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)

2005/06 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "directors") of Solartech International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2006, as follows:

CONSOLIDATED INCOME STATEMENT

	NOTES	**1.7.2005 to 30.6.2006** *HK$'000*	**1.4.2004 to 30.6.2005** *HK$'000* (Restated)
Turnover	*3*	2,115,548	2,056,288
Cost of sales		(1,886,090)	(1,898,350)
Gross profit		229,458	157,938
Other income		19,774	29,115
Interest income		9,651	8,421
General and administrative expenses		(161,165)	(130,377)
Selling and distribution expenses		(21,701)	(24,436)
Change in fair value of derivative financial instruments		79,146	–
Allowance for doubtful debts		(3,956)	(23,491)
Impairment loss recognised in respect of property, plant and equipment		–	(14,000)
Finance costs	*5*	(36,565)	(32,134)
Impairment loss recognised in respect of goodwill		–	(16,212)
Share of results of associates		236	289
Share result of a jointly controlled entity		10	–
Discount on acquisition of subsidiaries		892	–
Loss on disposal of subsidiaries		–	(7,502)
Gain on deemed disposal of subsidiaries		19,576	1,845
Profit (loss) before taxation	*4*	135,356	(50,544)
Taxation	*6*	(21,354)	(10,504)
Profit (loss) for the year/period		114,002	(61,048)
Attributable to:			
Equity holders of the parent		78,856	(60,659)
Minority interests		35,146	(389)
		114,002	(61,048)
Dividends proposed		19,403	–
Earnings (loss) per share	*7*		
– basic		19.5 cents	(18.9) cents
– diluted		18.8 cents	N/A

* *for identification purposes only*

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2006

	30.6.2006 *HK$'000*	30.6.2005 *HK$'000* (Restated)
Non-current assets		
Property, plant and equipment	412,049	382,659
Prepaid lease payments for land – non-current portion	92,149	81,506
Prepayment for property, plant and equipment	192,495	–
Interests in associates	10,509	9,885
Interests in jointly controlled entities	17,485	–
Notes receivable	–	55,000
Deferred tax assets	–	20
	724,687	529,070
Current assets		
Inventories	370,795	304,642
Television programmes and sub-licensing rights	423	963
Debtors, deposits and prepayments	498,417	392,108
Bills receivable	34,717	5,605
Prepaid lease payments for land – current portion	2,173	2,010
Derivative financial assets	6,063	–
Notes receivable	55,000	–
Tax recoverable	1,249	–
Pledged deposits	67,180	48,331
Bank balances and cash	358,508	140,806
	1,394,525	894,465
Current liabilities		
Creditors and accrued charges	218,772	164,187
Bills payable	89,311	9,749
Taxation	11,447	5,991
Obligations under finance leases	1,030	2,144
Bank overdrafts	280	1,315
Borrowings	543,105	366,030
Derivative financial liabilities	1,478	–
Conversion option of convertible noted	12,492	–
	877,915	549,416
Net current assets	516,610	345,049
Total assets less current liabilities	1,241,297	874,119
Non-current liabilities		
Convertible notes	66,068	–
Obligations under finance leases	1,649	2,060
Deferred tax liabilities	19,974	11,453
	87,691	13,513
	1,153,606	860,606
Capital and reserves		
Share capital	4,851	3,924
Reserves	936,240	752,852
Equity attributable to equity holders of parent	941,091	756,776
Share option reserve of listed subsidiary	3,565	–
Minority interests	208,950	103,830
	1,153,606	860,606

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1. GENERAL

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the register 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, copper rods, connectors and terminals, life-like plants and production, distribution and licensing of television programmes. Its associate is are principally engaged in the manufacture of optical fibre cable.

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

During the last period, the Directors resolved to change the financial year end date of the Company and its subsidiaries (the "Group") from 31 March to 30 June in order to allow the Group to prepare and update its financial results on semi-annual basis as most members of the Group are in the People's Republic of China (the "PRC") having year end date of 31 December. As a result, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the prior period covered the 15 months period ended 30 June 2005 and the current period covered the 12 months year ended 30 June 2006, and therefore may be not comparable.

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2005 except for HKFRS 3 "Business combinations", HKAS 36 "Impairment of assets" and HKAS 38 "Intangible assets" which the Group had early adopted in the accounting period ended 30 June 2005. The application of the other new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests has been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting polices in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

Owner-occupied leasehold interest in land

The Group has land use rights in the People's Republic of China (the "PRC"), with buildings erected on them for manufacturing purposes. In previous years, these property interests were included in property, plant and equipment and measured using the revaluation model. Under HKAS 17 "Leases", the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. The Group has resolved to state the buildings at cost and amortised over the lease term on a straight-line basic and reversed the amount held in the asset revaluation reserve and corresponding deferred taxation accordingly. This change in accounting policy has been applied retrospectively. (See note 2A for the financial impact).

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. The application of HKAS 32 has had no material effect on the presentation of financial instruments in the financial statements of the Group. HKAS 39, which is effective for accounting periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

Derivative financial instruments

By 30 June 2005, the Group's derivative financial instruments, mainly comprised future contracts, foreign exchange forward contracts and interest rates swaps, were previously recorded off balance sheet. Realised gain or loss of these derivative financial instruments were recognised in the income statement on settlement date, except for net interest on interest rate swaps, which were previously accounted for on an accrual basis.

