



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)

2006/07 ANNUAL RESULTS ANNOUNCEMENTS

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 2007 together with last year’s comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	Continuing operations		Discontinued operations		Total	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Turnover	3	3,778,692	2,026,832	81,136	88,716	3,859,828	2,115,548
Cost of sales		(3,540,442)	(1,812,471)	(67,383)	(73,619)	(3,607,825)	(1,886,090)
Gross profit		238,250	214,361	13,753	15,097	252,003	229,458
Other income		29,555	16,493	1,264	3,281	30,819	19,774
Interest income		24,158	9,039	705	612	24,863	9,651
General and administrative expenses		(168,368)	(149,781)	(10,180)	(11,384)	(178,548)	(161,165)
Selling and distribution expenses		(32,669)	(17,362)	(2,871)	(4,339)	(35,540)	(21,701)
Change in fair value of derivative financial instruments		(269)	79,146	-	-	(269)	79,146
Change in fair value of conversion option of convertible notes		5,325	-	-	-	5,325	-
Allowance for doubtful debts		(5,884)	(3,956)	(181)	-	(6,065)	(3,956)
Impairment loss arising from adjustment to fair value less cost to sell	5	-	-	(28,000)	-	(28,000)	-
Finance costs	6	(64,132)	(34,219)	(2,742)	(2,346)	(66,874)	(36,565)
Share of results of associates		148	236	-	-	148	236
Share of result of a jointly controlled entity		(369)	10	-	-	(369)	10
Discount on acquisition of additional interests in subsidiaries		4,581	892	-	-	4,581	892
(Loss) gain on deemed disposal of a listed subsidiary		(1,067)	19,576	-	-	(1,067)	19,576
Profit (loss) before taxation	4	29,259	134,435	(28,252)	921	1,007	135,356
Taxation	7	(5,796)	(18,964)	(127)	(2,390)	(5,923)	(21,354)
Profit (loss) for the year		23,463	115,471	(28,379)	(1,469)	(4,916)	114,002

* For identification purposes only

	NOTES	Continuing operations		Discontinued operations		Total	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Profit (loss) attributable to:							
Equity holders of the parent		29,161	80,325	(28,379)	(1,469)	782	78,856
Minority interests		(5,698)	35,146	-	-	(5,698)	35,146
		<u>23,463</u>	<u>115,471</u>	<u>(28,379)</u>	<u>(1,469)</u>	<u>(4,916)</u>	<u>114,002</u>
Dividends paid	8	<u>29,249</u>	-	<u>-</u>	-	<u>29,249</u>	-
proposed		<u>-</u>	<u>19,403</u>	<u>-</u>	-	<u>-</u>	<u>19,403</u>
Earnings per share	9						
from continuing and discontinued operations							
- Basic						<u>0.16 HK cents</u>	<u>19.54 HK cents</u>
- Diluted						<u>0.26 HK cents</u>	<u>18.76 HK cents</u>
from continuing operation							
- Basic						<u>5.99 HK cents</u>	<u>19.90 HK cents</u>
- Diluted						<u>5.05 HK cents</u>	<u>19.10 HK cents</u>

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2007

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	611,996	412,049
Prepaid lease payments for land – non-current portion	80,220	92,149
Prepayment for property, plant and equipment	22,648	151,519
Interests in associates	11,196	10,509
Interests in jointly controlled entities	18,023	17,485
Deferred tax assets	6,275	–
Goodwill	23,389	–
Loans receivable	46,898	–
	<hr/> 820,645	<hr/> 683,711
Current assets		
Inventories	512,092	371,218
Debtors, other loans and receivables, deposits and prepayments	516,946	539,393
Bills receivable	62,733	34,717
Prepaid lease payments for land – current portion	1,801	2,173
Derivative financial assets	2,034	6,063
Notes receivable	55,000	55,000
Tax recoverable	454	1,249
Pledged deposits	96,650	67,180
Bank balances and cash	286,070	358,508
	<hr/> 1,533,780	<hr/> 1,435,501
Assets classified as held for sale	79,744	–
	<hr/> 1,613,524	<hr/> 1,435,501
Current liabilities		
Creditors, other advances and accrued charges	232,468	218,772
Bills payable	161,019	89,311
Taxation	11,289	11,447
Obligations under finance leases	3,185	1,030
Bank overdrafts	–	280
Borrowings	717,719	543,105
Derivative financial liabilities	9,967	1,478
Convertible notes – debt component	72,128	–
Conversion option of convertible notes	7,167	12,492
	<hr/> 1,214,942	<hr/> 877,915
Liabilities associated with assets classified as held for sale	20,332	–
	<hr/> 1,235,274	<hr/> 877,915
Net current assets	<hr/> 378,250	<hr/> 557,586
Total assets less current liabilities	<hr/> 1,198,895	<hr/> 1,241,297

