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)

2008/09 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "Directors") of Solartech International Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2008, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

		Continuing operations For the six months ended 31 December		Discontinued operations For the six months ended 31 December		Total For the six months ended 31 December	
		2008	2007	**2008**	2007	**2008**	2007
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover	*3*	**631,642**	2,161,871	**–**	86,378	**631,642**	2,248,249
Cost of sales		**(602,322)**	(2,025,590)	**–**	(71,133)	**(602,322)**	(2,096,723)
Gross profit		**29,320**	136,281	**–**	15,245	**29,320**	151,526
Interest income		**1,422**	11,869	**–**	157	**1,422**	12,026
Other income		**4,486**	26,855	**–**	476	**4,486**	27,331
General and administrative expenses		**(83,545)**	(95,784)	**–**	(5,420)	**(83,545)**	(101,204)
Selling and distribution expenses		**(14,869)**	(21,489)	**–**	(1,994)	**(14,869)**	(23,483)
Finance costs		**(7,613)**	(36,321)	**–**	(364)	**(7,613)**	(36,685)
Share of results of associates		**(139,428)**	(13)	**–**	–	**(139,428)**	(13)
Share of results of jointly-controlled entities		**–**	(202)	**–**	–	**–**	(202)
Gain on deemed disposal of a listed subsidiary		**–**	21,077	**–**	–	**–**	21,077
Change in fair value of derivative financial instruments		**(1,228)**	10,423	**–**	–	**(1,228)**	10,423
Change in fair value of conversion option of convertible notes		**–**	6,660	**–**	–	**–**	6,660
(Loss)/profit before taxation	*4*	**(211,455)**	59,356	**–**	8,100	**(211,455)**	67,456
Taxation	*5*	**(5,617)**	(12,216)	**–**	(63)	**(5,617)**	(12,279)
(Loss)/profit for the period		**(217,072)**	47,140	**–**	8,037	**(217,072)**	55,177

* *for identification purposes only*

	Notes	Continuing operations For the six months ended 31 December		Discontinued operations For the six months ended 31 December		Total For the six months ended 31 December	
		2008	2007	**2008**	2007	**2008**	2007
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/profit for the period attributable to:							
Equity holders of the Company		**(217,007)**	39,802	**–**	8,037	**(217,007)**	47,839
Minority interests		**(65)**	7,338	**–**	–	**(65)**	7,338
		(217,072)	47,140	**–**	8,037	**(217,072)**	55,177
Dividend	*6*	**–**	–	**–**	–	**–**	–
(Loss)/earnings per share from continuing and discontinued operations	*7*						
– Basic						**(35.9) HK cents**	8.6 HK cents
– Diluted						**N/A**	6.7 HK cents
from continuing operations							
– Basic						**(35.9) HK cents**	7.1 HK cents
– Diluted						**N/A**	5.5 HK cents

CONDENSED CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2008

	Notes	31 December 2008 HK$'000 (Unaudited)	30 June 2008 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**532,912**	565,207
Prepayments for acquisition of property, plant and equipment		**22,998**	17,443
Prepaid lease payments for land – non-current portion		**45,821**	46,455
Interests in associates		**182,989**	322,417
Deferred tax assets		**4,819**	6,316
Goodwill		**23,389**	23,389
		812,928	981,227
Current assets			
Inventories		**176,023**	266,765
Debtors, other loans and receivables, deposits and prepayments	*8*	**204,271**	311,844
Bills receivable		**31,238**	24,484
Prepaid lease payments for land – current portion		**1,188**	1,189
Derivative financial assets		**–**	1,702
Tax recoverable		**1,435**	1,396
Pledged deposits and bank balances		**36,878**	36,619
Bank balances and cash		**50,799**	85,817
		501,832	729,816
Current liabilities			
Creditors, other advances and accrued charges	*9*	**138,968**	198,563
Bills payable		**15,015**	12,613
Amount due to an associate		**149,125**	202,054
Taxation		**6,208**	7,333
Obligations under finance leases		**2,429**	3,707
Borrowings		**142,836**	155,450
Derivative financial liabilities		**–**	9,171
		454,581	588,891
Net current assets		**47,251**	140,925
Total assets less current liabilities		**860,179**	1,122,152

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)
AT 31 DECEMBER 2008

	Notes	**31 December 2008** ***HK$'000*** **(Unaudited)**	30 June 2008 *HK$'000* (Audited)
Non-current liabilities			
Borrowings		**17,045**	17,065
Obligations under finance leases		**1,138**	3,469
Deferred consideration payable		**5,770**	10,342
Deferred tax liabilities		**5,116**	5,171
		29,069	36,047
Net assets		**831,110**	1,086,105
EQUITY			
Capital and reserves			
Share capital		**6,037**	6,037
Reserves		**822,562**	1,072,570
Equity attributable to equity holders of the Company		**828,599**	1,078,607
Share option reserve of a listed associate		**–**	4,795
Minority interests		**2,511**	2,703
Total equity		**831,110**	1,086,105

