors and terminals. Its associates are principally engaged in the manufacture and trading of copper rods, optical fibre cable, manufacture and sale of iron ore concentrated powder, life-like plants and production, distribution and licensing of television programmes and its major jointly-controlled entity is engaged in the manufacture and sales of copper wires.

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

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

In the current year, the Group has applied all of the new standards, amendments and interpretations (the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant to its operations and effective for the current accounting period. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The impact of the adoption of HKFRS 7 “Financial Instruments: Disclosures” and HKAS 1 Amendment “Capital Disclosures” has been to expand the disclosures provided in these financial statements regarding the Group’s financial instruments and management of capital.

The Group has not early applied the following new standards, amendment and interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of their initial application.

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
HKAS 23 (Revised)	Borrowing costs	1 January 2009
HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
HKASs 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	1 January 2009
HKFRS 2 (Amendment)	Share-based payment – vesting conditions and cancellation	1 January 2009
HKFRS 3 (Revised)	Business combinations	1 July 2009
HKFRS 8	Operating segments	1 January 2009

		Effective for annual periods beginning on or after
HK(IFRIC) – Int 12	Service concession arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer loyalty programmes	1 July 2008
HK(IFRIC) – Int 14	HKAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008
HK(IFRIC) – Int 15	Agreements for the construction of real estate	1 January 2009
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operations	1 October 2008

3. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is currently organised into five principal operating divisions – (i) manufacture and trading of cables and wires, (ii) copper rods, (iii) connectors and terminals, (iv) manufacture and trading of life-like plants and (v) production, distribution and licensing of television programmes.

Segment information about these businesses is presented below as primary segment information.

On 21 May 2007, the Company announced a plan to dispose of its business of manufacture and trading of life-like plants which was carried on by Hua Yi Copper Holdings Limited (“Hua Yi Copper”), the then listed subsidiary of the Company. Hua Yi Copper and its subsidiaries are referred to as the Hua Yi Copper Group. As a result, the business segment of manufacture and trading of life-like plants was classified as discontinued operation in the prior year. According to the supplemental agreements entered into among the Hua Yi Copper Group, the purchaser and Kong Sun Holdings Limited (the holding company of the purchaser), the long stop date and the disposal of the business of manufacture and trading of life-like plants was extended during the year. On 22 April 2008, Hua Yi Copper became an listed associate of the Company as a result of deemed disposal.

During the prior year, the Group ceased all the operations relating to the production, distribution and licensing of television programmes. The related inventories, which were master tapes of television programmes, have been fully sold or written off and no further sales transaction would be generated from this business segment. Accordingly, the business segment of production, distribution and licensing of television programmes was classified as discontinued operation in the prior year.

For the year ended 30 June 2008

	Continuing operations					Discontinued operations				
	Cables and wires HK\$'000	Copper rods HK\$'000	Connectors and terminals HK\$'000	Other HK\$'000	Total HK\$'000	Life-like plants HK\$'000	Production, distribution and licensing of television programmes HK\$'000	Total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
TURNOVER										
External sales	752,644	1,904,403	711,919	37,847	3,406,813	86,713	–	86,713	–	3,493,526
Inter-segment sales	19,185	254,601	428	–	274,214	–	–	–	(274,214)	–
Total sales	<u>771,829</u>	<u>2,159,004</u>	<u>712,347</u>	<u>37,847</u>	<u>3,681,027</u>	<u>86,713</u>	<u>–</u>	<u>86,713</u>	<u>(274,214)</u>	<u>3,493,526</u>
Inter-segment sales are charged at cost.										
RESULTS										
Segment results	<u>21,930</u>	<u>37,351</u>	<u>66,419</u>	<u>(4,659)</u>	<u>121,041</u>	<u>5,736</u>	<u>–</u>	<u>5,736</u>		<u>126,777</u>
Unallocated corporate income					9,403			–		9,403
Unallocated corporate expenses					(49,063)			(587)		(49,650)
Impairment loss arising from adjustment to fair value less cost to sell					–			–		–
Change in fair value of conversion option of convertible notes					7,167			–		7,167
Finance costs					(55,616)			(448)		(56,064)
Share of results of associates	284				284			–		284
Share of results of jointly-controlled entities		(625)			(625)			–		(625)
Discount on acquisition of subsidiaries					–			–		–
Gain on deemed disposal of a listed subsidiary					<u>11,351</u>			–		<u>11,351</u>
Profit before taxation					43,942			4,701		48,643
Taxation					<u>(24,095)</u>			<u>(95)</u>		<u>(24,190)</u>
Profit for the year					<u>19,847</u>			<u>4,606</u>		<u>24,453</u>

For the year ended 30 June 2007

	Continuing operations					Discontinued operations				
	Cables and wires HK\$'000	Copper rods HK\$'000	Connectors and terminals HK\$'000	Other HK\$'000	Total HK\$'000	Life-like plants HK\$'000	Production, distribution and licensing of television programmes HK\$'000	Total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
TURNOVER										
External sales	739,232	2,363,605	641,032	34,823	3,778,692	81,013	123	81,136	-	3,859,828
Inter-segment sales	130,429	303,298	394	-	434,121	-	-	-	(434,121)	-
Total sales	869,661	2,666,903	641,426	34,823	4,212,813	81,013	123	81,136	(434,121)	3,859,828
Inter-segment sales are charged at cost.										
RESULT										
Segment result	1,663	62,423	30,861	2,165	97,112	2,336	(551)	1,785		98,897
Unallocated corporate income					13,215			705		13,920
Unallocated corporate expenses					(25,554)			-		(25,554)
Impairment loss arising from adjustment to fair value less cost to sell					-			(28,000)		(28,000)
Finance costs					(64,132)			(2,742)		(66,874)
Change in fair value of conversion option of convertible notes					5,325			-		5,325
Share of results of associates	148				148			-		148
Share of results of jointly-controlled entities		(369)			(369)			-		(369)
Discount on acquisition of subsidiaries					4,581			-		4,581
Loss on deemed disposal of a listed subsidiary					(1,067)			-		(1,067)
Profit/(loss) before taxation					29,259			(28,252)		1,007
Taxation					(5,796)			(127)		(5,923)
Profit/(loss) for the year					23,463			(28,379)		(4,916)