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Non-current liabilities		
Borrowings	20,408	–
Convertible notes – debt component	–	66,068
Obligations under finance leases	4,821	1,649
Deferred consideration	16,297	–
Deferred tax liabilities	20,743	19,974
	<hr/>	<hr/>
	62,269	87,691
	<hr/>	<hr/>
	1,136,626	1,153,606
	<hr/>	<hr/>
Capital and reserves		
Share capital	4,892	4,851
Reserves	933,534	936,240
	<hr/>	<hr/>
Equity attributable to equity holders of parent	938,426	941,091
Share option reserve of listed subsidiary	4,128	3,565
Minority interests	194,072	208,950
	<hr/>	<hr/>
	1,136,626	1,153,606
	<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Share option reserve HK\$'000	Total HK\$'000	Share option reserve of listed subsidiary HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 July 2005	3,924	71,253	587,012	(15,936)	4,474	108,196	-	758,923	-	102,977	861,900
Exchange differences arising on translation of foreign operations	-	-	-	11,655	-	-	-	11,655	-	318	11,973
Profit for the year	-	-	-	-	-	78,856	-	78,856	-	35,146	114,002
Total recognised income for the year	-	-	-	11,655	-	78,856	-	90,511	-	35,464	125,975
Placement of new shares	930	92,070	-	-	-	-	-	93,000	-	-	93,000
Repurchase of shares	(3)	(247)	-	-	-	-	-	(250)	-	-	(250)
Expenses incurred in relation to the issue of new shares	-	(2,876)	-	-	-	-	-	(2,876)	-	-	(2,876)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	(2,499)	(2,499)
Recognition of equity-settled share based payments	-	-	-	-	-	-	1,783	1,783	3,565	-	5,348
Increase in minority interests arising from deemed disposal of a listed subsidiary	-	-	-	-	-	-	-	-	-	73,008	73,008
At 30 June 2006	4,851	160,200	587,012	(4,281)	4,474	187,052	1,783	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	-	-	-	23,337	-	-	-	23,337	-	7,597	30,934
Profit (loss) 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	-	-	-	-	-	1,847	(646)	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	159,816	1,760	938,426	4,128	194,072	1,136,626

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. GENERAL

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 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 principally engaged in the manufacture of optical fibre cable 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, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are 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 period adjustment has been required.

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

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment ³
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions ⁴
HK(IFRIC)-INT 12	Service Concession Agreements ⁵
HK(IFRIC)-INT 13	Customer Loyalty Programmes ⁶
HK(IFRIC)-INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁵

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 November 2006

⁴ Effective for annual periods beginning on or after 1 March 2007

⁵ Effective for annual periods beginning on or after 1 January 2008

⁶ Effective for annual periods beginning on or after 1 July 2008

3. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is currently organised into five principal operating divisions – manufacture and trading of cables and wires, copper rods, connectors and terminals and manufacture and trading of life-like plants and 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. Accordingly, the business segment of manufacture and trading of life-like plants was classified as discontinued operation, and the comparative figures of this segment was re-classified from continuing operations to discontinued operation.

During the year, the Group has ceased all the operation 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 will be generated from this business segment. Accordingly, the business segment of production, distribution and licensing of television programmes was classified as discontinued operation, and the comparative figures of this segment was re-classified from continuing operations to discontinued operation.

For the year ended 30 June 2007

	Continuing operations					Discontinued operations				
	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Connectors and terminals <i>HK\$'000</i>	Other <i>HK\$'000</i>	Total <i>HK\$'000</i>	Life-like plants <i>HK\$'000</i>	Production, distribution and licensing of television programmes <i>HK\$'000</i>	Total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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)

For the year ended 30 June 2006

	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	653,271	1,209,150	139,897	24,514	2,026,832	87,605	1,111	88,716	-	2,115,548
Inter-segment sales	94,460	215,300	1,284	-	311,044	-	-	-	(311,044)	-
Total sales	<u>747,731</u>	<u>1,424,450</u>	<u>141,181</u>	<u>24,514</u>	<u>2,337,876</u>	<u>87,605</u>	<u>1,111</u>	<u>88,716</u>	<u>(311,044)</u>	<u>2,115,548</u>

Inter-segment sales are charged at cost.

RESULT										
Segment result	<u>9,837</u>	<u>151,834</u>	<u>5,372</u>	<u>(312)</u>	<u>166,731</u>	<u>839</u>	<u>1,816</u>	<u>2,655</u>		<u>169,386</u>
Unallocated corporate income					7,030			612		7,642
Unallocated corporate expenses					(25,821)			-		(25,821)
Finance costs					(34,219)			(2,346)		(36,565)
Share of results of associates	236	-	-	-	236			-		236
Share of results of jointly controlled entities	-	10	-	-	10			-		10
Discount on acquisition of subsidiaries					892			-		892
Gain on deemed disposal of subsidiaries					19,576			-		19,576
Profit before taxation					134,435			921		135,356
Taxation					(18,964)			(2,390)		(21,354)
Profit (loss) for the year					<u>115,471</u>			<u>(1,469)</u>		<u>114,002</u>