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	Attributable to equity holders of the Company										
	Share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve fund	Share option reserve	Retained profits/ (accumulated losses)	Total	Share option reserve of a listed subsidiary/ associate	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2007	4,892	160,800	587,012	19,056	5,090	1,760	159,816	938,426	4,128	194,072	1,136,626
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	19,000	–	–	–	19,000	–	6,146	25,146
Profit for the period	–	–	–	–	–	–	47,839	47,839	–	7,338	55,177
Total recognised income for the period	–	–	–	19,000	–	–	47,839	66,839	–	13,484	80,323
Placement of new shares	970	64,990	–	–	–	–	–	65,960	–	–	65,960
Expenses incurred in relation to the issue of new shares	–	(1,993)	–	–	–	–	–	(1,993)	–	–	(1,993)
Issue of shares upon exercise of share options	116	3,596	–	–	–	–	–	3,712	–	–	3,712
Transfer upon exercise of share options	–	867	–	–	–	(867)	–	–	(118)	118	–
Recognition of equity-settled share-based payments	–	–	–	–	–	218	–	218	683	–	901
Increase in minority interests arising from deemed disposal of a listed subsidiary	–	–	–	–	–	–	–	–	–	88,899	88,899
Appropriation	–	–	–	–	12,823	–	(12,823)	–	–	–	–
At 31 December 2007	5,978	228,260	587,012	38,056	17,913	1,111	194,832	1,073,162	4,693	296,573	1,374,428
At 1 July 2008	6,037	229,243	587,012	62,172	11,549	5,044	177,550	1,078,607	4,795	2,703	1,086,105
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	(37,796)	–	–	–	(37,796)	–	(127)	(37,923)
Loss for the period	–	–	–	–	–	–	(217,007)	(217,007)	–	(65)	(217,072)
Total recognised expense for the period	–	–	–	(37,796)	–	–	(217,007)	(254,803)	–	(192)	(254,995)
Cancellation and lapse of share options	–	–	–	–	–	(5,044)	9,839	4,795	(4,795)	–	–
Appropriation	–	–	–	–	82	–	(82)	–	–	–	–
At 31 December 2008	6,037	229,243	587,012	24,376	11,631	–	(29,700)	828,599	–	2,511	831,110

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost convention, except for certain financial instruments, which are measured at fair values, as appropriate.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 30 June 2008. The accounting policies and method of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's consolidated financial statements for the year ended 30 June 2008.

In the current interim period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs") (which also included HKASs and Interpretations) issued by the HKICPA, which are effective for the current accounting period. The adoption of the new standards, amendments and interpretations had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment is required.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective:

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 32 & 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 1 & HKAS 27 (Amendment)	Cost of an investment in a subsidiary, jointly controlled entity or associate[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 9 and HKAS 39 (Amendment)	Reassessment of Embedded Derivatives[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[3]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[2]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[2]
2008 Improvements to HKAS 27, HKFRSs that may result in accounting changes	– HKAS 1, HKAS 16, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, , HKAS 29, HKAS 31, HKAS 36, HKAS 38, HKAS 39, HKAS 40 & HKAS 41[1]
for presentation, recognition or measurement	– HKFRS 5[2]

1 Effective for accounting periods beginning on or after 1 January 2009
2 Effective for accounting periods beginning on or after 1 July 2009
3 Effective for accounting periods beginning on or after 1 October 2008
4 Effective for accounting periods ending on or after 30 June 2009

The Group is in the process of assessing the impact of the above new HKFRSs on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into three principal operating divisions – manufacture and trading of (i) cables and wires, (ii) copper rods, (iii) connectors and terminals.

An analysis of the Group's turnover (which is also revenue) and segment results by business segment which is the Group's primary reporting segment is as follows:

For the six months ended 31 December 2008 (unaudited)

	Cables and wires	**Copper rods**	**Connectors and terminals**	**Other**	**Total**	**Elimination**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER							
External sales	325,009	–	296,283	10,350	631,642	–	631,642
Inter-segment sale	12,931	–	82	–	13,013	(13,013)	–
Total sales	337,940	–	296,365	10,350	644,655	(13,013)	631,642
Inter-segment sales are charged at cost							
RESULTS							
Segment results	(66,967)	–	15,322	(3,719)	(55,364)	–	(55,364)
Unallocated corporate income					423		423
Unallocated corporate expenses					(9,473)		(9,473)
Finance costs					(7,613)		(7,613)
Share of results of associates	(395)	(139,033)	–	–	(139,428)		(139,428)
Loss before taxation					(211,455)		(211,455)
Taxation					(5,617)		(5,617)
Loss for the period					(217,072)		(217,072)

For the six months ended 31 December 2007 (unaudited)

	Continuing operations					Discontinued operations				
	Cables and wires	Copper rods	Connectors and terminals	Other	Total	Life-like plants	Production, distribution and licensing of television programmes	Total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER										
External sales	392,155	1,311,693	436,279	21,744	2,161,871	86,378	–	86,378	–	2,248,249
Inter-segment sales	10,542	177,994	213	–	188,749	–	–	–	(188,749)	–
Total sales	402,697	1,489,687	436,492	21,744	2,350,620	86,378	–	86,378	(188,749)	2,248,249

Inter-segment sales are charged at cost.

	Cables and wires	Copper rods	Connectors and terminals	Other	Total	Life-like plants	Production, distribution and licensing of television programmes	Total	Elimination	Consolidated
RESULTS										
Segment results	2,463	30,853	42,737	(119)	75,934	8,324	–	8,324	–	84,258
Unallocated corporate income					13,759			157		13,916
Unallocated corporate expenses					(21,538)			(17)		(21,555)
Change in fair value of conversion option of convertible notes					6,660			–		6,660
Finance costs					(36,321)			(364)		(36,685)
Share of results of an associate	(13)	–	–	–	(13)			–		(13)
Share of results of a jointly-controlled entity	–	(202)	–	–	(202)			–		(202)
Gain on deemed disposal of interest in a listed subsidiary					21,077			–		21,077
Profit before taxation					59,356			8,100		67,456
Taxation					(12,216)			(63)		(12,279)
Profit for the period					47,140			8,037		55,177

Geographical segments

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

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

	Continuing operations For the six months ended 31 December		**Discontinued operations For the six months ended 31 December**		**Total turnover by geographical market For the six months ended 31 December**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**218,405**	1,580,615	**–**	–	**218,405**	1,580,615
Americas	**284,946**	410,756	**–**	84,351	**284,946**	495,107
Europe	**26,954**	31,248	**–**	1,072	**26,954**	32,320
Hong Kong	**26,518**	42,451	**–**	900	**26,518**	43,351
Other Asian regions	**74,819**	96,801	**–**	55	**74,819**	96,856
	631,642	2,161,871	**–**	86,378	**631,642**	2,248,249