Geographical segments

The Group's operations are located in Hong Kong, the Mainland China, America, Europe and other Asian regions.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	Continuing operations		Discontinued operations		Total turnover by geographical market	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Mainland China	2,433,396	2,824,541	–	–	2,433,396	2,824,541
America	670,266	617,576	84,554	72,703	754,820	690,279
Europe	53,040	42,779	1,201	6,134	54,241	48,913
Hong Kong	71,012	97,444	903	2,255	71,915	99,699
Other Asian regions	179,099	196,352	55	44	179,154	196,396
	<u>3,406,813</u>	<u>3,778,692</u>	<u>86,713</u>	<u>81,136</u>	<u>3,493,526</u>	<u>3,859,828</u>

4. PROFIT/(LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Profit/(loss) before taxation has been arrived at after charging:						
Auditors' remuneration						
Current year	2,782	2,281	–	340	2,782	2,621
Underprovision in prior years	–	166	–	–	–	166
	<u>2,782</u>	<u>2,447</u>	<u>–</u>	<u>340</u>	<u>2,782</u>	<u>2,787</u>
Depreciation of property, plant and equipment						
Owned assets	61,011	52,979	–	2,257	61,011	55,236
Assets held under finance leases	2,413	939	–	–	2,413	939
	<u>63,424</u>	<u>53,918</u>	<u>–</u>	<u>2,257</u>	<u>63,424</u>	<u>56,175</u>
Cost of inventories	3,190,065	3,540,442	72,463	67,383	3,262,528	3,607,825
Write down of inventories	2,150	3,375	–	423	2,150	3,798
Charge of prepaid lease premium for land	2,273	1,720	348	463	2,621	2,183
Operating lease rentals in respect of rented premises	4,945	4,971	–	481	4,945	5,452
Research and development expenditure	190	208	–	–	190	208
Loss on disposal of property, plant and equipment	1,770	3,242	4	–	1,774	3,242
Provision for compensation to labour	–	4,737	–	–	–	4,737
Wages, salaries and pension attribution including directors' remuneration	187,833	174,938	2,881	9,821	190,714	184,759
Share-based payment expense to employees and directors	5,752	–	–	–	5,752	–
Share-based payment expense to consultants	3,041	3,187	–	–	3,041	3,187
	<u>196,626</u>	<u>178,125</u>	<u>2,881</u>	<u>9,821</u>	<u>199,507</u>	<u>187,946</u>
and after crediting:						
Exchange gains, net	284	2,726	287	144	571	2,870
Interest income on bank deposits	10,090	19,336	308	705	10,398	20,041
Interest income on notes receivable	–	4,822	–	–	–	4,822
Rental income	385	–	–	–	385	–
Subcontracting income	5,814	785	–	–	5,814	785
Interest income on other loans receivable	6,461	–	–	–	6,461	–
	<u>6,461</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,461</u>	<u>–</u>

5. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Interest on bank and other borrowings wholly repayable within five years	49,499	57,037	448	2,742	49,947	59,779
Interest on finance leases	645	1,035	–	–	645	1,035
Imputed interest on convertible notes	5,472	6,060	–	–	5,472	6,060
	55,616	64,132	448	2,742	56,064	66,874

6. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Hong Kong profits tax						
Current year	2,240	1,273	95	127	2,335	1,400
Underprovision in respect of prior years	(212)	976	–	–	(212)	976
Taxation in other jurisdictions						
Current year	20,549	8,420	–	–	20,549	8,420
(Over)/under-provision in respect of prior years	(585)	(3,242)	–	–	(585)	(3,242)
	21,992	7,427	95	127	22,087	7,554
Deferred taxation	1,501	(1,631)	–	–	1,501	(1,631)
Effect of change in tax rate (credit)/charge for the year	602	–	–	–	602	–
	24,095	5,796	95	127	24,190	5,923

Hong Kong profits tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit arising in Hong Kong during the year. Taxation in other countries and jurisdictions is calculated at the rates applicable in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The domestic tax rate of principal subsidiaries in the Mainland China is used as it is where the operations of the Group are substantially based. For the six months ended 31 December 2007, pursuant to the approvals obtained from the relevant PRC tax authorities, the major subsidiaries in Dongguan, Mainland China, could enjoy tax benefit and were entitled to the PRC enterprise income tax of 24% and local income tax of 3% and therefore, subject to a total corporate income tax rate of 27%.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC (the "New Tax Law"), which became effective on 1 January 2008. Further, on 6 December 2007, the State Council released the implementation rules to the New Tax Law. According to the New Tax Law, from 1 January 2008, the standard corporate income tax rate for enterprises in the Mainland China was reduced from 33% to 25%. Accordingly the applicable corporate income tax rate was 25% for the six months ended 30 June 2008.

7. DIVIDENDS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Final dividend paid in respect of year 2006/2007 at HK\$Nil per share (2005/2006: HK\$0.04)	–	19,466
Interim dividend paid in respect of year 2007/2008 at HK\$Nil per share (2006/2007: HK\$0.02)	–	9,783
	<u>–</u>	<u>29,249</u>
Proposed final dividend in respect of year 2007/2008 at HK\$Nil per share (2006/2007: HK\$Nil per share)	–	–

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2008.

8. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the Company, adjusted to reflect the interest on the convertible notes, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

For continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit for the year attributable to equity holders of the Company for the purpose of basic earnings per share	19,847	782
Imputed interest on convertible notes	–*	–*
Change in fair value of conversion option of convertible notes	–*	–*
	<u>19,847</u>	<u>782</u>
Earnings for the purposes of diluted earnings per share from continuing and discontinued operations	<u>19,847</u>	<u>782</u>
	Number of shares	
	2008	2007
Weighted average number of ordinary shares for the purpose of basic earnings per share	567,737,695	486,852,609
Effect of dilutive potential ordinary shares:		
Share options	12,770,805	34,965,647
Convertible notes	–*	70,545,455*
	<u>12,770,805</u>	<u>70,545,455*</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>580,508,500</u>	<u>592,363,711</u>

For continuing operations

The calculation of the basis and diluted earnings per share from continuing operations is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit for the year attributable to equity holders of the Company for the purpose of basic earnings per share from continuing operations	15,241	29,161
Imputed interest on convertible notes	– *	6,060*
Change in fair value of conversion option of convertible notes	– *	(5,325)*
	<hr/>	<hr/>
Earnings for the purposes of diluted earnings per share from continuing operations	15,241	29,896
	<hr/>	<hr/>

* The convertible notes have an anti-dilutive effect on the basic earnings per share of the Group from continuing and discontinued operations for the year ended 30 June 2007 and 2008. Accordingly, the effect of the convertible notes was not included in the calculation of diluted earnings per share from continuing and discontinued operations for the year ended 30 June 2007 and 2008.

From discontinued operations

Basic earnings/(loss) per share for discontinued operations is 0.82 HK cents (2007: (5.83 HK cents) per share), and diluted earnings/(loss) per share for discontinued operations is 0.79 HK cents (2007: N/A (Restated)) based on the profit/(loss) for the year from discontinued operations of HK\$4,606,000 (2007: (HK\$28,379,000)). The denominators used are the same as those detailed above for basic and diluted loss per share. No diluted loss per share in respect of discontinued operations for the year ended 30 June 2007 because the options were anti-dilutive.

9. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of HK\$280,880,000 (2007: HK\$399,130,000). The Group allows an average credit period of 90 days to its trade customers.

The aging analysis of trade debtors, net of allowance for doubtful debts, based on invoice date, is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 30 days	200,159	273,812
31 – 60 days	27,242	69,964
61 – 90 days	29,810	33,081
Over 90 days	23,669	22,273
	<hr/>	<hr/>
	280,880	399,130
	<hr/>	<hr/>

10. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

Included in the Group's creditors, other advances and accrued charges were trade creditors of HK\$108,527,000 (2007: HK\$110,881,000).

The aging analysis of trade creditors is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 30 days	73,224	62,466
31 – 60 days	24,428	30,461
61 – 90 days	8,152	15,127
Over 90 days	2,723	2,827
	<hr/> 108,527 <hr/>	<hr/> 110,881 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

Presented herein are the results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2008 (“the year under review”). As Solatech’s interest in Hua Yi Copper Holdings Limited (“Hua Yi Copper”), a subsidiary of the Company, has reduced from 59.74% to 45.42% after Hua Yi completed placing and an acquisition during the year under review, the consolidated income statement of the Group only reflects the results of Hua Yi Copper up to 31 March 2008, and so, the Group’s results for the year under review cannot be directly compared with its results for the last year.

The Board is pleased to announce that the Group recorded a turnover of approximately HK\$3,493,526,000 for the year under review. Profit attributable to shareholders was HK\$19,847,000, representing an increase of approximately 25.4 times compared to HK\$782,000 for the corresponding period last year. Earnings per share for the year under review were about HK3.50 cents (2007: HK0.16 cent).

Heeding the uncertainty of the global economy, the Board has resolved not to declare any final dividend for the year ended 30 June 2008 (2007: nil) so as to reserve fund for future operation and expansion.

Business Review

During the year under review, although the global economic slowdown presented a harsh environment for the manufacturing industry, the Group had actively expanded its clientele and undergone business integration, with better allocation of resources, achieving steady development in our business. By business segment, cable and wire business reported a turnover of approximately HK\$752,644,000, accounting for 21.6% of the Group’s total turnover. As Brascabos Componentes Eléctricos e Eletrônicos Ltda. (“Brascabos”), a wholly-owned subsidiary of the Group, continued to make satisfactory progress in business expansion, the connectors and terminals/wire harnesses business experienced rapid growth, the total turnover for the year under review was approximately HK\$711,919,000, accounting for 20.4% of the Group’s total turnover. Sales of copper rod products amounted to approximately HK\$1,904,403,000, representing 54.5% of the Group’s total turnover.

By market segment, with the outstanding performance of Brascabos and driven by the hard work of the international sales and marketing department set up during the year under review, the turnover of the Group's American business increased by 9.4% to approximately HK\$754,820,000, accounting for 21.6% of the total turnover. With the effort of the international sales and marketing department, our European business also secured new major customers and accordingly enlarged the market share of Group, its turnover reached approximately HK\$54,241,000, representing an increase of 10.9% compare with the corresponding period last year, and accounted for 1.6% of the total turnover. As for Mainland China and Hong Kong, the market brought in turnover of approximately HK\$2,505,311,000, down by 14.3% compared with last year and accounted for 71.7% of the total turnover. Turnover for other markets in Asia reported a decrease of 8.8% compared with last year to around HK\$179,154,000, accounting for 5.1% of the total turnover.

In addition, having completed an approximately HK\$63,800,000 share placement in August last year, the Group now has a notably enhanced shareholder base and financial position, hence a strong foundation for future business expansion. Part of the proceeds had been used to expand the business in Brazil and the balance had been used as general working capital of the Group.

Cable and Wire

With orders for cable and wire from home appliance manufacturers affected by weakened consumer sentiment, turnover from the segment during the year under review had only slightly increased by 1.8% to HK\$752,644,000. High prices in plastics and metal and rising labour costs also exerted pressure on production costs and dragged down the profit of the segment. In order to reduce cost, many home appliance manufacturers had gradually relocated their operations to Yangtze River Delta region during the past few years. The Group has set up additional production bases strategically in Kunshan, Jiangsu province and Shang Hang County, Fujian province. The move has not only allowed the Group to supply products for customers in the Yangtze River Delta region, but also enabled the Group to expand production scale and improve cost efficiency.

During the year under review, orders received by the Kunshan factory grew satisfactorily. The application for various international safety certificates in respect of the new production base in Shang Hang County, Fujian province was also nearly completed and is expected to commence production during the year under review as planned. However, as the factory is still in the initial development stage and the Group is actively building customer base for it, so it may not bring significant contribution during the year under review. However, riding on the solid business foundation of the Group, those new factories are expected to see a steady increase of customers, and will bring satisfactory profit to the Group.