From 1 July 2005 onwards, HKAS 39 requires derivative financial instruments that are within the scope of HKAS 39 to be carried at fair value at each balance sheet date, regardless of whether they are designated as effective hedging instruments. Derivatives (including embedded derivatives separately accounted for from non-derivative host contracts) are deemed as held for trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. Derivative financial instruments that do not qualify for hedge accounting are deemed as investments held for trading. Changes in fair value of such derivative financial instruments are recognised in profit or loss as they arise. The Group has applied the relevant transitional provisions in HKAS 39. As a result, certain options embedded in the convertible notes are separately accounted for and recorded as derivative financial instruments in the balance sheet, with changes in fair value recognised in the income statement. (See note 2A for the financial impact).

Convertible notes

The principal impact of HKAS 32 and HKAS 39 on the Group is in relation to convertible notes issued by the Company. HKAS 32 requires an issuer of a compound financial instrument that contains both financial liability and equity components to separate the compound financial instrument into the liability and equity components on initial recognition and to account for these components separately, except in the case that the settlement were not at fixed amount for a fixed number of equity instrument, which HKAS 39 requires the issuer to recognise the compound financial instrument in the form of financial liability with embedded derivatives. HKAS 39 requires derivatives embedded in a non-derivatives host contract to be accounted for separately when the economic risks and characteristics are not closely related to those host contract and the host contract is not carried at fair value through profit or loss. The Group has applied HKAS 32 and HKAS 39 on the convertible bonds issued by the Company in current accounting year and the embedded derivatives on the convertible notes. The fair value of options embedded in convertible notes issued during the year is HK$12,492,000 and there is no change in fair value between the date of grant and the balance sheet date.

Derecognition

HKAS 39 provides more rigorous criteria for the derecognition of financial assets than the criteria applied in previous periods. Under HKAS 39, a financial asset is derecognised, when and only when, either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition in accordance with HKAS 39. The decision as to whether a transfer qualified for derecognition is made by applying a combination of risks and rewards and control tests. The Group has applied the relevant transitional provisions and applied the revised accounting policy prospectively for transfers of financial assets on or after 1 July 2005. As a result, the Group's bills receivable with full recourse which derecognised prior to 1 July 2005 have not been restated. As at 30 June 2006, the Group's bills receivable with recourse have not been derecognised. Instead, the related borrowings of HK$24,696,000 have been recognised on the balance sheet date. The change has had no material effect on the results for the current year.

Share-based payments

In the current period, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of employees' and other eligible parties' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1 July 2005. In relation to share options granted before 1 July 2005, the Group has not applied HKFRS 2 to share options granted after 7 November 2002 and had vested before 1 July 2005 in accordance with the relevant transitional provisions. However, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 July 2005. For share options that were granted after 7 November 2002 fully vested before 1 July 2005, no prior period adjustments are made. For the share options that were granted by the listed subsidiary on 1 April 2005, 11,806,000 out of 12,956,000 share options had been vested before 1 July 2005 and no prior year adjustments are made accordingly. For the remaining 1,150,000 share options which have not been vested on 1 July 2005, the Group considered the effect is not significant and no prior period adjustments are made. For the share options that were granted during the year, the fair value of share options has been recognised in the income statement as share based payments. (See note 2A for the financial impact).

2A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

(i) The effects of the changes in accounting policies on the results for the year ended 30 June 2006 are as follows:

	Effect of adopting			
	HKAS 17	**HKAS 39**	**HKFRS 2**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase in profit for the year:				
General and administrative expenses	(153)	–	(5,348)	(5,501)
Changes in fair value of derivative financial instruments	–	4,585	–	4,585
Profit before taxation	(153)	4,585	(5,348)	(916)
Taxation	–	(802)	–	(802)
Profit for the year	(153)	3,783	(5,348)	(1,718)

(ii) The effects of the changes in accounting policies on the results for the year ended 30 June 2005 are as follows:

	Effect of adopting HKAS 17
	HK$'000
Increase in loss for the period:	
General and administrative expenses	476
Loss before taxation	476
Taxation	–
Loss for the period	476

(iii) The cumulative effects of the changes in accounting policies on the consolidated balance sheet as at 30 June 2005 and 1 July 2005 are summarised below:

	As at 30 June 2005 (originally stated)	HKAS 17 Adjustments	As at 30 June 2005 (restated)	HKAS 39 Adjustments	As at 1 July 2005 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	498,460	(115,801)	382,659	–	382,659
Prepaid lease payments for land	–	83,516	83,516	–	83,516
Derivative financial assets	–	–	–	4,866	4,866
Derivative financial liabilities	–	–	–	(3,572)	(3,572)
Deferred tax liabilities	(14,867)	3,414	(11,453)	–	(11,453)
	483,593	(28,871)	454,722	1,294	456,016
Asset revaluation reserve	33,202	(33,202)	–	–	–
Retained profits	99,904	6,145	106,049	2,147	108,196
Minority interests	105,644	(1,814)	103,830	(853)	102,977
Total	238,750	(28,871)	209,879	1,294	211,173

(iv) The financial effects of the application of the new HKFRSs to the Group's equity on 1 April 2004 are summarised below:

	As originally stated	HKAS 17 Adjustments	As restated
	HK$'000	*HK$'000*	*HK$'000*
Asset revaluation reserve	22,814	(22,814)	–
Retained profits	159,875	6,833	166,708
Minority interests	14,026	–	14,026
Total effects on equity	196,715	(15,981)	180,734

2B. POTENTIAL IMPACT ARISING ON THE NEW OR REVISED ACCOUNTING STANDARDS NOT YET EFFECTIVE

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Group has not already commenced an assessment of the impact of these new or revised standards, amendments and interpretations on the financial position of the Group. The Group anticipates that the applications of these new or revised standards, amendments and interpretations would not have significant impact on the result and financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	The effects of change in foreign exchange rate – net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment[3]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economics[4]
HK(IFRIC) – INT 8	Scope of HKFRS 2[5]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[6]
HK(IFRIC) – INT 10	Interim financial reporting and impairment[7]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2006.
3 Effective for annual periods beginning on or after 1 December 2005.
4 Effective for annual periods beginning on or after 1 March 2006.
5 Effective for annual periods beginning on or after 1 May 2006.
6 Effective for annual periods beginning on or after 1 June 2006.
7 Effective for annual periods beginning on or after 1 November 2006.

3. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is currently organised into four principal operating divisions – manufacture and trading of cables and wires, copper rods, connectors and terminals and life-like plants. The life-like plant is a new principal division following the acquisition of FT Holdings in the previous period. These divisions are the bases on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

For the year ended 30 June 2006

	Cables and wires	Copper rods	Connectors and terminals	Life-like plants	Others	Elimination	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER								
External sales	653,271	1,209,150	139,897	87,605	25,625	–	–	2,115,548
Inter-segment sales	94,460	215,300	1,284	–	–	(311,044)	–	–
Total sales	747,731	1,424,450	141,181	87,605	25,625	(311,044)	–	2,115,548

Inter-segment sales are charged at cost.

	Cables and wires	Copper rods	Connectors and terminals	Life-like plants	Others	Elimination	Unallocated	Consolidated
RESULT								
Segment result	9,837	142,205	5,372	1,479	1,504			160,397
Unallocated corporate income							7,642	7,642
Unallocated corporate expenses							(25,821)	(25,821)
Change in fair value of derivative financial instruments							8,989	8,989
Finance costs	–		–			–		(36,565)
Share of results of associates	236							236
Share of result of jointly controlled entities		10						10
Discount on acquisition of subsidiaries	–	892	–	–	–	–	–	892
Gain on deemed disposal of subsidiaries	–	19,576	–	–	–	–	–	19,576
Profit before taxation								135,356
Taxation								(21,354)
Profit for the year								114,002

For the period 1 April 2004 to 30 June 2005 (Restated)

	Cables and wires	Copper rods	Connectors and terminals	Life-like plants	Others	Elimination	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER								
External sales	807,486	1,041,881	147,708	40,710	18,503	–	–	2,056,288
Inter-segment sales	11,765	191,329	679	–	–	(203,773)	–	–
Total sales	819,251	1,233,210	148,387	40,710	18,503	(203,773)	–	2,056,288

Inter-segment sales are charged at cost.

	Cables and wires	Copper rods	Connectors and terminals	Life-like plants	Others	Elimination	Unallocated	Consolidated
RESULT								
Segment result	(29,823)	40,587	13,608	2,557	(21,322)			5,607
Unallocated corporate income							5,901	5,901
Unallocated corporate expenses							(8,338)	(8,338)
Finance costs		(20,167)		(146)	(3,312)		(8,509)	(32,134)
Impairment loss recognised in respect of goodwill				(16,212)				(16,212)
Share of results of associates	289							289
Loss on disposal of subsidiaries				(7,502)				(7,502)
Gain on deemed disposal of a subsidiary		1,845						1,845
Loss before taxation								(50,544)
Taxation								(10,504)
Loss for the period								(61,048)

Geographical segments
The Group's operations are located in Hong Kong, the PRC, North 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:

	Turnover by geographical market	
	1.7.2005 to 30.6.2006	**1.4.2004 to 30.6.2005**
	HK$'000	*HK$'000*
PRC	1,705,297	1,501,303
North America	188,098	222,807
Europe	38,013	41,023
Hong Kong	38,645	94,375
Other Asian regions	145,495	196,780
	2,115,548	2,056,288

4. PROFIT (LOSS) BEFORE TAXATION

	1.7.2005 to 30.6.2006	**1.4.2004 to 30.6.2005**
	HK$'000	*HK$'000* (Restated)
Profit (loss) before taxation has been arrived at after charging:		
Auditors' remuneration		
Current year	2,546	2,158
Underprovision in prior years	74	–
	2,620	2,158
Depreciation of property, plant and equipment		
Owned assets	35,370	42,412
Assets held under finance leases	535	706
	35,905	43,118
Charge of prepaid lease premium for land	2,334	1,999
Cost of inventories recognised as an expenses	1,801,430	1,722,804
Operating lease rentals in respect of rented premises	5,677	5,725
Staff costs including directors' emoluments	94,889	114,605
Research and development expenditure	2,158	3,579
Exchange loss, net	–	250
Loss on disposal of property, plant and equipment	595	108
Write down of inventories	7,925	2,993
Impairment on property, plant and equipment	–	14,000
Share based payment expenses	5,348	2,200
and after crediting:		
Exchange gain	5,022	–
Interest on bank deposits	5,019	4,221
Interest on notes receivables	4,632	4,200

5. FINANCE COSTS

	1.7.2005 to 30.6.2006	**1.4.2004 to 30.6.2005**
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	35,421	31,749
Interest on finance leases	184	385
Imputed interest on convertible notes	960	–
	36,565	32,134

6. **TAXATION**

	1.7.2005 to 30.6.2006 *HK$'000*	1.4.2004 to 30.6.2005 *HK$'000* (Restated)
Hong Kong Profits Tax		
Current year/period	5,139	–
Under(over) provision in respect of prior years	1,760	(307)
Taxation in other jurisdictions		
Current year/period	5,640	9,152
Under(over)provision in respect of prior years	274	(1,044)
	12,813	7,801
Deferred taxation		
Current year/period	8,541	2,703
	21,354	10,504

Hong Kong Profits Tax is calculated at 17.5% (period ended 30 June 2005: 17.5%) of the estimated assessable profit for the year/period.