4. (LOSS)/PROFIT BEFORE TAXATION

	Continuing operations For the six months ended 31 December		**Discontinued operations For the six months ended 31 December**		**Total For the six months ended 31 December**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
(Loss)/profit before taxation has been arrived at after charging:						
Depreciation of property, plant and equipment	**25,876**	31,475	**–**	–	**25,876**	31,475
Charge of prepaid lease premium for land	**590**	1,311	**–**	42	**590**	1,353
Loss on disposal of property, plant and equipment	**2,480**	966	**–**	–	**2,480**	966
Share-based payment expense	**–**	901	**–**	–	**–**	901

5. TAXATION

	Continuing operations For the six months ended 31 December		Discontinued operations For the six months ended 31 December		Total For the six months ended 31 December	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Hong Kong profits tax	**–**	1,200	**–**	63	**–**	1,263
Taxation in other jurisdictions	**4,175**	10,897	**–**	–	**4,175**	10,897
	4,175	12,097	**–**	63	**4,175**	12,160
Deferred taxation						
Change in statutory tax rate in Mainland China	**–**	(854)	**–**	–	**–**	(854)
Current period	**1,442**	973	**–**	–	**1,442**	973
	1,442	119	**–**	–	**1,442**	119
	5,617	12,216	**–**	63	**5,617**	12,279

No Hong Kong profits tax has been provided during the current period as the Group did not derive any assessable profit attributable to its operations in Hong Kong. Hong Kong profits tax, Enterprise Income Tax in Mainland China and taxation in other jurisdictions are recognised based on management's best estimate of the weighted average annual income tax rate for the full financial year.

6. DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 31 December 2008 (six months ended 31 December 2007: HK$Nil).

7. (LOSS)/EARNINGS PER SHARE (unaudited)

From continuing and discontinued operations

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

	For the six months ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Results for the period attributable to equity holders of the Company for the purpose of basic (loss)/earnings per share	**(217,007)**	47,839
Effect of dilutive potential ordinary shares of Hua Yi Copper	**–**	(423)
Imputed interest on convertible notes	**–**	3,235
Change in fair value of conversion option of convertible notes	**–**	(6,660)
(Loss)/earnings for the purpose of diluted (loss)/earnings per share from continuing and discontinued operations	**(217,007)**	43,991

	Number of shares	
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**603,654,362**	559,154,469
Effect of dilutive potential ordinary shares:		
Share options	**–**	25,178,528
Convertible notes	**–**	70,545,455
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**603,654,362**	654,878,452

From continuing operations

The calculation of the basic (loss)/earnings per share from continuing operations is based on the following data:

	For the six months ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss)/profit for the period attributable to equity holders of the Company for the purpose of basic (loss)/earnings per share from continuing operations	**(217,007)**	39,802
Effect of dilutive potential ordinary shares of Hua Yi Copper	**–**	(423)
Imputed interest on convertible notes	**–**	3,235
Change in fair value of conversion option of convertible notes	**–**	(6,660)
Earnings for the purpose of diluted (loss)/earnings per share from continuing operations	**(217,007)**	35,954

The denominators used are the same as those detailed above for calculating basic and diluted (loss)/earnings per share from continuing and discontinued operations.

From discontinued operations

Basic earnings per share from discontinued operations is 1.5 HK cents per share and diluted earnings per share from discontinued operations is 1.2 HK cents per share for the six months ended 31 December 2007, based on the earnings for the prior period from discontinued operations of HK$8,037,000. The denominators used are the same as those detailed above for basic and diluted earnings per share.

The diluted loss per share for the six months ended 31 December 2008 has not been presented as there was no dilutive event during the current period.

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

At 31 December 2008, included in the balance are trade debtors of HK$178,392,000 (30 June 2008: HK$280,880,000). The Group allows a credit period of 30 days to 90 days to its trade customers.

The ageing of trade debtors, based on invoice date, is as follows:

	31 December 2008	30 June 2008
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**107,468**	200,159
31 – 60 days	**33,388**	27,242
61 – 90 days	**21,360**	29,810
Over 90 days	**16,176**	23,669
	178,392	280,880

At 31 December 2008, included in debtors, other loans and receivables, deposits and prepayments were amounts due from financial institutions amounting to HK$830,000 (30 June 2008: HK$2,581,000) resulting from the net settlements of derivative financial instruments which were in the closed out positions at period/year end. The amount has been fully settled subsequent to period/year end.

9. CREDITORS, OTHER ADVANCES AND ACCRUALS

At 31 December 2008, included in the balance are trade creditors of HK$71,449,000 (30 June 2008: HK$108,527,000).

The ageing of trade creditors is as follows:

	31 December 2008	30 June 2008
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**25,570**	73,224
31 – 60 days	**16,729**	24,428
61 – 90 days	**5,796**	8,152
Over 90 days	**23,354**	2,723
	71,449	108,527

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Directors hereby announce that for the six months ended 31 December 2008 ("period under review"), the Company and its subsidiaries (the "Group") recorded a total turnover of approximately HK$631,642,000, representing a decrease of 71.9% from the approximately HK$2,248,249,000 for the corresponding period last year. However, as Hua Yi Group has become an associated company of Solartech and the results of Hua Yi Group had ceased to be consolidated into the Group's results subsequent to 31 March 2008, the actual decline in the Group's turnover from the previous corresponding period would have been 32.6% excluding the turnover of Hua Yi Group for the last corresponding period. Loss attributable to shareholders for the period under review was approximately HK$217,007,000, as compared to profit of approximately HK$47,839,000 for the corresponding period last year. Loss per share was about HK35.9 cents for the period under review (2007/08 interim: earnings of HK8.6 cents).

Interim Dividend

The Directors have resolved not to declare any interim dividend for the year ending 30 June 2009 (2007/08 interim: nil).