Geographical segments

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC"), 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	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
PRC	2,824,541	1,704,186	-	-	2,824,541	1,704,186
America	617,576	108,255	72,703	79,843	690,279	188,098
Europe	42,779	32,649	6,134	5,364	48,913	38,013
Hong Kong	97,444	36,536	2,255	3,220	99,699	39,756
Other Asian regions	196,352	145,206	44	289	196,396	145,495
	<u>3,778,692</u>	<u>2,026,832</u>	<u>81,136</u>	<u>88,716</u>	<u>3,859,828</u>	<u>2,115,548</u>

4. PROFIT (LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Profit (loss) before taxation has been arrived at after charging:						
Auditors' remuneration						
Current year	2,281	2,246	340	300	2,621	2,546
Underprovision in prior years	166	74	–	–	166	74
	<u>2,447</u>	<u>2,320</u>	<u>340</u>	<u>300</u>	<u>2,787</u>	<u>2,620</u>
Depreciation of property, plant and equipment						
Owned assets	52,979	33,850	2,257	1,520	55,236	35,370
Assets held under finance leases	939	535	–	–	939	535
	<u>53,918</u>	<u>34,385</u>	<u>2,257</u>	<u>1,520</u>	<u>56,175</u>	<u>35,905</u>
Charge of prepaid lease premium for land	1,720	1,943	463	391	2,183	2,334
Operating lease rentals in respect of rented premises	4,971	5,261	481	416	5,452	5,677
Research and development expenditure	208	2,158	–	–	208	2,158
Loss on disposal of property, plant and equipment	3,242	595	–	–	3,242	595
Write down of inventories	3,375	7,925	423	–	3,798	7,925
Provision for compensation to labour	4,737	–	–	–	4,737	–
Staff costs including directors' emoluments	122,104	85,497	9,821	9,392	131,925	94,889
Share-based payment expense	145	243	–	–	145	243
	<u>122,249</u>	<u>85,740</u>	<u>9,821</u>	<u>9,392</u>	<u>132,070</u>	<u>95,132</u>
and after crediting:						
Exchange gain	2,726	4,973	144	49	2,870	5,022
Interest on bank deposits	19,336	4,407	705	612	20,041	5,019
Interest on notes receivables	4,822	4,632	–	–	4,822	4,632
	<u>27,884</u>	<u>14,012</u>	<u>849</u>	<u>661</u>	<u>27,733</u>	<u>14,673</u>

5. IMPAIRMENT LOSS ARISING FROM ADJUSTMENT TO FAIR VALUE LESS COST TO SELL

The subsidiaries to be disposed of contributed HK\$81,013,000 to the Group's turnover and incurred a loss of HK\$28,379,000 to the Group's loss for the year.

6. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Interest on bank and other borrowings wholly repayable within five years	57,037	33,075	2,742	2,346	59,779	35,421
Interest on finance leases	1,035	184	–	–	1,035	184
Imputed interest on convertible notes	6,060	960	–	–	6,060	960
	<u>64,132</u>	<u>34,219</u>	<u>2,742</u>	<u>2,346</u>	<u>66,874</u>	<u>36,565</u>

7. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong Profits Tax						
Current year	1,273	2,749	127	2,390	1,400	5,139
Underprovision in respect of prior years	976	1,760	–	–	976	1,760
Taxation in other jurisdictions						
Current year	8,420	5,640	–	–	8,420	5,640
(Over)underprovision in respect of prior years	(3,242)	274	–	–	(3,242)	274
	<u>7,427</u>	<u>10,423</u>	<u>127</u>	<u>2,390</u>	<u>7,554</u>	<u>12,813</u>
Deferred taxation						
Current year	(1,631)	8,541	–	–	(1,631)	8,541
	<u>5,796</u>	<u>18,964</u>	<u>127</u>	<u>2,390</u>	<u>5,923</u>	<u>21,354</u>

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

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

8. DIVIDENDS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Final dividend paid in respect of year 2005/2006 at HK\$0.04 per share (2004/2005: Nil)	19,466	–
Interim dividend paid in respect of year 2006/2007 at HK\$0.02 per share (2005/2006: Nil)	9,783	–
	29,249	–
Proposed final dividend in respect of year 2006/2007 at HK\$Nil per share (2005/2006: HK\$0.04 per share)	–	19,403

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2007.

9. EARNINGS PER SHARE

For continuing and discontinued operations

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Results for the year attributable to equity owners of parents for the purpose of basic earnings per share	782	78,856
Imputed interest on convertible notes	6,060	960
Change in fair value of conversion option of convertible notes	(5,325)	–
Earnings for the purpose of diluted earnings per share	1,517	79,816
	Number of shares	2006
	2007	2006
Weighted average number of ordinary shares for the purpose of basic earnings per share	486,852,609	403,575,321
Effect of dilutive potential ordinary shares:		
Share options	34,965,647	11,908,534
Convertible notes	70,545,455	10,050,311
Weighted average number of ordinary shares for the purpose of diluted earnings per share	592,363,711	425,534,166

For continuing operation

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Earnings for the purpose of basic earnings per share		
from continuing operations	29,161	80,325
Imputed interest on convertible notes	6,060	960
Change in fair value of conversion option of convertible notes	(5,325)	–
	<hr/>	<hr/>
Earnings for the purposes of diluted earnings per share		
for continuing operations	<u>29,896</u>	<u>81,285</u>

The denominators used are the same as those detailed above for basic and diluted earnings per share.