Taxation in other jurisdictions is calculated at the rates applicable in the respective jurisdictions.

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

	1.7.2005 to 30.6.2006 *HK$'000*	1.4.2004 to 30.6.2005 *HK$'000*
Profit (Loss) before taxation	135,356	50,544
Tax at the domestic income tax rate of 27% (2005: 27%)	36,546	(13,647)
Tax effect of expenses not deductible for tax purpose	1,273	24,389
Tax effect of income not taxable for tax purpose	(8,216)	(2,651)
Tax effect of tax losses not recognised	–	1,815
Utilisation of tax losses previously not recognised	(6,281)	(3,702)
Income tax on concessionary rate	–	4,375
Under(over)provision in respect of prior years	2,034	(1,351)
Others	(65)	(715)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(3,873)	2,069
Share of tax effect of associate	(64)	(78)
Tax charge for the year/period	21,354	10,504

The domestic tax rate of principal subsidiaries in the PRC is used as it is where the operation of the Group is substantially based.

7. **EARNING (LOSS) PER SHARE**

The calculation of the basic earning (loss) per share is based on the following data:

	1.7.2005 to 30.6.2006 *HK$'000*	1.4.2004 to 30.6.2005 *HK$'000* Restated
Results for the year/period attributable to equity owners of parents for the purpose of basic earnings (loss) per share	78,856	(60,659)
Imputed interest on convertible notes	960	–
Earnings (loss) for the purpose of diluted earnings per share	79,816	(60,659)

	Number of shares 1.7.2005 to 30.6.2006	1.4.2004 to 30.6.2005
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	403,575,321	320,138,287
Effect of dilutive potential ordinary shares:		
Share options	11,908,534	–
Convertible notes	10,050,311	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	425,534,166	320,138,287

The effect of potential ordinary shares in respect of share options of the listed subsidiary is anti-dilutive. The prior period adjustments as mentioned in note 2 have no significant impact on the earnings per share.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Herein are the results of the Company and its subsidiaries (the "Group") for the 12 months ended 30 June 2006 (the "Period"). As in 2005 the Group changed its financial year-end date from 31 March to 30 June, the results for the Period should not be directly compared with the results for the 15 months ended 30 June 2005 (the "Previous Year").

The Directors are pleased to announce that the Group recorded a turnover of approximately HK$2,115,548,000 for the Period, or on average, approximately HK$176,296,000 per month, 29% more than the per month average in the Previous Year. Profit from operations was HK$151,207,000. Profit for the Period was approximately HK$114,002,000, in which HK$79,146,000 was attributable to the realisation of the copper forward contracts and foreign exchange forward contracts (which are solely for hedging and risk management purposes) at their fair value in the consolidated income statement due to adoption of new accounting standards for the Period. Profit attributable to shareholders was approximately HK$78,856,000 (The Previous Year: loss attributable to shareholders was HK$60,659,000). Basic earnings per share was approximately HK19.5 cents (The Previous Year: Loss per share was around HK18.9 cents).

In the Previous Year, the Group's total turnover, profit from operations and loss attributable to shareholders were approximately HK$2,056,288,000, HK$3,170,000 and HK$60,659,000 respectively. Loss per share was approximately HK18.9 cents.

The Directors have proposed a final dividend of HK4 cents per ordinary share for the year ended 30 June 2006 (the Previous Year: Nil) to those shareholders whose names appear on the register of members on 22 November 2006. Subject to the approval of shareholders at the forthcoming annual general meeting, dividend will be paid on or about 1 December 2006.

BUSINESS REVIEW

During the Period, sales of cable and wire products approximated at HK$653,271,000, representing about 31% of the Group's total turnover; sales of copper rod products was approximately HK$1,209,150,000, representing about 57% of the Group's total turnover. Sales of connectors and terminals/wire harnesses totaled approximately HK$139,897,000, accounting for 7% of the Group's total turnover, while sales of life-like plants and other business were HK$87,605,000 and HK$25,625,000 respectively.

By market, sales from Mainland China and Hong Kong accounted for 82% of the Group's total turnover. Sales from North America accounted for 9% of the Group's turnover. Sales from other markets in Asia and Europe accounted for 7% and 2% of the Group's turnover respectively.

Cable and Wire

The consistently high prices of plastic and metal materials and increasing labour costs in the Pearl River Delta region continued to present a difficult operating environment for the cable and wire sector. Nevertheless, with the sector consolidating and smaller manufacturers being ousted, the Group was able to capture a larger market share. Moreover, given the continuous growth of the manufacturing sector in Mainland China and Yangtze River Delta regions emerging as the preferred base for local and foreign enterprises to develop Eastern China markets and extend business overseas, demand for the Group's cable and wire was satisfactory. During the Period, the Group's profit margin improved as a result of its endeavor to implement effective cost control measures and increased selling prices which enable the Group to partly transfer the soaring costs to customers and having received orders for products of higher margins.

To maximize cost efficiency and expand production scale, the Group strategically set up new manufacturing bases close to its customers. During the Period, the Group had made progress with two new plants in the following manner.

Kunshan Chau's Electrical Co. Ltd. ("Kunshun Chau's Electrical")

Heeding the increasing importance of the Yangtze River Delta region in China, the Group established Kunshan Chau's Electrical in Kunshan. On a 43,000 sq.m. site, the factory completed trial operation in the end of July 2006 and commenced full operation in the end of September 2006. Located near Shanghai and with an annual production capacity of approximately 84,000,000 sets of cable and wire products of various specifications, the plant is set to fulfill demands from customers in the Eastern and Northern parts of China.