Business Review

During the period under review, business environment had been deteriorated due to the global economic downturn, which in turn had significantly affected the sales revenue of the Group. The price of leading raw material – copper, plummeted as monthly average spot price at London Metal Exchange (LME) dropped from US$8,260.6/tonne in June 2008 to US$3,072.0/tonne in December 2008. This had not only reduced the valuation of closing inventories, but also severely affected the product prices, resulting in a decline of gross profit margin. Besides, the share of loss of associates for the period under review amounted to approximately HK$139,428,000.

By business segments, the Group's total turnover for the period under review was approximately HK$631,642,000. Excluding the turnover contributed from Hua Yi Group for the corresponding period last year of approximately HK$1,311,693,000, this year's turnover would have decreased by 32.6%. Cable and wire business reported a turnover of approximately HK$325,009,000, representing a 17.1% decrease from the last corresponding period, and accounted for 51.5% of the Group's total turnover. The connectors and terminals/wire harnesses business reported a turnover of approximately HK$296,283,000, representing a 32.1% decrease from the last corresponding period, and accounted for 46.9% of the Group's total turnover.

By geographical segments, turnover from America market decreased by 42.4% from last corresponding period to approximately HK$284,946,000, accounted for 45.1% of the total turnover. Without taking into account of the turnover from Hua Yi Group of HK$1,311,693,000 for the last corresponding period, turnover from Mainland China and Hong Kong markets had effectively decreased by 21.6% from last corresponding period to approximately HK$244,923,000, accounted for 38.7% of the total turnover. As for other Asian markets, turnover decreased by 22.8% from last corresponding period to approximately HK$74,819,000, accounted for 11.9% of the total turnover. Turnover from the European market also decreased by 16.6% from last corresponding period to approximately HK$26,954,000, and accounted for 4.3% of the total turnover.

Cables and Wires

The financial crisis rippling across the world had shrinked the consumer market, and suppressed the gross profit margin of the cable and wire business. The gross margin had declined from 7.3% for the last corresponding period to -4.7% during the period under review, with loss before tax of approximately HK$66,967,000 for the period under review as compared to profit before tax of approximately HK$2,463,000 for the last corresponding period. The Group had continued to implement strict cost control measures, and conduct timely review on the ageing of account receivables, with a view to further reduce the operating cost and minimise the risk.

Connectors and Terminals/Wire Harnesses

The Group's turnover from the connectors and terminals/wire harnesses segment had been adversely affected by the global economic downturn. Nevertheless, operating cost of this segment was maintained at a reasonable level by effective production management and cost control.

During the period under review, gross profit margin of the Group's wholly-owned Brazilian subsidiary Brascabos had increased to 18.6% from 14.5% in the last corresponding period. On the other hand, the construction work of the new production facility at Manaus, Brazil had been completed. This has positioned the Group well to reduce the operating cost of sales to local customers, improve our service quality and also explore new customers.

Gross profit margin of the Group's business in other regions including Malaysia had reduced to 13.2% for the period under review from 17.9% for the corresponding period last year. However, with the continuing development of businesses from the production facility in Chonburi, Thailand and the low operating cost surrounding the local area, the regions' operation could benefit from increasing economies of scale and improvement in gross margin.

Results of Associates

Subsequent to the placing and subscription transaction completed during the financial year of 2008, Hua Yi Group, Solartech's copper rod and mining business arm, has become an associate and has ceased to be consolidated into the Group's result after 31 March 2008. As at 31 December 2008, 45.4% interest of Hua Yi Group was held by the Group. For the period under review, share of loss in the Hua Yi Group amounted to approximately HK$139,033,000. The loss was mainly attributed to (i) the significant decrease in overall turnover of Hua Yi Group due to global economic turndown; (ii) the lower value of inventories as a result of considerable drop in copper price, which affected the prices of products and eventually gave rise to negative consolidated gross profit margin; and (iii) making provision for impairment loss of convertible bond.

Prospects

In view of the rapid deterioration of and, possibly, recessionary impacts on, the global economy as triggered by the financial market turmoil that occurred in the last quarter of 2008, the Group is cautious about the outlook at the export markets for electrical and electronic consumer products of PRC and Hong Kong. In response, the Group has promptly implemented various forward-looking and cost-efficient measures.

Asset Swap

The Group completed the asset swap on 4 February 2009, with the purpose of rationalization of the business of the Group and Hua Yi Group in order to optimize the operational efficiency of each group and improve their respective profitability. As to Hua Yi Group, the transaction would reduce its working capital requirement.

Upon completion of the transaction, the Group owns and operates the production bases in Dongguan for both the manufacture of copper rods and the manufacture and sale of electrical cables and wires. On the other hand, Hua Yi Group owns and operates the production bases in Kunshan and Shanghang for both the manufacture and trading of electrical cables and wires. Following the above-mentioned business reorganisation by geographical locations, both the Group and Hua Yi Group will benefit from enhancement in operational efficiency cost savings through consolidation under the same management of production facilities located in close proximity to each other. The benefits include savings in costs, where the management have greater flexibility in allocating and mobilizing the available resources, in particular labour resources, within the same production base; as well as centralizing the banking resources of production bases within the same location under same group to allow more effective use of external financings. The arrangement not only serves to consolidate their respective markets, but also to enhance the sourcing and supply structures of each of the companies through reducing overheads and centralising management resources.

Cost Control

The Group continue integration of its resources, improvement in cost control, streamlining its existing structure and business process and enhancement in operational efficiency. By taking into deep consideration in significant capital investment and expansion, the Group build up its financial strength to weather the storm of current global economic crisis.