Connectors and Terminals/Wire Harnesses

During the year under review, the Group's wholly-owned Brazilian subsidiary Brascabos reported rapid growth and obtained the ISO TS16949:2002 Quality Control System for Automobile Series certification. It has also been selected as one of the 150 top enterprises in Brazil by the famous Brazilian business magazine "Exame" for the fourth consecutive year. Driven by the strong performance of Brascabos, the connectors and terminals and wire harnesses businesses of the Group performed well, with turnover up by 13.5% to approximately HK\$547,259,000 compared with the corresponding period last year. Besides supplying wire products to its existing major customer Whirlpool, the Group has referred new customers to Brascabos with its extensive network during the year under review and further enhanced its customer base. Moreover, with its extensive experience in producing harnesses and the top quality of its products, Brascabos launched harnesses for motorcycles during the year under review and broadened its product portfolio. The Group will continue to develop automotive harness markets in Latin America and other regions to explore more business opportunities.

Our factory in Chonburi, Thailand also reported encouraging performance during the year under review. Its turnover increased dramatically by 70.7% compared with the corresponding period last year.

Copper Rod and Mining Business

The Group's copper rod and mining businesses are operated through its listed subsidiary Hua Yi Copper Holdings Limited ("Hua Yi Copper").

Hua Yi Copper manufactures and trades copper rods and copper wires used primarily in producing power wires and cables for home electrical appliances and electronic products. During the year under review, economies around the world slowed down, which affected the demand for home appliances and consumer electronics. However, with its long-standing customer network and market leadership established over the years, Hua Yi Copper was able to maintain a steady inflow of orders for copper rod products. Turnover from copper rods and related products was approximately HK\$2,159,004,000 (2007: HK\$2,666,903,000). Hua Yi Copper was able to sustain stable growth in the volume of copper rod products manufactured for its own sales, with a monthly output of approximately 3,600 tonnes. It also continued to develop high value-added downstream products, including annealed copper wires, tin-coated copper wires, stranded copper wires and enameled copper wires.

During the year under review, copper prices lingered at a high level. Between July 2007 and June 2008, the average spot price of copper at the London Metal Exchange ("LME") reached US\$7,785 per tonne, which was approximately 10% higher than the price of US\$7,078 per tonne for the previous 12 months. The higher copper price as compared with last year and the higher proportion of copper rods produced for sales kept the finance costs of purchasing copper cathodes at a high level, which squeezed its overall profit margins.

Kunshan Hua Yi

The factory of Kunshan Hua Yi primarily manufactures high value-added downstream products, including annealed copper wires, tin-coated copper wires, stranded copper wires and copper wires of different specifications and has a designed output capacity of 10,000 tonnes per annum. During the year under review, Kunshan Hua Yi generated an annual turnover of HK\$310,567,000. With more enterprises relocating their production bases from Southern China to the Yangtze River Delta Region, Hua Yi Copper sees potential in securing more orders from manufacturers of electrical appliances, electronic products and wires in the region. Hua Yi Copper will actively seek new customers in order to increase the sales of its high value-added downstream products.

Fujian Jinyi

The plant of Fujian Jinyi commenced operation in early 2008. It has an annual production capacity of around 10,000 tonnes of copper pipes for use in refrigerators, air-conditioners and as construction materials.

Mining business

Hua Yi Copper signed an agreement in October 2007 to acquire two iron-ore mines and an iron-ore concentrated powder processing plant in Long Hua County, Chengde City of Hebei Province, the PRC. The transaction was completed at the end of April this year. As Hua Yi Copper has issued new shares to settle the consideration of the transaction, the Group's interest in Hua Yi Copper had been diluted to below 50%, Hua Yi Copper has become the Group's associate instead of a subsidiary.

Life-like Plants

In addition, Hua Yi Copper signed an agreement in mid-2007 to dispose of its non-core life-like plants business at a total consideration of HK\$60,000,000. Following the completion of the transaction, Hua Yi Copper will be able to focus its resources and management efforts on its core business.

Prospects

For cable and wire business, the Group will continue to focus on cost control and boosting operational efficiency aiming for stable development of the segment. The Group will strive to secure more customers and orders for the factories in Kunshan and Shang Hang to increase their turnover and utilization rates, making smoother operations to enjoy economies of scale. At the same time, Taking advantage of the favourable conditions offered by the local governments of the two regions and given the lower production costs compared with the Pearl River Delta Region, the Group will gradually move its existing production lines from Shanghai and Dongguan to the factories in Kunshan and Shang Hang to enhance resources integration.

Seeing a higher profit margin and huge growth potential in the connectors and terminals/wire harnesses businesses, the Group will focus resources on developing the segment. In addition to securing new customers for Brascabos, its subsidiary in Manaus, northern Brazil, has started the construction of a new factory designated for producing harnesses for motorcycles in mid 2007, and is expected to commence production at the end of the year to support the growing business and market demand. The operation carried out in one of the rented factories will be moved into the new plant to boost operational efficiency. Brazil is one of the major automobile manufacturing countries in the world and its automobile harness market still has huge room for development. Besides, the Group also has a plant specialized in producing connectors and terminals/wire harnesses in Bangkok, Thailand. Thailand is known as "Detroit of the East" because of its thriving automobile industry. As such, the Group will keep exploring opportunities for its automotive harness business in South America and Southeast Asia and it is expected that the business will become one of its key growth drivers.

In addition, the Group will purchase additional production equipment by the end of this year for the plant in Thailand, which will boost its production capacity for connectors and terminals and wire harnesses from previously 45,600,000 sets to approximately 88,400,000 sets. This move will allow the Group to satisfy increasing local orders.