From discontinued operations

Basic loss per share for discontinued operations is 5.83 HK cents (2006: 0.36 HK cents) per share, and diluted loss per share for discontinued operations is 4.79 HK cents (2006: 0.34 HK cents per share), based on the loss for the year from discontinued operations of HK\$28,379,000 (2006: HK\$1,469,000). The denominators used are the same as those detailed above for basic and diluted loss per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Directors announce the results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2007. Turnover of the Group reached approximately HK\$3,859,828,000, representing an increase of 82.5% against last year’s HK\$2,115,548,000. During the year under review, the Group had actively consolidated its business to achieve more efficient allocation of resources and to capture more profitable business opportunities. Although the Group’s new factories in Kunshan and Shang Hang county, Fujian province had started their early stage of production operation, which profitability was premature to absorb, depreciation expenses, staff cost and related expenses incurred in the new plants. Profitability of the Group was also affected by the increase in overall recurrent expenses and labour cost, notional interest charged for the zero-coupon convertible notes issued on 9 May 2006, plus drop in profit of the Group’s subsidiary, Hua Yi Copper Holdings Limited (“Hua Yi Copper”). Moreover, during the business consolidation, the Group decided to terminate or sell part of its non-core businesses and that led to impairment in value of business operations as required under Hong Kong Accounting Standards. With the magnitude of asset impairment exceeding operating profit, the Group registered loss for the year under review. The Group’s pre-tax profit decreased from last year’s approximately HK\$135,356,000 to about HK\$1,007,000, and it recorded an after-tax loss of approximately HK\$4,916,000 for the year (2006: profit of about HK\$114,002,000). Profit attributable to shareholders decreased from last year’s approximately HK\$78,856,000 to approximately HK\$782,000. Basic earnings per share were approximately HK0.16cents (2006: HK19.54 cents). Excluding the special write off and provision for bad and doubtful debts already included in the balance sheet amounting to HK\$34,065,000 in total, the Group recorded profit of approximately HK\$29,149,000.

Business Review

For the year under review, sales of cable and wire business approximated at HK\$739,232,000, representing about 19.2% of the Group's total turnover, while sales of copper rod products was approximately HK\$2,363,605,000, making up about 61.2% of the total turnover. After the Group completed the acquisition of the entire equity interest in Brascabos Componentes Eletricos e Eletronicos Ltda. ("Brascabos"), originally an indirect subsidiary of Whirlpool, in late July 2006, the sales of connectors and terminals/wire harnesses business for the year under review grew significantly to approximately HK\$641,032,000, accounting for 16.6% of the Group's total turnover.

By market, turnover from Mainland China and Hong Kong grew 67.7% to approximately HK\$2,924,240,000 against the previous year, representing about 75.8% of the Group's total turnover. Subsequent to the acquisition of Brascabos, the Group has extended its reach to South America which reported approximately HK\$482,268,000 in turnover, accounting for 12.5% of the total turnover. Therefore, the Americas market recorded approximately HK\$690,279,000 in turnover, 267.0% more than in the previous year, accounting for 17.9% of the total turnover. Other markets in Asia showed a year-on-year growth of 35.0% in turnover to about HK\$196,396,000, accounting for 5.1% of the Group total, while turnover from Europe increased by 28.7% to approximately HK\$48,913,000 against the previous year, accounting for 1.3% of the total turnover.

Cable and Wire

During the year under review, many smaller manufacturers were ousted from the market because of persistently high metal prices. As for the Group's core cable and wire business, riding on a solid foundation, it was able to secure more customers and expand market share. Total turnover from the business grew by 16.3% to HK\$869,661,000 against last year.

Increasing procurement costs of raw materials and high labour costs posed pressure on the Group's production costs. Furthermore, being still in their initial stage of operation needing to secure safety certification and more customers, the Group's new factories in Shang Hang County, Fujian province and Kunshan had not been able to bring in significant contribution in the year under review and a start-up investment was needed to inject into those factories, which included expenses in relation to the application of the safety certification for different products and the sales and marketing, causing the overall segment to record a decrease in profit.

Connectors and Terminals/Wire Harnesses

Total turnover from connectors and terminal/wire harnesses business for the year soared 354.3% to HK\$641,426,000, mainly attributable to expansion of the segment. The Group completed the acquisition of Brascabos, the leading wire and automobile harness manufacturer in Brazil, in July 2006. This new member of the Solartech family provided profit contribution to the Group in the year under review. In addition to supplying to Brascabos' major customer Whirlpool, the Group also expanded its sales and marketing department to facilitate full exploitation of Brascabos' presence in the South America market. Since then, Brascabos had made remarkable progress in developing new domestic customers in South America. The Group will also make use of its extensive international customer network to promote Brascabos' wire products, so as to boost its profitability and contribution to the Group.