Pursuit to Explore New Clienteles and Products with Higher Margins

In view of the uncertainties in economic environment, electronic products manufacturers are actively identifying suppliers who offer quality services with low cost. Capitalizing on its substantial experience in the industry, the Group will take advantage to explore new clienteles. This will not only mitigrate the impact of reduction in purchase orders from the existing customers, but also increase the Group's market share. The Group will also strive to develop new products with higher profit margins and formulate its sales strategy with greater flexibility to feed market demand.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2008, the Group had approximately 4,000 employees in Hong Kong, the People's Republic of China ("**PRC**") and overseas. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 31 December 2008, the Group had implemented a prudent financial management policy. As at 31 December 2008, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK$88 million (30 June 2008: HK$122 million) and net current assets value of over approximately HK$47 million (30 June 2008: HK$141 million). The Group's gearing ratio as at 31 December 2008 was 0.20 (30 June 2008: 0.17), being a ratio of total bank borrowings of approximately HK$163 million (30 June 2008: HK$180 million) to shareholders' funds of approximately HK$829 million (30 June 2008: HK$1,079 million).

As at 31 December 2008, the Group had pledged certain properties, plants and machineries, land use rights, fixed bank deposits and trade debtors with an aggregate net book value of approximately HK$281 million (30 June 2008: HK$295 million) to secure general banking facilities granted to the Group.

As at 31 December 2008, the Company had issued guarantees to the extent of approximately HK$125 million (30 June 2008: HK$105 million) to banks to secure general banking facilities granted to its subsidiaries and associates, of which, approximately HK$41 million (30 June 2008: HK$45 million) was utilised. In addition, the Company had issued guarantees to a financial institute amounting to approximately HK$16 million (30 June 2008: HK$16 million) in respect of commodity trading of copper by its subsidiary.

Since August 2008, the Group has ceased to engage in any copper forward contracts and foreign exchange forward contracts (collectively referred to as "**derivative financial instruments**"). The outstanding derivative financial instruments have been revalued and stated at their fair value at the balance sheet date and the changes in fair value were charged to current year's income statement. The net loss of the derivative financial instruments for the six months ended 31 December 2008 was approximately HK$1,228,000 (2007/08 interim: net gain of HK$10,423,000).

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

On 21 May 2007, Hua Yi Copper Holdings Limited ("**Hua Yi Copper**"), whose shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company jointly announced that Brightpower Assets Management Limited ("**Brightpower**"), a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Hua Yi Copper, entered into a conditional sale and purchase agreement (the "**SPA**") on 19 May 2007 with Eternal Gain Investments Limited ("**Eternal Gain**"), a company incorporated in the British Virgin Islands and Kong Sun Holdings Limited ("**Kong Sun**"), a company incorporated in Hong Kong whose shares are listed on the Stock Exchange. Kong Sun is the holder of 100% shareholding of Eternal Gain. Pursuant to the SPA, Brightpower agreed to sell and Eternal Gain agreed to purchase the entire issued share capital of each of FT Far East Limited ("**FTFE**") and FT China Limited ("**FTC**"), (together the "**Sale Companies**") and direct wholly-owned subsidiaries of Brightpower. Under the SPA an indebtedness in the sum of HK$80,786,000 owed by FTFE to Brightpower was agreed to be assigned by Brightpower to Eternal Gain, for an aggregate consideration of HK$60 million. The aggregate consideration will be settled partly by way of Kong Sun executing upon the completion date a promissory note in the amount of HK$20 million to Brightpower and partly by Kong Sun issuing upon the completion date the convertible bonds for an aggregate principal amount of HK$40 million ("**Convertible Bonds**") to Brightpower or its nominees as Brightpower may direct. Pursuant to the SPA, completion is subject to the satisfaction of certain conditions precedent on or before a long stop date, being 30 September 2007 or such other date as the parties thereto may otherwise agree. FTFE is principally engaged in trading of life-like decorative plants and FTC is principally engaged in manufacturing of lifelike decorative plants through its subsidiary in the PRC. The life-like decorative plants and related business, as engaged by the Sale Companies, is a non-core business operation of the group of Hua Yi Copper (the "**Hua Yi Group**") operating in a totally different business model when compared to the core copper business of the Hua Yi Group. It occupies financial and management resources of the Hua Yi Group in a higher proportional weight than it should have occupied in the Hua Yi Group. At the same time, this operation had not generated sufficient cash flow to the Hua Yi Group. Accordingly, Hua Yi Group decided to dispose of this non-core business operation and concentrate its resources and management effort in its core copper business. The Hua Yi Group considered that the disposal will generate a much higher cash flow in the coming three to four years than keeping the Sale Companies within the Hua Yi Group. In conclusion, the directors of Hua Yi Copper believed that Hua Yi Group would not only benefit from a stronger working capital position after realizing the proceeds from the disposal, but could also direct all its corporate resources previously occupied by the Sale Companies towards the development of the core copper business. This would enhance the capability of the Hua Yi Group in horizontal expansion and vertical integration of the core copper business. Details of the material terms of the SPA were set out in the circular dated 8 June 2007 jointly issued by the Company and Hua Yi Copper.

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

The long stop date was further extended by mutual agreement of the parties on a number of occasions. All condition precedents to the completion of the Sale and Purchase Agreement were fulfilled and the Completion took place on 16 December 2008.

PROPOSED ACQUISITION

On 16 January 2008, the Company announced that the Company and certain entities who are involved in the business of automatic production of cord sets in Europe with branch in the PRC (the "**Proposed Sellers**") entered into a memorandum of understanding (the "**MOU**") in respect of a proposed acquisition by the Company of certain businesses and assets of the Proposed Sellers including, among other things, the manufacture, sale, marketing and distribution of power cords, tangible assets (including equipment for bipolar rubber and PVC cords) and approvals, authorisations and certifications that are required for the manufacture, sale, marketing or distribution of plugs ("**Business**"). The proposed acquisition is subject to various conditions and the entering into of definitive legally binding documentation. However, the MOU constitutes the legally binding obligation on, inter alia, (i) the Proposed Sellers not to discuss or negotiate with other third parties in relation to any disposal of the Business; and (ii) the parties as to confidentiality for up to three years after termination of the MOU. Details of the proposed acquisition were set out in the announcement of the Company dated 16 January 2008. As the conditions under the MOU had not been fulfilled, the parties agreed not to proceed with the proposed transaction and this was announced in the announcement issued by the Company dated 12 March 2009.