Regarding Hua Yi Copper, with its solid experience in the copper industry, quality products and strong customer relations and riding on its boosted production scale, Hua Yi Copper will continue to consolidate its core copper rod business and strive to develop high value-added downstream product business. Global economy is likely to experience a rapid slowdown as a result of the US credit crisis. Against this backdrop, market demand for natural resources is expected to drop slightly next year, The tension

between supply and demand of copper will ease leading to a fall in copper price from its current high. This will reduce pressure on Hua Yi Copper's operating cost. Hua Yi Copper will strive to develop high value-added downstream products and secure more new customers in the Yangtze River Delta Region to cope with the trend of manufacturers migrating production to Northern China and explore more business opportunities. Such effort will allow Hua Yi Copper to mitigate the possible impacts of economic slowdown on its copper rod business.

With the acquisition of the two mines in Hebei Province completed and the resumption of iron-ore mining and iron-ore concentrated powder processing businesses after the Beijing Olympics, Hua Yi Copper will receive income from the sale of mineral resources directly from the mines next year, which will provide additional cash flow and revenues. In the wake of adverse financial market conditions, it is expected that the slowdown of the global economy will dampen the demand for metal resources, therefore Hua Yi Copper will exercise utmost prudence in undertaking future mining investment.

Looking forward, the Group will continue to integrate its resources and focus on cost control so as to strengthen its business foundation. It will also actively explore new clientele and focus on developing connectors and terminals and wire harness products, especially the higher-margin automotive wire harness market. The Group will strive to develop a global business and enlarge market share, thereby ensuring better returns for shareholders.

FINAL DIVIDEND

The Directors resolved not to pay any final dividend for the year ended 30 June 2008.

ANNUAL GENERAL MEETING

The 2008 Annual General Meeting of the Company ("**2008 Annual General Meeting**") will be held on Monday, 24 November 2008.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2008 Annual General Meeting, the register of members of the Company will be closed from Thursday, 20 November 2008 to Friday, 21 November 2008, both days inclusive, during which no transfer of shares of the Company will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Wednesday, 19 November 2008.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2008, the Group had approximately 5,700 employees in Hong Kong, the People's Republic of China ("**PRC**") and overseas. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 30 June 2008, the Group had implemented a prudent financial management policy. As at 30 June 2008, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK\$122 million (30 June 2007: HK\$383 million) and net current assets value being over approximately HK\$141 million (30 June 2007: HK\$378 million). The Group's gearing ratio as at 30 June 2008 was 0.17 (30 June 2007: 0.80), being a ratio of total bank borrowings of approximately HK\$180 million (30 June 2007: HK\$746 million) to shareholders' funds of approximately HK\$1,079 million (30 June 2007: HK\$938 million).

On 24 April 2006, the Company entered into convertible notes subscription agreements with certain investors which were third parties independent of the Company for the issue of zero-coupon convertible notes in the aggregate principal amount of US\$10,000,000 (equivalent to approximately HK\$77,600,000) with the maturity date of 9 May 2008, being the second anniversary of 9 May 2006, the date of issue of the convertible notes. The investors are entitled to convert the convertible notes during the conversion period commencing on and excluding the 14th day after the date of issue of the Convertible Notes up to and including the date which is 14 days prior to the maturity date. The initial conversion price is HK\$1.10 per ordinary share of the Company (“Share”), subject to adjustments. In the event that the average closing price of the Shares for any 30 consecutive dealing days representing 150% or more of the conversion price, the outstanding principal amount of the convertible notes shall be mandatorily converted into the Shares at the conversion price of HK\$1.10 per share. The outstanding principal amount of the convertible notes which have not been converted up to the maturity date is redeemable by the Company at its face value at the maturity date. Details of the material terms of the convertible notes subscription agreements were set out in the announcement of the Company dated 25 April 2006. As at 9 May 2008, none of the investors converted any of the convertible notes. On 9 May 2008, the Company redeemed all of the convertible notes and repaid the aggregate principal amount of USD10,000,000 to the investors.

As at 30 June 2008, the Group had pledged certain property, plant and machinery, land use rights, fixed bank deposits and trade debtors with an aggregate net book value of approximately HK\$260 million (30 June 2007: HK\$265 million) to secure general banking facilities granted to the Group.

As at 30 June 2008, the Company had issued guarantees to the extent of approximately HK\$226 million (30 June 2007: HK\$223 million) to banks to secure general banking facilities granted to its subsidiaries and associates, of which, approximately HK\$171 million (30 June 2007: HK\$738 million) was utilised. In addition, the Company had issued guarantees to a financial institute amounting to approximately HK\$16 million (30 June 2007: HK\$39 million) in respect of commodity trading of copper by its subsidiary.

For the year ended 30 June 2008, the Group entered into copper forward contracts, foreign exchange forward contracts and interest rates swap contracts (collectively referred to as “derivative financial instruments”) to manage the copper price risks, foreign exchange risks and interest rate risks. These derivative financial instruments were entered into in accordance with the Group's hedging policies, but they were not qualified for hedge accounting under the new HKFRS which became effective from 1 January 2006. Therefore, the outstanding derivative financial instruments have been revalued and stated at their fair value at the balance sheet date and the changes in fair value were charged to current year's income statement.

The Group's overall financial risk management focuses on the unpredictability of the financial markets, controls the level of financial risks that the Group can bear, and minimises any potential adverse effects on the financial performance of the Group. The purpose of the financial risk management is to ensure that transactions undertaken are in accordance with the Group's policies and not for speculative purpose. The net gain of the derivative financial instruments for the year ended 30 June 2008 was approximately HK\$47,830,000 (30 June 2007: net loss of HK\$269,000).

PROPOSED JOINT VENTURE

On 16 February 2007, the Company and 北京福斯汽車電線有限公司 (Beijing Force Automotive Wire Co. Ltd.) entered into a memorandum of understanding, pursuant to which the parties agreed conditionally to the establishment of a joint venture company in the PRC to engage in the manufacturing and sales of automotive harness and cables. As the conditions under the memorandum of understanding had not been fulfilled, the parties agreed not to proceed with the proposed transaction. Reference is made to the announcement issued by the Company dated 28 September 2007.

