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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)

2009/2010 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "Directors") of Solartech International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2009, as follows:–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Notes	Continuing operations For the six months ended 31 December 2009 HK$'000	Continuing operations 2008 HK$'000 (Unaudited)	Discontinued operations For the six months ended 31 December 2009 HK$'000	Discontinued operations 2008 HK$'000 (Unaudited)	Total For the six months ended 31 December 2009 HK$'000	Total 2008 HK$'000 (Unaudited)
Turnover	3	**357,668**	335,277	**469,391**	296,365	**827,059**	631,642
Cost of sales		**(329,745)**	(357,250)	**(375,593)**	(245,072)	**(705,338)**	(602,322)
Gross profit/(loss)		**27,923**	(21,973)	**93,798**	51,293	**121,721**	29,320
Interest income		**349**	377	**3**	1,045	**352**	1,422
Other income		**747**	2,973	**3,134**	1,513	**3,881**	4,486
General and administrative expenses		**(40,186)**	(51,779)	**(51,136)**	(31,766)	**(91,322)**	(83,545)
Selling and distribution expenses		**(5,688)**	(7,202)	**(4,755)**	(7,667)	**(10,443)**	(14,869)
Reversal of allowance/(impairment loss recognised) for doubtful debts		**(1,169)**	–	**889**	–	**(280)**	–
Change in fair value of derivative financial instruments		**5,059**	(1,228)	**–**	–	**5,059**	(1,228)
Share of results of associates		**(1,881)**	(139,428)	**–**	–	**(1,881)**	(139,428)
Impairment loss arising from adjustment to fair value less costs to sell	13	**–**	–	**(230,418)**	–	**(230,418)**	–
Finance costs	5	**(6,950)**	(6,804)	**(571)**	(809)	**(7,521)**	(7,613)
Loss before taxation	4	**(21,796)**	(225,064)	**(189,056)**	13,609	**(210,852)**	(211,455)
Taxation	6	**1,082**	(1,076)	**(23,171)**	(4,541)	**(22,089)**	(5,617)
(Loss)/profit for the period		**(20,714)**	(226,140)	**(212,227)**	9,068	**(232,941)**	(217,072)

* *For identification purpose only*

	Note	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	
		2009	2008	**2009**	2008	**2009**	2008
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
			(Unaudited)		(Unaudited)		(Unaudited)
Other comprehensive income:							
Exchange differences on translating foreign operations		**(3,312)**	17,037	**17,443**	(54,960)	**14,131**	(37,923)
Other comprehensive income for the period		**(3,312)**	17,037	**17,443**	(54,960)	**14,131**	(37,923)
Total comprehensive income for the period		**(24,026)**	(209,103)	**(194,784)**	(45,892)	**(218,810)**	(254,995)
(Loss)/profit for the period attributable to:							
Owners of the Company		**(20,714)**	(226,140)	**(212,227)**	9,133	**(232,941)**	(217,007)
Non-controlling interests		**–**	–	**–**	(65)	**–**	(65)
		(20,714)	(226,140)	**(212,227)**	9,068	**(232,941)**	(217,072)
Total comprehensive income attributable to:							
Owners of the Company		**(24,026)**	(209,103)	**(194,784)**	(45,700)	**(218,810)**	(254,803)
Non-controlling interests		**–**	–	**–**	(192)	**–**	(192)
		(24,026)	(209,103)	**(194,784)**	(45,892)	**(218,810)**	(254,995)
							Restated
Loss per share:	8						
from continuing and discontinued operations – Basic and diluted (HK cents)						**(25.09)**	(179.74)
from continuing operations – Basic and diluted (HK cents)						**(2.23)**	(187.31)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	NOTES	**31 December 2009** **HK$'000**	30 June 2009 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**310,229**	411,412
Prepayment for acquisition of property, plant and equipment		**1,600**	1,600
Prepaid lease payments for land		**96,794**	105,394
Interests in associates		**9,429**	11,310
Goodwill	*9*	**–**	23,389
Total non-current assets		**418,052**	553,105
Current assets			
Inventories		**115,411**	178,284
Debtors, other loans and receivables, deposits and prepayments	*10*	**133,118**	212,602
Bills receivable	*11*	**18,117**	13,172
Prepaid lease payments for land		**2,602**	2,593
Derivative financial assets		**788**	54
Tax recoverable		**465**	3,893
Pledged deposits and bank balances		**45,104**	48,136
Bank balances and cash		**130,703**	98,442
		446,308	557,176
Assets classified as held for sale	*13*	**162,931**	–
Total current assets		**609,239**	557,176
Current liabilities			
Creditors, other advances and accrued charges	*12*	**53,782**	138,805
Bills payable		**84,100**	107,144
Taxation		**327**	7,776
Obligations under finance leases		**860**	4,077
Borrowings		**214,314**	185,846
Derivative financial liabilities		**–**	520
Deferred consideration payable		**6,750**	–
		360,133	444,168
Liabilities associated with assets classified as held for sale	*13*	**134,931**	–
Total current liabilities		**495,064**	444,168
Net current assets		**114,175**	113,008
Total assets less current liabilities		**532,227**	666,113