Furthermore, the Group will continue to ride on Brascabos to expand the automobile harness business. The extensive experience of Brascabos in the business area, complemented by the advanced technology the Group intends to bring in will enable the Group to tap opportunities in the automobile harness markets in Latin America and other regions in the world.

Our new factory in Chonburi, Thailand started operation in April 2006, with an annual production capacity of 45,600,000 sets of connectors and terminals/wire harnesses. Apart from satisfying the demands of local production facilities of Electrolux, Sony and Thompson Electric, etc., it also laid the milestone for the Group foothold in Thailand market. The Group will continue to actively develop the customer network in this market.

Copper Rod

The Group's copper rod business continued to be operated through its listed subsidiary Hua Yi Copper Holdings Limited ("Hua Yi Copper"), a specialist in manufacturing and selling copper rods and copper wires products for use primarily to produce wires and cables for home electrical appliances and electronic products.

During the year under review, the booming Chinese economy and domestic and overseas manufacturers expanding their production scale in the PRC had fueled demand for copper rod products. However, with copper price standing persistently high, translating into higher procurement cost in relation to purchase of copper cathode, many small factories with limited capital were ousted. The industry consolidation worked in favor of Hua Yi Copper's copper rod business. During the year under review, turnover from copper rods and related products increased by approximately 87.22% to HK\$2,666,903,000 when compared with the previous year (2006: HK\$1,424,450,000). Hua Yi Copper processed approximately 3,500 tonnes of copper products per month manufactured for and sold by itself, compared with approximately 2,800 tonnes per month in the previous year.

Hua Yi Copper also continued to develop high value-added downstream products including annealed copper wires, tin-coated copper wires, stranded copper wires and enameled copper wires. These products accounted for approximately 12% of its total turnover.

Copper price came down slightly from the record high of US\$8,788 per tonne in May last year, but continued to linger on high levels. During the period between July 2006 and June 2007, the average cash settlement price of London Metal Exchange ("LME") copper was US\$7,078 per tonne, 40.1% higher when compared to US\$5,052 per tonne in the previous 12 months.

During the year under review, the average utilization rate of Hua Yi Copper's Dongguan plant for products manufactured for and sold by itself surged from approximately 60% in the previous year to 70%. As Hua Yi Copper uses letters of credit and trust receipt loans to settle copper cathode purchases for its copper rod manufacturing and trading business, the higher copper prices in the year increased its finance costs in relation to purchasing and selling copper cathodes, and in turn limited its profit. As for the processing service business, since Hua Yi Copper does not need to purchase copper cathodes for customers, rise in the cost of copper cathodes had no significant impact on the production and operation costs of the business.

In the past two years, Hua Yi Copper had strived to expand production scale so as to satisfy huge market demand for copper products as well as support business development. Currently, in addition to the production facilities in Dongguan, Hua Yi Copper has set up two new production plants namely Kunshan Hua Yi Copper Products Co. Ltd. (“Kunshan Hua Yi”) in Kunshan City of Jiangsu Province and Fujian Jinyi Copper Products Co. Ltd. (“Fujian Jinyi”), a joint venture with Zijin Mining Group Co., Ltd. (“Zijin Mining”), in Shang Hang County of Fujian Province.

Kunshan Hua Yi

The factory of Kunshan Hua Yi, which commenced operation in late July 2006, manufactures mainly 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. In its first year of operation, it already brought turnover of HK\$283,262,000 to Hua Yi Copper. With many domestic and foreign manufacturers and enterprises locating their production base in 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. When Kunshan Hua Yi’s operation matures and more customers are secured, it is expected to bring more significant contribution. Hua Yi Copper will continue to identify new customers and strive to increase the sales of its high value-added downstream products.

Fujian Jinyi

Hua Yi Copper signed an agreement with Zijin Mining to establish Fujian Jinyi in Shang Hang County, Fujian Province. The joint venture company, 45% held by Hua Yi Copper, mainly manufactures and distributes copper pipes in the region. Construction of the factory was completed in early 2007 with machines tuned and trial production has been in progress since October 2007.

When fully operational, the factory will have an annual production capacity of around 10,000 tonnes of copper pipes for use in refrigerators and air-conditioners. As Shang Hang County has rich copper mine resources, Fujian Jinyi enjoys lower production costs and higher price competitiveness than its peers.

Copper Recycling Business

Taking into consideration the impacts of environmental protection regulations, purchasing and taxation issues on the efficiency and profit of the business, Hua Yi Copper decided to shelve related development plan for the time being and focus resources on developing other businesses with higher returns.

Life-like plant

Hua Yi Copper signed an agreement on 19 May 2007 to sell its non-core life-like plant business at a total consideration of HK\$60,000,000. Upon the completion of the transaction, Hua Yi Copper will be able to focus resources and management efforts on its core business.