PROPOSED ACQUISITION

On 10 April 2007, Hua Yi Copper Holdings Limited ("**Hua Yi Copper**"), a company incorporated in Bermuda whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and an indirect subsidiary of the Company at that time, entered into a letter of intent with 江西華贛磊鑫銅業有限公司 (Jiangxi Huagan Leixin Copper Co., Ltd.), pursuant to which Hua Yi Copper agreed conditionally to acquire 51% equity interests in 江西鴻陽銅業有限公司 (Jiangxi Hongyang Copper Co., Ltd), a company which is engaged in the production of copper materials and sulphuric acid and with plans to engage in the copper mining business. As the conditions under the letter of intent had not been fulfilled, the parties agreed not to proceed with the proposed transaction. Reference is made to the joint announcement issued by the Company and Hua Yi Copper dated 11 April 2007 and 28 September 2007.

DISCLOSEABLE TRANSACTION – DISPOSAL OF CERTAIN SUBSIDIARIES OF HUA YI COPPER UNDER CONDITIONAL SALE AND PURCHASE AGREEMENT

On 21 May 2007, Hua Yi Copper and the Company jointly announced that Brightpower Assets Management Limited ("**Brightpower**"), a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Hua Yi Copper, entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") on 19 May 2007 with Eternal Gain Investments Limited ("**Eternal Gain**"), a company incorporated in the British Virgin Islands and Kong Sun Holdings Limited ("**Kong Sun**"), a company incorporated in Hong Kong whose shares are listed on the Stock Exchange and which holds 100% shareholding of Eternal Gain. Pursuant to the Sale and Purchase Agreement, Brightpower agreed to sell and Eternal Gain agreed to purchase the entire issued share capital of each of FT Far East Limited ("**FTFE**") and FT China Limited ("**FTC**"), being the Sale Companies and direct wholly-owned subsidiaries of Brightpower, and an indebtedness in the sum of HK\$80,786,000 owed by FTFE to Brightpower shall be assigned by Brightpower to Eternal Gain, for an aggregate consideration of HK\$60 million. The aggregate consideration will be settled partly by way of Kong Sun executing upon the completion date a promissory note in the amount of HK\$20 million to Brightpower and partly by way of Kong Sun issuing upon the completion date the convertible bonds for an aggregate principal amount of HK\$40 million ("**Convertible Bonds**") to Brightpower or its nominees as Brightpower may direct. Pursuant to the Sale and Purchase Agreement, completion is subject to the satisfaction of certain conditions precedent on or before a long stop date, being 30 September 2007 or such other date as the parties thereto may otherwise agree.

FTFE is principally engaged in trading of life-like decorative plants and FTC is principally engaged in manufacture of life-like decorative plants through its subsidiary in the PRC. The life-like decorative plants and related business, as engaged by the Sale Companies, is a non-core business operation of the group of Hua Yi Copper (the “**Hua Yi Group**”) operating in a totally different business model when compared with the core copper business of the Hua Yi Group. It occupies financial and management resources of the Hua Yi Group in a higher proportional weight than it should have occupied in the Hua Yi Group. At the same time, this operation had not generated sufficient cash flow to the Hua Yi Group. Accordingly, Hua Yi Group decided to dispose of this non-core business operation and concentrate its resources and management effort in its core copper business. The Hua Yi Group considered that the disposal will generate a much higher cash flow in coming three to four years than keeping the Sale Companies within the Hua Yi Group. In conclusion, the directors of Hua Yi Copper believed that Hua Yi Group would not only benefit from a stronger working capital position after realizing the proceeds from disposal, but also could direct all its corporate resources previously occupied by the Sale Companies towards the development of the core copper business. This would enhance the capability of the Hua Yi Group in horizontal expansion and vertical integration in the core copper business. Details of the material terms of the Sales and Purchase Agreement were set out in the circular dated 8 June 2007 jointly issued by the Company and Hua Yi Copper.

On 20 September 2007, Hua Yi Copper and the Company jointly announced that the parties of the Sales and Purchase Agreement entered into a supplemental agreement (the “**First Supplement Agreement**”) on 19 September 2007 to (i) extend the long stop date to 31 December 2007 or such other date as the parties thereto may agree, (ii) amend certain terms of the form of the bonds instrument to be executed by Kong Sun by way of a deed poll constituting the Convertible Bonds, and (iii) amend the reference period for the profit guarantee and the net asset value guarantee made by Brightpower in the Sale and Purchase Agreement to the period commencing from 1 July 2007 to 30 June 2008. The details of other material terms of the First Supplemental Agreement were set out in the joint announcement of Hua Yi Copper and the Company dated 20 September 2007.

On 17 December 2007, Hua Yi Copper and the Company jointly announced that the parties to the Sale and Purchase Agreement entered into a letter agreement to further extend the long stop date to 29 February 2008 or such other date as the parties thereto may agree.

On 28 February 2008, Hua Yi Copper and the Company jointly announced that the parties to the Sale and Purchase Agreement entered into a supplemental agreement to further extend the long stop date to 31 May 2008 or such other date as the parties thereto may agree.

On 20 May 2008, Hua Yi Copper and the Company jointly announced that the parties to the Sale and Purchase Agreement entered into a supplemental agreement to further extend the long stop date to 30 September 2008 or such other date as the parties thereto may agree.

On 2 October 2008, Hua Yi Copper and the Company jointly announced that the parties to the Sale and Purchase Agreement entered into a supplemental agreement to further extend the long stop date to 31 December 2008 or such other date as the parties thereto may agree.

Completion of the Sale and Purchase Agreement is subject to the satisfaction of certain conditions precedent which are currently still pending.

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES OF THE COMPANY

On 13 August 2007, Mr. Chau Lai Him and Chau's Family 1996 Limited which is wholly-owned by the Chau's Family 1996 Trust (the "**Vendors**"), Kingston Securities Limited ("**Kingston**") and the Company entered into a top-up placing agreement, pursuant to which the Vendors agreed to place, through Kingston, an aggregate of 97,000,000 Shares, on a fully underwritten basis, to independent investors at a price of HK\$0.68 per placing Share and subscribe for an aggregate of 97,000,000 new Shares at a price of HK\$0.68 per Share (the "**Top-Up Placing**"). The net proceeds from the Top-Up Placing amounted to approximately HK\$63.8 million. Approximately HK\$25 million of the net proceeds was intended to be used for general working capital of the Group and the remaining approximately HK\$38.8 million was intended to be used for implementation of business expansion in the Group's business operation in Brazil. The Top-Up Placing was completed on 22 August 2007. Details of the Top-Up Placing were set out in the announcement of the Company dated 13 August 2007.