CHANGE OF AUDITORS

On 2 September 2008, the Company announced that as the Company and Deloitte Touche Tohmatsu ("**Deloitte**"), the then auditors of the Group, were not able to reach an agreement in relation to the terms of engagement, in particular the level of the auditor fee, in respect of the Company's audit for the financial year ended 30 June 2008, Deloitte resigned as auditors of the Group with effect from 21 August 2008. The Company received a letter of resignation from Deloitte dated 21 August 2008, in which it is stated that, in reaching a conclusion whether to continue to act for their audit clients, Deloitte has taken into account many factors including the professional risk associated with the audit, the level of audit fees and their available internal resources in light of the current work flows. In the case of the Company, Deloitte has also taken into account certain weaknesses in the internal controls in respect of the delay in the Company's provision of underlying documentation relating to certain deposit transactions entered into by the Company as identified at the time of the recent review of the interim results of the Group for the six months ended 31 December 2007 (the "**Relevant Period**"). The interim results of the Group for the Relevant Period were reviewed by the Audit Committee of the Company prior to their publication, and were in compliance with the applicable requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in respect thereof.

Save for the above, Deloitte has confirmed that there were no circumstances connected with its resignation which should be brought to the attention of the shareholders of the Company (the "**Shareholders**"). The Directors and the Audit Committee of the Company also confirm that there are no circumstances in respect of the change of auditors which they consider should be brought to the attention of the shareholders of the Company. The Directors has resolved to appoint Shu Lun Pan Horwath Hong Kong CPA Limited ("**Shu Lun Pan Horwath**") as the new auditors of the Group to fill the casual vacancy arising from the resignation of Deloitte and to hold office until the conclusion of the 2008 annual general meeting of the Company (the "**2008 AGM**"). At the 2008 AGM held on 24 November 2008, Shu Lun Pan Horwath has been appointed as the auditors of the Company.

ASSET SWAP AND SOLARTECH OPEN OFFER

The Asset Swap

On 5 December 2008, Hua Yi Copper, Wah Yeung Capital Resources Limited ("**Wah Yeung**"), a subsidiary of Hua Yi Copper, the Company, Chau's Industrial Investments Limited ("**Chau's Industrial**"), a subsidiary of the Company, and Chau's Electrical Company Limited ("**Chau's Electrical**"), a subsidiary of the Company, entered into agreements (together "**Asset Swap Agreements**") which govern the asset swap between the the Company and Hua Yi Copper (the "**Asset Swap**"). The Asset Swap comprised four agreements, details of which are set out below.

Pursuant to the sale and purchase agreement dated 5 December 2008 entered into between Wah Yeung, Hua Yi Copper and the Company, the Company agreed to acquire from Wah Yeung (i) the one share of HK$1 in the issued share capital of Modern China Enterprises Limited ("**Modern China**") which represented its entire issued share capital; and (ii) the 5,000,000 shares of HK$1 each in the issued share capital of Hua Yi Copper Products Company Limited ("**HY Products**") which represent its entire issued share capital and the unsecured and interest-free shareholder's loan owed by HY Products and its subsidiary ("**HY Products Group**") to Wah Yeung for a consideration of approximately HK$189.6 million ("**HY Subsidiaries Consideration**") (subject to the set-off arrangement and adjustments) (the "**HY Subsidiaries Agreement**").

Pursuant to the sale and purchase agreement dated 5 December 2008 entered into between Chau's Industrial, Hua Yi Copper and the Company, Hua Yi Copper agreed to acquire from Chau's Industrial the 1,000 shares of HK$1 each in the issued share capital of Solartech Enterprises Limited ("**Solartech Enterprises**") which represent its entire issued share capital and the unsecured and interest-free shareholder's loan owed by Solartech Enterprises and its subsidiary ("**Solartech Enterprises Group**") to Chau's Industrial for a consideration of approximately HK$101.0 million ("**Solartech Enterprises Consideration**") (subject to the set-off arrangement and adjustments) (the "**Solartech Enterprises Agreement**").

Pursuant to the sale and purchase agreement dated 5 December 2008 entered into between Chau's Electrical, Hua Yi Copper and the Company agreed to acquire from Chau's Electrical the one share of HK$1 in the issued share capital of Fund Resources Limited ("**Fund Resources**") and the unsecured and interest-free shareholder's loan owing by Fund Resources and its subsidiary ("**Fund Resources Group**") to Chau's Electrical for a consideration of approximately HK$77.1 million ("**Fund Resources Consideration**") (subject to the set-off arrangement and adjustments) (the "**Fund Resources Agreement**").

Pursuant to the deed of set-off and transition arrangements dated 5 December 2008 entered into between the Company, Chau's Industrial, Chau's Electrical, Hua Yi Copper and Wah Yeung (the "**Set-off Deed**"), all parties to the Asset Swap Agreements agreed to facilitate the settlement of the considerations payable by the relevant purchasers under HY Subsidiaries Agreement, Solartech Enterprises Agreement and Fund Resources Agreement at completion. The completion of HY Subsidiaries Agreement, Solartech Enterprises Agreement and Fund Resources Agreement intended to take place simultaneously.

Pursuant to the terms of the Set-off Deed, the payment obligation of the Company for the HY Subsidiaries Consideration would be set-off against the payment obligation of Hua Yi Copper for the aggregate of the Solartech Enterprises Consideration and the Fund Resources Consideration with the difference to be settled in cash. The consideration paid at completion is subject to the adjustments to be determined following delivery of the respective unaudited consolidated balance sheets ("**Completion Accounts**") of Modern China and its subsidiaries, HY Products Group, Solartech Enterprises and its subsidiary and Fund Resources and its subsidiary as at the date of completion.