Fund Resources Electric Industry Co. Ltd. (Shang Hang) ("Shang Hang Fund Resources")

The Factory of Shang Hang Fund Resources, located in Shang Hang county of Fujian Province, commenced trial production in February 2006. The factory, on an approximately 5,000 sq.m. site, will have an annual production capacity of approximately 36,500,000 sets of cable and wire products. The plant will not only fulfill demands from customers in this region, who are mainly Taiwanese manufacturers. But will also enjoy lower production cost and will be competitive in term of pricing amongst its peers.

Besides, the Group's HK-listed subsidiary Hua Yi Copper Holdings Limited has agreed with the subsidiary and the ultimate controlling company of Zijin Mining Group Co. Ltd. ("Zijin") to establish Fujian Jinyi Copper Products Co. Ltd. ("Fujian Jinyi") at Shang Hang. This initiative has laid a solid foundation for the Group's future cooperation opportunities with Zijin in other cable and wire businesses.

During the Period, the Group also reduced operational costs and optimized logistics management, a particular example being the consolidation of shipments at the Group's primary shipping port in Yantian, which resulted in enhanced cost effectiveness.

Copper Rod

The Group's copper rod business is operated through its listed subsidiary Hua Yi Copper Holdings Limited ("Hua Yi Copper"), which is principally engaged in the manufacturing and trading of copper rods and copper wires. Such products are largely sold as raw materials for cables and wires and are in turn used in the production of electrical appliances and electronics products.

During the Period, the supply of copper in both the PRC and the world markets remained tight. The limited stock can be traced to factors such as: insufficient output of copper concentrates; rising demand for copper by the global community; and growing appetite for materials in the PRC. As at 30 June 2006, the visible copper stocks published by the world's two sizable metal futures exchanges (i.e. London Metal Exchange ("LME") and New York Commodities Exchange) were at historic lows of merely 25,525 tonnes and 3,681 tonnes respectively. Accordingly, copper prices have continued to escalate.

As a result, the cash price of copper quoted by the London Metal Exchange ("LME") achieved a record high of US$8,788 per tonne on 12 May 2006. The average cash settlement price of LME copper transacted was US$5,052 between July 2005 to June 2006, representing an increase of US$2,032 or 67% compared to the previous 18-month period.

Capitalizing on strong demand for copper products and benefiting from ongoing expansion of the PRC economy, on average, monthly sales of the Group's copper rod products was approximately HK$100,762,000 for the Period, representing an increase of 45% against HK$69,459,000 in the Previous Year. Currently, high value-added, downstream products account for about 36% of the total turnover of Hua Yi Copper.

During the Period, with industry demand in excess of supply, the Group received more orders and enjoyed stronger bargaining power in price negotiations. The existing Dongguan plant achieved an average utilization rate of approximately 60% for products manufactured and sold by the Group (the Previous year: 60%), and the other 40% of the production capacity were consumed by orders from other manufacturers, to whom the Group provided mainly copper rod processing service. For the copper rod processing service business, rise in material costs from high copper prices was borne by customers and had no significant effect on the Group. However, for the Group's copper rods manufacturing and trading business, since it needs to order copper cathodes from suppliers with letters of credit and trust receipt loans, the higher copper prices in the review Period increased its required working capital and finance costs, which in turn limited growth of this business area in the Period. The Group was able to partially transfer the increase in finance costs including hikes in interest rates to customers.

The existing production facilities located in Dongguan of Guangdong Province, China is able to support a double or more growth in business volume. To capitalize on the surging copper demand and development of the domestic and international copper markets, the Group invested in the following facilities and had made progress during the Period:

Kunshan Hua Yi Copper Products Co. Ltd. ("Kunshan Hua Yi")

The Group's production plant under Kunshan Hua Yi in Jiangsu Province commenced operation in late July 2006. Recognizing the growing significance of the Yangtze River Delta Region as a manufacturing base for local and international enterprises, the facility on a 38,000 sq. m. site and with a designed output capacity of 10,000 tonnes of copper wires of various specifications per annum will serve customers in the region. Based on current copper prices, the annual production value at full capacity will be over US$70 million. The products manufactured will chiefly comprise high value-added downstream products including annealed copper wires, tin-coated copper wires, stranded copper wires and enameled copper wires targeting the region's manufacturers of electrical appliances, electronic products and wires.

Copper Recycling Plants in Dongguan and Jingjiang

With the central government and different government departments supporting and promoting the use of recycled copper as raw materials, the Group has put significant efforts into developing this business as reflected in its investment in two copper recycling plants in Dongguan and Jingjiang. These two projects involve integrated utilization of resources using the latest technology, which may preserve mineral resources and alleviate environmental pollution.

The copper recycling plant in Changling, Jiangiang (「靖江長淩銅業有限公司」) began commercial production in late August 2006. With an area 10,740 sq.m. the factory has an annual production capacity of 48,000 tonnes of 8.0mm copper rods. The plants have received approval by the State Office of Electricity (國家電辦) to import used motors, electrical wires and cables to meet production requirements.

At the end of the period, the copper recycling plant at Dongguan was still in the process of installing the machinery and the installation was completed in September this year, after which, trial operation will begin. When fully operational, the Dongguan facility will have an annual production capacity of approximately 30,000 tonnes of 2.6mm, 3mm and 8mm copper rods. These are the key materials for industries such as telecommunication cable industry and electrical cable industry. Given the continuous infrastructure development to nurture growth of economies in Western China, the Group sees huge room for development for the business.