PLACING OF NEW SHARES OF HUA YI COPPER

On 25 June 2007, Hua Yi Copper and CCB International Capital Limited ("**CCB**") entered into a placing agreement pursuant to which CCB agreed to place, on a best effort basis, 30,000,000 ordinary shares of HK\$0.20 each in the capital of Hua Yi Copper (the "**Hua Yi Copper Shares**") at a price of HK\$1.20 per Hua Yi Copper Share (the "**Placing**"). The Placing was completed on 10 July 2007 and a total of 30,000,000 Hua Yi Copper Shares were placed. Details of the Placing were set out in the circular of the Company dated 19 July 2007.

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES OF HUA YI COPPER

On 29 August 2007, Skywalk Assets Management Limited ("**Skywalk**"), a wholly-owned subsidiary of the Company and the controlling shareholder of Hua Yi Copper, entered into a placing and subscription agreement with Hua Yi Copper and Kingston under which Skywalk agreed to place, through Kingston, 80,000,000 existing Hua Yi Copper Shares to independent investors at HK\$0.96 per Share and subsequently to subscribe for 80,000,000 new Hua Yi Copper Shares at the subscription price of HK\$0.96 per new Hua Yi Copper Share (the "**Placing and Top-Up Subscription**"). The Placing and Top-Up Subscription was completed on 7 September 2007. Details of the Placing and Top-Up Subscription were set out in the joint announcement of Hua Yi Copper and the Company dated 31 August 2007.

MAJOR TRANSACTION AND VERY SUBSTANTIAL DISPOSAL

On 7 October 2007, Hua Yi Copper entered into a share purchase agreement with Belleview Global Limited ("**Belleview**") ("**Share Purchases Agreement**") pursuant to which Hua Yi Copper agreed to acquire (the "**Acquisition**") the entire issued share capital of Yeading Enterprises Limited ("**Yeading**") for a consideration which comprises of (i) cash amount of HK\$61,118,000 equivalent of RMB55,000,000 (subject to adjustment, if applicable) payable by Hua Yi Copper at completion; (ii) HK\$110,000,000 payable by the issuance of 100,000,000 Hua Yi Copper Shares (the "**Consideration Shares**") to Belleview at completion; and (iii) the grant by Hua Yi Copper to Belleview at completion of an option to subscribe for up to 50,000,000 Hua Yi Copper Shares (the "**Option Shares**") at the exercise price of HK\$1.10 per Hua Yi Copper Shares during the period of 5 years from the business day immediately following the date of the option agreement, pursuant to a call option agreement ("**Call Option Agreement**") to be entered into between Hua Yi Copper and Belleview at completion.

On 7 October 2007, HYC Finance Company Limited (“HYC”), a wholly-owned subsidiary of Hua Yi Copper, Meyton Investment Limited (“Meyton”), a wholly-owned subsidiary of Yeading and Yeading entered into a loan agreement (the “**Loan Agreement**”) pursuant to which HYC agreed to lend to Meyton HK\$30,000,000 which shall be applied by Meyton for the sole purpose of its contribution to the registered capital of 青島華鑫礦業有限公司 (Qingdao Hua Xin Mining Industry Limited). Details of the Acquisition and the Loan Agreement were set out in the joint announcements of the Company and Hua Yi Copper dated 15 October, 14 November, 27 November 2007, 24 December 2007 and 31 March 2008 and the circular of the Company dated 31 December 2007 (the “**Circular**”). Meyton has drawn down the loan of HK\$30,000,000 in accordance with the terms of the Loan Agreement on 11 October 2007.

At the special general meeting of the Company held on 17 January 2008, the ordinary resolution proposed to approve the Share Purchase Agreement and the transactions contemplated in the Circular was duly passed by the shareholders of the Company by way of poll.

On 22 April 2008, Hua Yi Copper and the Company jointly announced that, following the satisfaction or waiver of all the conditions precedent to the Acquisition, completion of the Acquisition took place on 22 April 2008. In accordance with the Share Purchase Agreement, the Consideration Shares have been allotted and issued to Belleview.

In consideration of Hua Yi Copper agreeing to waive the condition precedent in respect of 隆化華匯鑫福礦業有限公司 (Long Hua Hua Hui Xin Fu Mining Industry Limited Company) having obtained all the construction approval documents for the construction of the proposed iron-ore concentrated powder plant with an annual production capacity of 500,000 tonnes and having obtained the launching and filing documents on the annual production capacity of 500,000 tonnes of the iron-ore concentrated powder plant pursuant to the Share Purchase Agreement, Hua Yi Copper and Belleview entered into a supplemental agreement dated 19 April 2008, pursuant to which Hua Yi Copper and Belleview agreed that Hua Yi shall not be required to enter into the Call Option Agreement at completion. Accordingly, upon completion, the shareholding structure of Hua Yi Copper was as set out below:

	At completion after issue of the Consideration Shares without issue of Option Shares
Skywalk Assets Management Limited (<i>Note</i>)	402,131,875 (45.42%)
Mr. Chau Lai Him	2,894,000 (0.33%)
Belleview	100,000,000 (11.30%)
Public	380,280,625 (42.95%)
Total	<hr/> 885,306,500 <hr/>

Note: Skywalk is a wholly-owned subsidiary of Solartech which was deemed to be wholly and beneficially interested in the Hua Yi Copper Shares held by Skywalk by virtue of the Securities and Futures Ordinance.

As the Call Option Agreement was cancelled, there would be no other shares of Hua Yi Copper to be issued in connection with the Acquisition other than the Consideration Shares issued to Belleview on 22 April 2008. As a result, Hua Yi Copper has ceased to be a subsidiary of the Company upon completion.