Details of the material terms of the Asset Swap Agreements were set out in the circular dated 31 December 2008 ("**Circular**") issued by the Company.

Solartech Open Offer

On 5 December 2008, the Company proposed to make an Open Offer on a fully underwritten basis in the proportion of four (4) Solartech Open Offer Shares for every Solartech Share held on 19 January 2009 (the "**Record Date**") (the "**Solartech Open Offer**"). The Solartech Open Offer involved the allotment and issue of 2,414,617,448 new shares (the "**Solartech Open Offer Shares**") at a subscription price of HK$0.027 per Solartech Open Offer Share.

On 5 December 2008, Mr. Chau Lai Him ("**Mr. Chau**") was, directly and indirectly, the beneficial owner of 132,692,000 Solartech Shares, representing approximately 22.0% of the existing issued share capital of the Company, and irrevocably undertook to the Company that the Solartech Shares beneficially owned by him, directly or indirectly, would not be disposed of from the date of the undertaking up to and including the Record Date.

On 5 December 2008, Venture Success Holdings Limited (the "**Underwriter**") conditionally agreed to fully underwrite all the 2,414,617,448 Solartech Open Offer Shares at a subscription price of HK$0.027 per Solartech Open Offer Share (the "**Underwritten Shares**"). Mr. Chau is the owner of 74% of the issued share capital of the Underwriter. The remaining 26% of the issued share capital of the Underwriter is owned by Mr. Lau Man Tak ("**Mr. Lau**"). Save for his interest as a substantial shareholder of the Underwriter, Mr. Lau is not a shareholder and is otherwise an independent third party of the Company, the Directors of the Company, the subsidiaries of the Company, the directors and chief executive of the subsidiaries of the Company, and their respective associates. The Underwriting Agreement provided that the Underwriter would be obliged to subscribe or procure subscribers for any Underwritten Shares not taken up by the Shareholders whose names appeared on the register of members on the Record Date and to whom the Solartech Open Offer was offered (the "**Qualifying Shareholders**").

The estimated net proceeds of the Solartech Open Offer was approximately HK$60.0 million and would be used as general working capital of the Company.

Whitewash Waiver

On 5 December 2008, Mr. Chau, the Underwriter and parties acting in concert with them (including Kingston Securities Limited ("**Kingston Securities**")) were interested in a total of 132,693,100 Solartech Shares, representing approximately 22.0% of the issued share capital of the Company. In the event that there were any Solartech Open Offer Shares not taken by the Qualifying Shareholders, the Underwriter would be required to subscribe for the untaken Solartech Open Offer Shares, which may result in Mr. Chau, the Underwriter and parties acting in concert with them holding 30% or more of the issued share capital of the Company as enlarged by the issue of the Solartech Open Offer Shares. In the circumstances, an obligation on the part of the Underwriter to make a general offer for all the Solartech Shares not already owned or agreed to be acquired by Mr. Chau, the Underwriter and parties acting in concert with them might arise as a result of the subscription of the Underwritten Shares by the Underwriter (the "**Mandatory Offer**"). An application was made by Mr. Chau and the Underwriter to the Executive for a waiver of the obligation to make the Mandatory Offer (the "**Whitewash Waiver**"). The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the independent Shareholders at the Solartech SGM by way of poll.

Results of the Solartech SGM

At the Solartech SGM held on 19 January 2009, the ordinary resolutions proposed to approve the Asset Swap, the Asset Swap Agreements, the Solartech Open Offer, the Underwriting Agreement and the Whitewash Waiver were duly passed by the independent shareholders of the Company (the "**Independent Shareholders**") by way of poll.

The Executive has granted the Whitewash Waiver in favour of Mr. Chau, the Underwriter and parties acting in concert with them and the Whitewash Waiver was approved by the Independent Shareholders at the SGM. Accordingly, no general offer under Rule 26 of the Takeovers Code would be required to be made by Mr. Chau, the Underwriter or parties acting in concert with any of them for all the Shares not already owned or agreed to be acquired by them as a result of fulfillment of the obligations under the Underwriting Agreement.

Despatch of the Prospectus Documents

The Company proceeded with the Solartech Open Offer in accordance with the tentative timetable as set out in the Circular dated 31 December 2008. The Prospectus and the Application Form (the "**Prospectus Documents**") were despatched on 19 January 2009 to each of the Qualifying Shareholders whose name appeared on the register of members of the Company on the Record Date, i.e. 19 January 2009. The Prospectus but not the Application Form were despatched to overseas Shareholders which the Directors of the Company considered inexpedient to offer the Solartech Open Offer to on 19 January 2009 for their information only.

Completion of the Asset Swap

All conditions precedent to the completion of the Asset Swap were fulfilled and the completion thereof took place on 4 February 2009.

Results of the Solartech Open Offer

Up to 4:00 p.m. 2 February 2009, being the latest time for acceptance of and payment for the Solartech Open Offer Shares under the Solartech Open Offer, 40 valid applications for the Solartech Open Offer Shares were received for an aggregate of 1,109,615,960 Solartech Open Offer Shares, representing approximately 45.95% of the total number of 2,414,617,448 Solartech Open Offer Share and approximately 36.76% of the issued share capital of the Company as enlarged by the issue of 2,414,617,448 Solartech Open Offer Shares. Accordingly, there were 1,305,001,488 Solartech Open Offer Shares not validly subscribed for by the Qualifying Shareholders (the "**Unsubscribed Shares**").