Fujian Jinyi Copper Products Co. Ltd. ("Fujian Jinyi")

In September, 2005 Hua Yi Copper agreed with the subsidiary and the ultimate controlling company of Zijin Mining Group Co., Ltd. to establish Fujian Jinyi Copper Products Co. Ltd at the Shang Hang County of Fujian, China. The joint venture company has a registered capital of RMB40 million with the Group holding a 45% equity interest. The 12,000 sq.m. facility of Fujian Jinyi is targeted for completion by the end of the year and will commence operation in 2007. When fully operational, the facility will have an annual capacity of 10,000 tonnes of copper pipes for use in manufacturing refrigerators and air-conditioners. As Shang Hang County has rich copper mine resources, Fujian Jinyi will enjoy lower production costs and higher price competitiveness among its peers.

Upon full operation of all the new factories, the Group's total annual production capacity will be more than doubled from 66,000 tonnes to 164,000 tonnes of copper rods and copper wires so as to enjoy a larger economies of scale.

Life-like plant and others

Sales of life-like plants and other businesses of Hua Yi Copper were HK$87,605,000 and HK$1,112,000 respectively. To focus resources on the development of core cable and wire business, the Group will consider divesting the life-like plant business should the right opportunity arise.

Connectors and Terminals/Wire Harnesses

Connectors and terminals/wire harnesses are the primary ancillary products for manufacturers of such as household appliances and office equipment. With artificial intelligence products gaining popularity, the Group has been receiving ever-increasing orders for these related high value added products. Turnover from these products jumped from HK$9,000,000 in 1999 to HK$139,897,000 during the Period. On average, monthly sales of connectors and terminals/wire harnesses totalled approximately HK$11,658,000, 18% higher than HK$9,847,000 in the Previous Year.

To support the expansion of this business segment, the Group's additional production lines for connectors and terminals in Qingdao, Shangdong Province commenced production in June 2004. On a 4,700 sq.m. site, the factory has an annual production capacity of approximately 123,600,000 sets of connectors and terminals/wire harnesses.

The Group has also established another new factory in Bangkok, Thailand with a site area of approximately 1,650 sq.m. and an annual production capacity of approximately 45,600,000 sets of connectors and terminals/wire harnesses. The plant commenced production in April 2006 and is expected to fulfill demands from existing customers' facilities in Thailand such as Electrolux, Sony and Thompson Electric.

Strategic Acquisition of Brascabos

On 30 May 2006, the Group entered into an agreement with Whirlpool to acquire 100% equity interest in Brascabos Componentes Elétricos e Eletrônicos Ltda ("Brascabos") for US$10,000,000. The acquisition was completed on 31 July 2006.

Brascabos was founded by Whirlpool's Brazilian subsidiary, Whirlpool S.A., which is one of the largest white goods manufacturers in Brazil. Brascabos is the leading wire and automobile harness manufacturer in the country. Its products are used by the white goods business in laundry, cooking and refrigerating appliances. They can also be used in automobile parts, communication devices, computers, audio products, video-conferencing equipment and for industrial purposes. Other products that Brascabos manufactures include electronic controls and sensor devices. Brascabos holds patents of certain of its exclusive procedures and products.

The acquisition will allow the Group to quickly gain foothold and seize business opportunities in the booming Latin American economies. The acquisition is also consistent with the Group's development strategy of expanding its distribution network in Europe and America. Moreover, the acquisition will give the Group access to Brascabos' extensive experience and advanced technology in automobile harness operations, which it can apply to capture potential business in the PRC automobile market.

Pursuant to the acquisition agreement, Whirlpool S.A. and Brastemp entered into a 5-year exclusive Supplier Sourcing Agreement with Brascabos on the Closing Date whereby Whirlpool S.A. and Brastemp agreed to purchase from Brascabos 100% of their requirements for certain materials used in their manufacture process in South America.

Prospects

Although the Group has been facing fierce competition and rising raw material costs in the past few years, the management believes the most difficult period for the cable and wire sector is over. Global demand, comprising new and replacement demands, for white goods, electrical and electronic appliances has been growing steadily as new technologies are used in these products. As a supplier of basic components for white goods of various renowned international brands like Whirlpool, Philips, Electrolux, LG and TCL, the Group expects to continue to receive stable demand for its core cable and wire products in the future. The Group will continue to expand its market share taking advantage of the market consolidation. To match the research and development standards of and required by customers, the Group will continue to closely cooperate with customers to create products of various specifications. For example, the Group is setting up a technology development centre in North America to cater the needs of Whirlpool and other customers in North America.

The Group expects the fast developing connectors and terminals/wire harnesses business to emerge as one of its major growth drivers in the future. Leveraging the expertise of Brascabos in manufacturing harnesses for the automotive industry, the Group will also seek to tap the demand for premium automobile harnesses of the robust automobile market in Mainland China. Located in Brazil, Brascabos will also enable the Group to seize opportunities in South America's fast growing white goods market and to expand automobile harness business in the region. The Group is actively negotiating with some of its existing international clients on providing products to their factories in South America.

The Group has made much progress in establishing new plants to boost production capacity. Its vertically integrated operation has enabled it to climb the value chain and produce higher margin products that satisfy market demands. When all the new plants in the PRC and Thailand commence full operation, the Group will see its production capacity doubled, and accordingly its profitability boosted in the coming years.

On 4 May 2006, the Company entered into a memorandum of understanding (the "MOU") with an independent third party to continue negotiation regarding the acquisition of manufacturing facilities located in Europe and China. The facilities currently focus on the production of rubber, PVC, textile and polyurethane cords. The Company is pursuing with due diligence negotiations of the terms of the acquisition and expects to decide in the near future whether to proceed with the transaction. The Group believes the acquisition, if undertaken, will enable it to expand its customer base, increase production capacity and tap top tier markets in Europe. With soaring raw material prices posing high cost pressures on smaller manufacturers, the Group expects more acquisition opportunities to surface in the future for its consideration.