PROPOSED ACQUISITION

On 16 January 2008, the Company announced that the Company and certain entities who are involved in the business of automatic production of cordsets in Europe with branch in the PRC (the “**Proposed Sellers**”) entered into a memorandum of understanding (the “**MOU**”) in respect of a proposed acquisition by the Company of certain businesses and assets of the Proposed Sellers including, among other things, the manufacture, sale, marketing and distribution of power cords, tangible assets (including equipment for bipolar rubber and PVC cords), approvals, authorisations and certifications that are required for the manufacture, sale, marketing or distribution of plugs (“**Business**”). The proposed acquisition is subject to various conditions and the entering into of definitive legally binding documentation. However, the MOU constitutes the legally binding obligation on, inter alia, (i) the Proposed Sellers not to discuss or negotiate with other third parties in relation to any disposal of the Business; and (ii) the parties as to confidentiality for up to three years after termination of the MOU. Details of the proposed acquisition were set out in the announcement of the Company dated 16 January 2008. Further announcement containing details of the proposed acquisition will be made in accordance with the Listing Rules if and when the Company proceeds with the proposed acquisition.

FRAMEWORK AGREEMENT AND OPTION SHARES

On 21 February 2008, Hua Yi Copper entered into a framework agreement (the “**Framework Agreement**”) with China Alliance International Holding Group Limited and Shougang Holdings Limited (the “**Counter Parties**”), pursuant to which Hua Yi Copper and the Counter Parties agreed to co-operate in metals and minerals exploration and mining particularly iron ore in the PRC and other jurisdictions, and Hua Yi Copper agreed to grant to the Counter Parties a first right of refusal in (a) co-operating and investing in the mining projects chosen by Hua Yi Copper and (b) purchasing any iron ore and iron ore powder generated from such mining projects at favorable market price. In addition, subject to fulfillment of certain conditions set out in the Framework Agreement, Hua Yi Copper agreed to grant to the Counter Parties jointly an option to subscribe for 105,000,000 Hua Yi Copper Shares at the exercise price of HK\$0.614 per Hua Yi Copper Share in parts or in whole at any time within 5 years from the date of grant of the option. Details of the Framework Agreement and the option are set out in the joint announcement of Hua Yi Copper and the Company dated 26 February 2008. As the parties have yet to agree on the mode and terms of cooperation, the parties have entered into a termination deed on 16 May 2008 whereby all parties have mutually agreed to terminate the Framework Agreement. Reference is made to the announcement dated 16 May 2008 jointly issued by the Company and Hua Yi Copper.

CHANGE OF AUDITORS

On 2 September 2008, the Company announced that as the Company and Deloitte Touche Tohmatsu (“**Deloitte**”), the then auditors of the Group, were not able to reach an agreement in relation to the terms of engagement, in particular the level of the auditor fee, in respect of the Company’s audit for the financial year ended 30 June 2008, Deloitte resigned as auditors of the Group with effect from 21 August 2008. The Company has received a letter of resignation from Deloitte dated 21 August 2008, in which it is stated that, in reaching a conclusion whether to continue to act for their audit clients, Deloitte has taken into account many factors including the professional risk associated with the audit, the level of audit fees and their available internal resources in the light of the current work flows. In the case of the Company,

Deloitte has also taken into account certain weaknesses in the internal controls in respect of the delay in the Company's provision of underlying documentation relating to certain deposit transactions entered into by the Company as identified at the time of the recent review of the interim results of the Group for the six months ended 31 December 2007 (the "**Relevant Period**"). The interim results of the Group for the Relevant Period were reviewed by the Audit Committee of the Company prior to their publication, and were in compliance with the applicable requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in respect thereof.

Save for the above, Deloitte has confirmed that there were no circumstances connected with its resignation which should be brought to the attention of the shareholders of the Company. The board of directors ("**Board**") and the Audit Committee of the Company also confirm that there are no circumstances in respect of the change of auditors which they consider should be brought to the attention of the shareholders of the Company. The Board has resolved to appoint Shu Lun Pan Horwath Hong Kong CPA Limited as the new auditors of the Group to fill the casual vacancy arising from the resignation of Deloitte and to hold until the conclusion of the next annual general meeting of the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year ended 30 June 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2008, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices ("**CG Code**") in Appendix 14 of the Listing Rules, save and except that there had not been separation between the roles of the chairman and the chief executive officer as required under code provision A.2.1 of the CG Code.

Mr. Chau Lai Him acts as the Chairman and Managing Director of the Company. Mr. Chau is the founder of the Group and has extensive industry experience. Mr. Chau is responsible for effective running of the Board and for formulating business strategies. The Directors believe that it is the best interests of the Group for Mr. Chau to continue to be the executive chairman and that the current management structure has been effective in the development of the Group and implementation of business strategies under the leadership of Mr. Chau.

The Directors will continue to review the effectiveness of the Group's corporate governance structure to assess whether changes, including the separation of the roles of the chairman and the chief executive officer, are necessary in the future.

AUDIT COMMITTEE

The Audit Committee comprises Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, all of whom are independent non-executive directors of the Company. The Audit Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Audit Committee and external auditors have reviewed the audited results for the year ended 30 June 2008 and they agreed with the accounting treatment adopted. The Audit Committee is satisfied with the Group's internal control procedure and financial reporting disclosures.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the three independent non-executive directors of the Company. It has adopted terms of reference which are in line with the code provisions of the CG Code. The duties of the Remuneration Committee include reviewing and evaluating the remuneration packages of executive directors and senior management and making recommendations to the Board from time to time.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 of the Listing Rules (the “**Model Code**”) as the code of conduct regarding Directors’ securities transactions. Having made specific enquiry of all directors of the Company, all the directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 30 June 2008.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our business partners, shareholders, staff and management for their continuous dedication, commitment and support in the past year.

On behalf of the Board
Chau Lai Him
Chairman and Managing Director

Hong Kong SAR, 15 October 2008

As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Liu Jin Rong and Chan Kwan Hung and the independent non-executive Directors are Mr. Lo Wai Ming, Mr. Chung Kam Kwong and Mr. Lo Chao Ming.