Prospects

The Group raised approximately HK\$63,800,000 from a share placement in August 2007. The move significantly enhanced the Group's shareholder base and financial situation, giving it a strong foundation for business expansion. Out of the proceeds raised, around HK\$25,000,000 was intended for use as general capital to expand sales of all business segments, while the balance of approximately HK\$38,800,000 would be invested in growing the business in Brazil.

For cable and wire business, the Group expects demands for its products to grow at steady pace and the business to gain market share as the sector continues to consolidate. With the Kunshan and Shang Hang factories having started operation and enjoying concessions from local governments and relatively lower production cost when compared with other parts in the Pearl River Delta, the Group will actively seek to increase the proportion of high margin products in its output and expand its customer base. To elevate the new factories' turnover and profit, the Group would negotiate with certain large enterprises on possible co-operation. Furthermore, the Group has recently set up an international sale and market department targeting at the South America and Europe markets and also a new representative office in Italy to develop the market. To accelerate expansion in those markets, the Group is considering acquiring local production facilities.

The Group's connectors and terminals/wire harnesses business has prospered in recent years and is expected to turn into a major growth driver of the Group in the future. To capitalize on the growing white goods market in South America, the Group will keep on introducing international customers to Brascabos' in order to strengthen the domestic customer base. The Group will also study the feasibility of spinning off Brascabos via mergers or acquisitions to speed up its development.

Being the ninth largest automobile producer in the world, Brazil is a major automobile harness market with strong growth potential for the Group. As for Thailand dubbed "Detroit of the East" where the Group has a plant, it also has a thriving automobile industry presenting abundance opportunities to the Group. Drawing on Brascabos' advanced technology for manufacturing automobile harnesses and our strategic presence in Thailand, we will actively expand our automobile harness business in South America and Southeast Asia, and eventually expand the mature business to cover also Mainland China.

Mining Business

The Group entered into a share purchase agreement on 7 October 2007 to acquire two iron ore mines in Chengde City, Long Hua County of Hebei Province in cash and by way of issuance of consideration shares and call option agreement valued at approximately HK\$167,000,000 in total. The transaction covers 95% benefit from the mining exploration rights in one iron mine, and 90.25% effective interests in the mining rights in another one and ownership of its iron-ore concentrated powder processing facility with an estimated annual processing capacity of 300,000 tonnes. The purpose of the acquisition is to derive income from sales of minerals resources to be extracted from the two mines, thereby generating immediate cash flow and revenue.

Armed with abundant industry experience, quality products, solid customer relationship and an expanded production scale, the Group will continue to develop its core copper rod business and explore opportunities for developing the metal mining business so as to generate satisfactory returns for shareholders. With the iron core mining business to be undertaken by Hua Yi Copper through the issuance of consideration shares under the agreement which would reduce the Group's interest in Hua Yi Copper to less than 50%, Hua Yi Copper will change from a subsidiary of the Group to an associated company. Solartech will ensure this dilution of shareholding will bring more reasonable returns to shareholders.

In addition, the Group will reinforce the foundation of its different businesses by consolidating resources and targeting to increase operational efficiency and profit margin. It also plans to increase automation and streamline work procedures, so as to enhance efficiency and reduce costs. Looking forward, on the firm foundation of the core cable and wire business and benefiting from the synergies resulting from the acquisition of Brascabos, the Group will strive to increase its market shares and grow its businesses globally, thereby assuring better returns for shareholders.

FINAL DIVIDEND

The Directors resolved not to pay any final dividend for the year ended 30 June 2007.

ANNUAL GENERAL MEETING

The 2007 Annual General Meeting of the Company ("2007 Annual General Meeting") will be held on Friday, 23 November 2007.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2007 Annual General Meeting, the register of members of the Company will be closed from Wednesday, 21 November 2007 to Thursday, 22 November 2007, 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 Tuesday, 20 November 2007.

EMPLOYEES

As at 30 June 2007, the Group had approximately 7,000 employees in Hong Kong, the 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 2007, the Group had implemented a prudent financial management policy. As at 30 June 2007, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK\$383 million (30 June 2006: HK\$426 million) and net current assets value being over approximately HK\$378 million (30 June 2006: HK\$558 million). The Group's gearing ratio as at 30 June 2007 was 0.77 (30 June 2006: 0.58), being a ratio of total bank borrowings of approximately HK\$726 million (30 June 2006: HK\$546 million) to shareholders' funds of approximately HK\$938 million (30 June 2006: HK\$941 million).