Looking ahead, the Group will strive to boost market shares of its products and expand its business globally, riding on the solid foundation of its core cable, wire and copper rod business and the synergies from acquisition. Its aim is to bring better returns to shareholders.

DIVIDEND

The Directors recommended a final dividend of HK4 cents per ordinary share (30 June 2005: nil) in respect of the year ended 30 June 2006. As no interim dividend was paid by the Company during the year, the proposed final dividend makes a total dividend of HK4 cents per share for the year ended 30 June 2006 (2004/05: Nil). Subject to the approval of shareholders at the forthcoming Annual General Meeting, the dividend will be distributed and paid on or about 1 December 2006 to those shareholders as registered at the close of business on 22 November 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 23 November 2006 to Friday, 24 November 2006, both days inclusive, during which no transfer of shares of the Company will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 22 November 2006.

EMPLOYEES

As at 30 June 2006, the Group had approximately 5,000 employees in Hong Kong, the PRC and overseas. 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 2006, the Group had implemented a prudent financial management policy. As at 30 June 2006, the Group had cash and bank balances (including pledged bank deposits) amounted to approximately HK$425 million (30 June 2005: HK$189 million) and net current assets value being over approximately HK$516 million (30 June 2005: HK$345 million restated). The Group's gearing ratio as at 30 June 2006 was 0.58 (30 June 2005: 0.49 restated), being a ratio of total bank borrowings of approximately HK$546 million (30 June 2005: HK$371 million) to shareholders' funds of approximately HK$941 million (30 June 2005: HK$756 million restated). The face value of the convertible notes was HK$78 million.

As at 30 June 2006, the Group had pledged certain property, plant and machinery, land use rights, fixed deposits and trade debtors with an aggregate net book value of approximately HK$238 million (30 June 2005: HK$212 million restated) to secure general banking facilities granted to the Group.

As at 30 June 2006, the Company had issued guarantees to the extent of approximately HK$563 million (30 June 2005: HK$329 million) to banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK$543 million (30 June 2005: HK$207 million) was utilised. In addition, the Company has issued guarantees to a financial institute amounting to approximately HK$39 million (30 June 2005: HK$39 million) in respect of commodity trading of copper by its subsidiaries.

In 2005, because of the change in accounting standards in Hong Kong, the Group had to revalue and recognise the copper forward contracts, and foreign exchange forward contracts, (collectively referred as "derivative financial instruments" thereafter) at their fair value at the balance sheet date.

These derivative financial instruments were entered into in accordance with its hedging policies. They are solely used for hedging and risk management purposes; speculation is strictly prohibited. Although it only used the derivative financial instruments for hedging and risk management purposes, it could not fulfill the documentation requirements under the new HKFRS, which was effective from 1 January 2006. Therefore, the outstanding derivative financial instruments have to be 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 above accounting treatmen in fact had no tangible adverse impact on the Group's business operations. The Group's business operations and financial positions continue to be strong and healthy.

The Group's overall financial risk management focuses on the unpredictability of the financial markets, optimising the level of financial risks the Group can bear, and minimising any potential adverse effects on the financial performance of the Group. The purpose of which is to ensure that transactions undertaken are in accordance with the Group's policies and not for speculative purpose.

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

On 4 July 2005, Skywalk Assets Management Limited ("Skywalk"), a wholly owned subsidiary of the Company, entered into the agreements to place and subscribe for new shares in Hua Yi Copper Holdings Limited ("Hua Yi Copper"), a subsidiary of the Company whose shares are listed on the The Stock Exchange of Hong Kong Limited. Pursuant to the agreements, Skywalk placed 111,000,000 ordinary shares of HK$0.20 each in the capital of Hua Yi Copper to independent investors at a price of HK$0.88 per share ("Top-Up Placing") and, upon the completion of the Top-Up Placing, subscribed for 111,000,000 new ordinary shares of HK$0.20 each in the capital of Hua Yi Copper at a price of HK$0.88 per share (the "Subscription"). The Top-Up Placing and the Subscription were completed on 7 July 2005 and 18 July 2005 respectively.

Prior to the Top-Up Placing and the Subscription, Skywalk had held 397,121,875 shares in Hua Yi Copper, representing approximately 71.49% of the issued share capital of Hua Yi Copper. Upon completion of the Top-Up Placing and the Subscription, Skywalk held 397,121,875 shares in Hua Yi Copper, representing 59.59% of the enlarged issued share capital of Hua Yi Copper.

In June 2006, Skywalk purchased 3,478,000 shares of Hua Yi Copper at the average price of HK$0.46 per share on the Exchange. As at 30 June 2006, Skywalk held 400,599,875 shares in Hua Yi Copper, representing approximately 60.05% of the issued share capital of Hua Yi Copper.

FORMATION OF A JOINT VENTURE COMPANY FOR THE PRODUCTION OF COPPER PIPE PRODUCTS

On 8 September 2005, Hua Yi Copper entered into an agreement with Fujian Zijin Investment Co., Ltd and Minxi Xinghang State-owned Assets Investment Co., Ltd under which the parties agreed to jointly establish a limited liability joint venture company ("JV") in Fujian Province, the PRC to mainly engage in copper pipes production and sales in Shanghang, Fujian. The JV is named "Fujian Jinyi Copper Products Company Limited." Pursuant to the agreement, the registered capital of the JV is RMB40 million, of which RMB18 million, representing a 45% equity interest in the JV, has to be contributed by Hua Yi Copper. Hua Yi Copper contributed RMB5.4 million in November 2005 and RMB12.6 million in May 2006. The details of the formation of the JV were set out in the circular dated 17 November 2005.