All the conditions precedent to the Underwriting Agreement were fulfilled and the Underwriting Agreement had not been terminated in accordance with its terms. The Solartech Open Offer became unconditional in all respects at 4:00 p.m. on 5 February 2009. As a result of the under-subscription of the Solartech Open Offer Shares, pursuant to the Underwriting Agreement, the Underwriter took up all the Unsubscribed Shares. The 1,305,001,488 Unsubscribed Shares represent approximately 54.05% of the total number of 2,414,617,448 Solartech Open Offer Shares and approximately 43.24% of the issued share capital of the Company as enlarged by the issue of 2,414,617,448 Solartech Open Offer Shares.

Shareholding Structure of the Company

Following completion of the Solartech Open Offer on 5 February 2009, the Underwriter, Mr. Chau, and parties acting in concert with any of them (including Kingston Securities) are interested in 1,437,694,588 Shares, representing approximately 47.63% of the then issued share capital of the Company. The following is a summary of the shareholding structure of the Company immediately before and after completion of the Solartech Open Offer:

Shareholders	Immediately before completion of the Solartech Open Offer		Immediately after completion of the Solartech Open Offer	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
Underwriter	–	–	1,305,001,488	43.24
Mr. Chau	132,692,000	21.98	132,692,000	4.39
Kingston Securities *(Note)*	1,100	0.00	1,100	0.00
Total shareholding of Mr. Chau, the Underwriter and parties acting in concert with any of them (including Kingston Securities)	132,693,100	21.98	1,437,694,588	47.63
Other public Shareholders	470,961,262	78.02	1,580,577,222	52.37
Total	603,654,362	100.00	3,018,271,810	100.00

Note: Kingston Securities, being a party presumed to be acting in concert with the Underwriter under the provision of the Takeover Code, is a public Shareholder for the purposes of the Listing Rules.

Despatch of Share Certificates and Commencement of Dealings

Share certificates for the Solartech Open Offer Shares in fully-paid form were despatched by ordinary post to the addresses of the relevant subscribers as shown on the branch register of members of the Company at the relevant Shareholders'own risk on 6 February 2009. Dealings in the Solartech Open Offer Shares, in their fully-paid form, commenced at 9:30 a.m. on 10 February 2009.

The details of the Asset Swap and the Solartech Open Offer were set out in the announcements of the Company dated 10 December 2008 and 31 December 2008, the circular of the Company dated 31 December 2008 and the prospectus of the Company dated 19 January 2009.

HUA YI COPPER – CAPITAL REORGANIZATION AND CHANGE OF BOARD LOT SIZE

At the special general meeting held on 15 December 2008, the Shareholders of Hua Yi Copper approved the capital reorganization (the "**Capital Reorganization**") and change of board lot size. The Capital Reorganization became effective on 16 December 2008. The authorized share capital and issued share capital of Hua Yi Copper before and after the Capital Reorganization were, as follows:

	Authorized share capital	**Issued share capital**
Before Capital Reorganization	HK$300,000,000 divided into 1,500,000,000 Shares of par value HK$0.20 each	HK$177,061,300 divided into 885,306,500 Shares of par value HK$0.20 each
After Capital Reorganization	HK$300,000,000 divided into 6,000,000,000 Shares of par value HK$0.05 each	HK$8,853,065 divided into 177,061,300 Shares of par value HK$0.05 each

Before the Capital Reorganization, Skywalk Assets Management Limited ("**Skywalk**"), a wholly owned subsidiary of the Company, held 402,131,875 shares of par value HK$0.20 each, representing approximately 45.42% of the issued share capital of Hua Yi Copper. After the Capital Reorganization became effective on 16 December 2008, Skywalk held 80,426,375 shares of par value HK$0.05 each, Hua Yi Copper Shares, remained representing 45.42% of Hua Yi Copper.

The details of the capital reorganization and change of board lot size were set out in the circular of Hua Yi Copper dated 20 November 2008.

PLACING OF NEW SHARES OF HUA YI COPPER

On 5 December 2008, Hua Yi Copper and Kingston Securities entered into a placing agreement pursuant to which Kingston Securities agreed to place, on a best effort basis, 104,000,000 ordinary shares of HK$0.05 each in the share capital of Hua Yi Copper (the "**Hua**

Yi Copper Placing Shares") at a price of HK$0.30 per Share (the "**Placing**"). The issuance of the Hua Yi Copper Placing Shares was subject to the approval of the shareholders of Hua Yi Copper to grant a specific mandate in respect of such issuance (the "**Specific Mandate**"). At the special general meeting held on 19 January 2009, the shareholders of Hua Yi Copper approved to grant the Specific Mandate. Pursuant to the Specific Mandate, the Placing was completed on 22 January 2009 and a total of 104,000,000 Hua Yi Copper Placing Shares were issued. The details of the Placing were set out in the circular of Hua Yi Copper dated 31 December 2008.

As at 31 December 2008, Skywalk held 80,426,375 Hua Yi Copper Shares, representing approximately 45.42% of the issued share capital of Hua Yi Copper. Upon completion of the Placing on 22 January 2009, Skywalk held 80,426,375 Hua Yi Copper Shares, representing 28.62% of the then enlarged issued share capital of Hua Yi Copper.

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

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the six months ended 31 December 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2008 (the "**Period**"), the Company had complied with the code provisions set out in the Code on Corporate Governance Practices (the "**Code**") in Appendix 14 of the Listing Rules, save and except for the deviation from code A.2.1 and A.4.1 of the Code which is explained below.

Under code provision A.2.1 of the Code, the role of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

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

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

Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to reelection.

The existing Independent Non-executive Directors of the Company were not appointed for a specific term as required under code provision A.4.1 of the Code but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

AUDIT COMMITTEE

The Audit Committee comprises Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, all of whom are independent non-executive directors of the Company. The Audit Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Audit Committee and external auditors have reviewed the unaudited interim results for the six months ended 31 December 2008 and they agreed with the accounting treatment adopted.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all directors of the Company, all the directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 31 December 2008.

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

Hong Kong SAR, 23 March 2009

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