On 24 April 2006, the Company entered into the subscription agreements with the subscribers which are third parties independent of the Company for the issue of zero coupon convertible notes (the "convertible notes") with the maturity date being the first business day after the second anniversary from 6 May 2006, the date of issue of the convertible notes. The aggregate principal amount of the zero coupon convertible notes (the "convertible notes") is US\$10,000,000 (equivalent to HK\$78,000,000). The subscribers are entitled to convert the convertible notes commencing on and excluding the 14th day after the issue date up to and including the date which is 14 days prior to the maturity date. In the event that the average closing price for any 30 consecutive dealing days representing 150% or more of the conversion price, the outstanding principal amount of the convertible notes will be mandatorily converted into the ordinary shares of the Company at the conversion price of HK\$1.10 per share. The Company is required to redeem the convertible notes at its face value for the outstanding principal amount of the convertible notes at the maturity date.

As at 30 June 2007, 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\$265 million (30 June 2006: HK\$238 million) to secure general banking facilities granted to the Group.

During the year ended 30 June 2007, the Group's finance costs increased by approximately HK\$30 million to approximately HK\$67 million. The increase was due to (i) a notional interest of HK\$6 million being charged in respect of the convertible notes issued by the Company on 9 May 2006; and (ii) increased turnover of copper products which led to higher working capital and higher finance costs having been incurred.

As at 30 June 2007, the Company had issued guarantees to the extent of approximately HK\$223 million (30 June 2006: HK\$243 million) to banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK\$738 million (30 June 2006: HK\$543 million) was utilised. In addition, the Company had issued guarantees to a financial institute amounting to approximately HK\$39 million (30 June 2006: HK\$39 million) in respect of commodity trading of copper by its subsidiaries.

For the year ended 30 June 2007, the Group entered into copper forward contracts, foreign exchange forward contracts and interest rates swap contracts (collectively referred as "derivative financial instruments" thereafter) 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 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 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 minimised 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 loss of the derivative financial instruments for the year ended 30 June 2007 was approximately HK\$269,000 (net gains for the year ended 30 June 2006: HK\$79,146,000).

ACQUISITION OF BRASCABOS

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 Eléctricos 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.

PROPOSED TRANSACTION – ESTABLISHMENT OF A JOINT VENTURE COMPANY WITH BEIJING FORCE AUTOMOTIVE WIRE CO. LTD

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 ("MOU"), pursuant to which the parties agreed conditionally to the establishment of a joint venture company in the People's Republic of China to engage in the manufacturing and sales of automotive harness and cables. The formation of the joint venture company was subject to various conditions and the entering into of definitive legally binding documentation. The details of the material terms of the MOU were set out in the announcement dated 21 February 2007. On 28 September 2007, the Company announced that, as the conditions under the MOU had not been fulfilled, the parties have agreed not to proceed with the proposed transaction.

PROPOSED ACQUISITION FROM JIANGXI HUAGAN LEIXIN COPPER CO., LTD

On 10 April 2007, Hua Yi Copper Holdings Limited ("Hua Yi Copper"), a subsidiary of the Company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") entered into a letter of intent ("LOI") with 江西華贛磊鑫銅業有限公司 (Jiangxi Huagan Leixin Copper Co., Ltd.). Pursuant to LOI, Hua Yi Copper agreed conditionally to enter into formal binding sale and purchase documentation to acquire 51% equity interests in 江西鴻陽銅業有限公司 (Jiangxi Hongyang Copper Co., Ltd), a company which was engaged in the production of copper materials and sulphuric acid with plans to engage in the copper mining business ("Proposed Acquisition"). Hua Yi Copper was not legally bound under the LOI to proceed with the Proposed Acquisition. The details of the material terms of the LOI were set out in the joint announcement made by Hua Yi Copper and the Company on 11 April 2007. On 28 September 2007, Hua Yi Copper and the Company jointly announced that, as the conditions under the LOI had not been fulfilled, the parties to the LOI had agreed not to proceed with the Proposed Acquisition.

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 (the “Vendor”, a company incorporated in BVI and an indirect wholly-owned subsidiary of Hua Yi Copper), Eternal Gain Investments Limited (the “Purchaser”, a company incorporated in BVI) and Kong Sun Holdings Limited (“Kong Sun”, a company whose shares are listed on the Stock Exchange and which holds 100% of the Purchaser) entered into a conditional sale and purchase agreement (the “Sale and Purchase Agreement”) on 19 May 2007. Upon completion of the Sale and Purchase Agreement, the entire issued share capital of each of FT Far East Limited (“FTE”) and FT China Limited (“FTC”), being the Sale Companies and directly wholly-owned subsidiaries of the Vendor, will be sold to the Purchaser, and an indebtedness in the sum of HK\$80,786,000 owed by FTFE to the Vendor will be assigned to the Purchaser, for an aggregate consideration of HK\$60 million. The aggregate consideration will be settled by way of Kong Sun executing upon the completion date a promissory note in the amount of HK\$20 million to the Vendor and partly by way of Kong Sun issuing upon the completion date the convertible bonds for an aggregate principal amount of HK\$40 million to the Vendor or its nominees as the Vendor may direct.