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

Pursuant to the placing agreement dated 20 April 2006, Chau's Family Trust and Mr. Chau Lai Him (collectively "Chau's Family") placed 93,000,000 ordinary shares of HK$0.01 each in the capital of the Company to certain placees at a price of HK$1.00 per share (the "Placing"). The Placing was completed on 28 April 2006.

Pursuant to the subscription agreement dated 20 April 2006, Chau's Family subscribed for 93,000,000 new ordinary shares of HK$0.01 each in the capital of the Company at a price of HK$1.00 per share (the "Subscription"). As Mr. Chau is a director of the Company and Chau's Family Trust is a substantial shareholder of the Company, each holding approximately 8.97% and 20.9% of the issued capital of the Company respectively, as at the date of the subscription agreement, they were connected persons of the Company pursuant to the Listing Rules. Accordingly, the Subscription constituted a connected transaction pursuant to Chapter 14A of the Listing Rules. Following the completion of the Placing, the approval by the shareholders in the special general meeting held on 5 June 2006 and the granting of the approval by the Stock Exchange for the listing of and permission to deal in the Subscription Shares, the Subscription was completed on 21 June 2006. The details of the Subscription were set out in the circular dated on 17 May 2006.

ISSUE OF CONVERTIBLE NOTES

On 24 April 2006, the Company entered into the Convertible Notes Subscription Agreements with certain investors whereby such investors agreed to subscribe for Convertible Notes (the "Convertible Notes") in the aggregate principal amount of US$10,000,000. Upon the granting of the approval by the Stock Exchange for the listing of and permission to deal in the conversion shares, the issue of the Convertible Notes was completed on 9 May 2006. The Convertible Notes were issued pursuant to the general mandate granted to the directors of the Company on 10 November 2005, and were subscribed by the investors themselves or through their nominees in the following principal amounts on completion:

Name of Investor	**Principal Amount *(US$)***
Stark Investments	
Centar Investments (Asia) Limited	3.1 million
Shepherd Investments International Limited	0.6 million
Stark Asia Master Fund Limited	0.2 million
Stark International	0.1 million
Goldman Sachs International (nominee of Penta Investment)	3.0 million
Evolution Master Fund Ltd SPC, Segregated Portfolio M	2.0 million
D.B. Zwirn & Co., L.P.	
D.B. Zwirn Special Opportunities Fund, L.P.	0.3334 million
D.B. Zwirn Special Opportunities Fund, Ltd.	0.5836 million
D.B. Zwirn Special Opportunities Fund (TE), L.P. (who had taken an assignment of part of the convertible notes from each of D.B. Zwirn Special Opportunities Fund, L.P. and D.B. Zwirn Special Opportunities Fund, Ltd.)	0.083 million
Total:	10.0 million

USE OF PROCEEDS

The Subscription and the issue of the Convertible Notes raised gross proceeds of approximately HK$93 million and approximately HK$78 million respectively. The proceeds (net of expenses of approximately HK$4 million) of these fund raising exercises of HK$167 million (comprising approximately HK$90 million from the Subscription and HK$77 million for the issue of the Convertible Notes) were used as to approximately HK$78 million for the acquisition of Brascabos Componentes Elétricos e Eletrônicos Ltda., a subsidiary of Whirlpool S. A. in Brazil, and the balance for general working capital or funding for future acquisition opportunities when they arise.

POST BALANCE SHEET EVENT

Acquisition of Brascabos constituting a major transaction

On 30 May 2006, the Company entered into the Quota Purchase Agreement with Whirlpool S.A. and Brasmotor, for the acquisition (the "Acquisition") of their 100% interest in Brascabos Componentes Elétricos e Eletrônicos Ltda. ("Brascabos") for an aggregate consideration of US$10,000,000 (approximately HK$78,000,000) and guaranteeing the repayment of the shareholders' loan in an amount of not more than US$4,000,000 (approximately HK$31,200,000). Brascabos is one of the leading manufacturer of power cords and wire harness for white goods (large electrical home appliances) and automotive parts in Brazil. The Acquisition constituted a major transaction for the Company under the Listing Rules and was subject to the approval of Shareholders of the Company. At the special general meeting held on 24 July 2006, Shareholders approved the Acquisition. The Acquisition had been completed and its completion was announced by the Company in an announcement dated 2 August 2006. The details of the Acquisition were set out in the circular dated 26 June 2006.

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 ended 30 June 2006.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2006, 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 has not been separation between the roles of the chairman and chief executive officer, the board of directors not having held at least four meetings, and notice of at least 14 days for a regular meeting not having been given.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. The Company has confirmed with all directors that they had complied with the required standard set out in the Model Code throughout the year ended 30 June 2006.

AUDIT COMMITTEE

The Company has revised the term of reference for the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee comprises the three independent non-executive directors of the Company. The audited results for the year ended 30 June 2006 have been reviewed by the Audit Committee and external auditors. The Audit Committee is satisfied with the Group's internal control procedures and financial reporting disclosures.

REMUNERATION COMMITTEE

The Remuneration Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules. The Remuneration Committee comprises the three independent non-executive directors of the Company.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSTIE

All the information on the Company's annual results required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website in due course.

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, 5 October 2006

As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Lau Man Tak, Mr. Liu Jin Rong and the independent non-executive Directors are Mr. Lo Kao Cheng, Mr. Lo Wai Ming and Mr. Chung Kam Kwong.

"Please also refer to the published version of this announcement in The Standard."