FTE is principally engaged in trading of life-like decorative plants and FTC is principally engaged in manufacture of life-like decorative plants through its wholly owned subsidiary. 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”) and that it operates 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, the directors of Hua Yi Copper decided to dispose of this non-core business operation and concentrate its resources and management effort in its core copper business. The directors of Hua Yi Copper 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 Hua Yi Group will 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 will enhance the capability of the Hua Yi Group in horizontal expansion and vertical integration in the core copper business. The details of the material terms of the Sales and Purchase Agreement were set out in the circular dated 8 June 2007.

On 20 September 2007, Hua Yi Copper and the Company jointly announced that the parties of the Sales and Purchase Agreement have entered into a supplemental agreement (the “Supplement Agreement”) on 19 September 2007 to amend certain provisions of the Sale and Purchase Agreement. The details of the material terms of the Supplemental Agreement were set out in the joint announcement of Hua Yi Copper and the Company dated 20 September 2007.

POST BALANCE SHEET EVENT

Placing of Existing Shares and Subscription of New Shares of the Company

Pursuant to the placing and subscription agreement dated 13 August 2007 between Mr. Chau Lai Him and Chau's Family 1996 Limited which is wholly-owned by the Chau's Family 1996 Trust (the "Vendors") and Kingston Securities Limited, the Vendors placed 97,000,000 ordinary shares of HK\$0.01 each in the capital of the Company to independent investors at a price of HK\$0.68 per share and subscribed for 97,000,000 new ordinary shares of HK\$0.01 each in the capital of the Company 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 joint announcement of the Company and Hua Yi Copper dated 13 August 2007.

Placing of New Shares of Hua Yi Copper

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

As at 30 June 2007, Skywalk held 402,131,875 shares in Hua Yi Copper, representing approximately 59.74% of the issued share capital of Hua Yi Copper. Prior to the Placing, Skywalk held 402,131,875 shares in Hua Yi Copper, representing approximately 59.74% of the issued share capital of Hua Yi Copper. Upon completion of the Placing, Skywalk held 402,131,875 shares in Hua Yi Copper, representing 57.19% of the then enlarged issued share capital of Hua Yi Copper.

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, entered into the placing and subscription agreement (the "agreement") to place and subscribe for new shares in Hua Yi Copper (the "Placing and Top-Up Subscription"). Pursuant to the agreement, Skywalk placed 80,000,000 ordinary shares of HK\$0.20 each in the capital of Hua Yi Copper to independent investors at a price of HK\$0.96 per share and subscribed for 80,000,000 new ordinary shares of HK\$0.20 each in the capital of Hua Yi Copper at a price of HK\$0.96 per share. The Placing and Top-Up Subscription were 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.

Prior to the Placing and Top-Up Subscription, Skywalk held 402,131,875 shares in Hua Yi Copper, representing approximately 57.19% of the issued share capital of Hua Yi Copper. Upon completion of the Placing and Top-Up Subscription, Skywalk held 402,131,875 shares in Hua Yi Copper, representing 51.35% of the then enlarged issued share capital of Hua Yi Copper.

MAJOR TRANSACTION AND VERY SUBSTANTIAL DISPOSAL

On 7 October 2007, Hua Yi Copper entered into a share purchase agreement with Belleview Global Limited (“Belleview”) 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) a cash amount of a HK\$ equivalent of RMB55,000,000 (subject to adjustment, if applicable); (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 the Company 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.

On 7 October 2007, HYC Finance Company Limited, a wholly-owned subsidiary of Hua Yi Copper, (“HYC”), Meyton Investment Limited, a wholly-owned subsidiary of Yeading, (“Meyton”) 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 for the sole purpose of 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 announcement of the Company and Hua Yi Copper dated 15 October 2007.

The proposed issuance of the Consideration Shares and the Option Shares is subject to the approval of the shareholders of Hua Yi Copper to grant a specific mandate in respect of such issuance. As the Acquisition constitutes a major transaction and is deemed to be a very substantial disposal for the Company under the Listing Rules, and the Acquisition will be subject to the approval of shareholders of the Company.

As at the date of the publication of the announcement on 15 October 2007, the Company (through its interest in Skywalk) beneficially owned approximately 51.35% of the issued share capital of Hua Yi Copper. The beneficial interest of the Company in the issued share capital of Hua Yi Copper will be reduced from approximately 51.35% to approximately 45.53% immediately upon completion, and may further be reduced to approximately 43.09% upon the allotment and issue of the Option Shares. As a result, Hua Yi Copper will cease to be a subsidiary of the Company upon completion.

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

During the year ended 30 June 2007, the Company repurchased 910,000 ordinary shares of the Company ("Shares") on the Stock Exchange at an aggregate consideration of HK\$918,000. All of the Shares were subsequently cancelled.

Details of the repurchases are, as follows:

Month of the Repurchases	Total number of the ordinary shares repurchased	Purchase price per share		Aggregate consideration HK\$'000
		Highest price paid per share HK\$	Lowest price paid per share HK\$	
November 2006	910,000	1.01	1.00	918

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2007, 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.

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 2007.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive directors of the Company. The audited results for the year ended 30 June 2007 have been reviewed by the Audit Committee. 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.

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, 17 October 2007

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