	NOTE	31 December 2009 HK$'000	30 June 2009 HK$'000
Non-current liabilities			
Obligations under finance leases		**–**	2,383
Borrowings		**–**	4,775
Deferred consideration payable		**–**	6,674
Deferred tax liabilities		**25,030**	26,281
Total non-current liabilities		**25,030**	40,113
Total net assets		**507,197**	626,000
EQUITY			
Capital and reserves			
Share capital		**13,124**	31,685
Reserves		**479,736**	593,815
Reserve of disposal group classified as held for sale	*13*	**13,837**	–
Equity attributable to owners of the Company		**506,697**	625,500
Non-controlling interests		**500**	500
Total equity		**507,197**	626,000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve fund	Share option reserve	(Accumulated losses)/ retained profits	Total	Share options reserve of a listed associate	Non-controlling 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 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
Total comprehensive income 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)	–	–
At 31 December 2008 (unaudited)	6,037	229,243	587,012	24,376	11,549	–	(29,618)	828,599	–	2,511	831,110
Total comprehensive income for the period	–	–	–	11,535	–	–	(253,893)	(242,358)	–	(40)	(242,398)
Open offer of new shares	24,146	35,843	–	–	–	–	–	59,989	–	–	59,989
Placement of new shares	1,200	6,469	–	–	–	–	–	7,669	–	–	7,669
Issue of shares upon exercise of share options	302	2,082	–	–	–	–	–	2,384	–	–	2,384
Transfer upon exercise of share options	–	667	–	–	–	(667)	–	–	–	–	–
Release upon disposal of interests in a listed associate and asset swap	–	–	–	(32,117)	–	–	–	(32,117)	–	–	(32,117)
Disposal of a listed associate	–	–	–	–	(5,897)	–	5,897	–	–	–	–
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	(1,971)	(1,971)
Recognition of equity-settled share-based payments	–	–	–	–	–	1,334	–	1,334	–	–	1,334
At 30 June 2009	31,685	274,304	587,012	3,794	5,652	667	(277,614)	625,500	–	500	626,000

	Share capital HK$'000	Share premium HK$'000	Con-tributed surplus HK$'000	Exchange reserve HK$'000	Statutory reserve fund HK$'000	Share option reserve HK$'000	Accu-mulated losses HK$'000	Dis-continued operations HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2009	31,685	274,304	587,012	3,794	5,652	667	(277,614)	–	625,500	500	626,000
Total comprehensive income for the period	–	–	–	14,131	–	–	(232,941)	–	(218,810)	–	(218,810)
Capital reorganisation	(25,348)	–	25,348	–	–	–	–	–	–	–	–
Placements of new shares	6,787	93,220	–	–	–	–	–	–	100,007	–	100,007
Discontinued operations *(Note 13)*	–	–	–	(13,837)	–	–	–	13,837	–	–	–
At 31 December 2009	13,124	367,524	612,360	4,088	5,652	667	(510,555)	13,837	506,697	500	507,197

Notes:

The contributed surplus represented the net balance after setting off accumulated losses of the Company as at 1 April 2002 from reduced share capital and cancelled share premium of the Company in accordance with the Company's capital reorganisation in September 2002.

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, hedges of net investment in foreign operations and share of reserves of associates.

The statutory reserve fund of the Group represents reserve required by the relevant People's Republic of China (the "PRC") laws applicable to the Company's PRC subsidiaries and share of statutory reserve fund of an associate.

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to the eligible parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

1. ORGANISATION AND OPERATIONS

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information in the interim report.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of cables and wires, manufacture and trading of copper rods, and manufacture and trading of connectors and terminals. Its associates are principally engaged in the manufacture and trading of optical fibre cable and related products.

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

(a) The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

The adoption of the above new/revised HKFRSs had no material effect on the financial statements of the Group for both the current and prior reporting periods, except for certain presentational change as a result of adopting HKAS 1 (Revised) and other changes as set out below. All relevant changes in accounting policies and disclosures have been made in accordance with the provisions of the respective standards. The statements of financial position, previously known as balance sheets, at the beginning of the year ended 30 June 2009 have not been presented as there were no changes to the originally published statements.

HKFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

HKAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions are recognised within equity and no longer give rise to goodwill, nor gain from bargain purchase. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by HKFRS 3 (Revised) and IAS 27 (Amended) affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

HKFRS 8 supersedes HKAS 14 "Segment Reporting", and requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-makers in order to allocate resources to the segment and to assess its performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to chief operating decision-makers as required by HKFRS 8, there are no changes to the operating segments and the results of operating segments on the adoption of HKFRS 8.

The amendments to HKFRS 7 expand the disclosures relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities. A three-level fair value hierarchy has been introduced to categorise the fair value measurement according to the degree they are based on observable market data. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision.

(b) Potential impact arising on HKFRSs not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group:

		Effective date
HKFRSs (Amendments)	Improvements to HKFRSs 2009	*(i)*
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions	*(i)*
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	*(ii)*
HKAS 24 (Revised)	Related Party Disclosures	*(iii)*
HKFRS 9	Financial Instruments	*(iv)*

Effective date:

(i) Annual periods beginning on or after 1 January 2010
(ii) Annual periods beginning on or after 1 July 2010
(iii) Annual periods beginning on or after 1 January 2011
(iv) Annual periods beginning on or after 1 January 2013

The amendment to HKAS 17 made under the "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgement to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group will reassess the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and recognise a lease newly classified as a finance lease retrospectively if the criteria of a finance lease is met.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

(a) Reportable segments

The Group manages its business by divisions, which are organised by a mixture of both business lines and geography. The Group's reportable segments under HKFRS 8 do not differ materially from those previously disclosed under HKAS 14 and are therefore as follows:

(i) manufacture and trading of cables and wires;

(ii) copper rods; and

(iii) connectors and terminals.

As detailed in Note 13, on 31 December 2009, the Company entered into a conditional sale and purchase agreement to dispose of its business of the manufacture and trading of connectors and terminals. Further details are set out in the Company's announcement dated 8 January 2010. Accordingly, the business segment of manufacture and trading of connectors and terminals was classified as discontinued operations. The comparative consolidated statement of comprehensive income and the related notes have been re-presented as if the operations discontinued during the period had been discontinued at the beginning of the comparative period.

For the six months ended 31 December 2009

	Continuing operations				Discontinued operations		
	Cables and wires *HK$'000*	Copper rods *HK$'000*	Other *HK$'000*	Total *HK$'000*	Connectors and terminals *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue from external customers	187,934	169,702	32	357,668	469,391	–	827,059
Inter-segment revenue	7,361	54,618	–	61,979	155	(62,134)	–
Reportable segment revenue	195,295	224,320	32	419,647	469,546	(62,134)	827,059
Inter-segment revenue are charged at cost							
Reportable segment profit/(loss)	(10,475)	(1,581)	2,570	(9,486)	(188,901)	–	(198,387)
Finance costs							7,521
Impairment loss recognised/(reversal of allowance) for doubtful debts	1,065	104	–	1,169	(889)	–	280
Change in fair value of derivative financial instruments	(1,184)	(1,390)	(2,485)	(5,059)	–	–	(5,059)
Share of results of associates	1,881	–	–	1,881	–	–	1,881
Impairment loss arising from adjustment to fair value less costs to sell	–	–	–	–	230,418	–	230,418
Depreciation	8,561	4,658	984	14,203	8,693	–	22,896
Unallocated							3,939
							26,835
Taxation	(612)	(470)	–	(1,082)	23,171	–	22,089

For the six months ended 31 December 2008 (Unaudited)

	Continuing operations				Discontinued operations		
	Cables and wires *HK$'000*	Copper rods *HK$'000*	Other *HK$'000*	Total *HK$'000*	Connectors and terminals *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue from external customers	324,927	–	10,350	335,277	296,365	–	631,642
Inter-segment revenue	12,931	–	–	12,931	82	(13,013)	–
Reportable segment revenue	337,858	–	10,350	348,208	296,447	(13,013)	631,642
Inter-segment revenue are charged at cost							
Reportable segment profit/(loss)	(68,590)	(139,033)	(3,719)	(211,342)	15,322	–	(196,020)
Finance costs							7,613
Change in fair value of derivative financial instruments	1,228	–	–	1,228	–	–	1,228
Share of results of associates	395	139,033	–	139,428	–	–	139,428
Depreciation	13,763	–	1,046	14,809	7,118	–	21,927
Unallocated							3,949
							25,876
Taxation	1,076	–	–	1,076	4,541	–	5,617

As at 31 December 2009

	Continuing operations				**Discontinued operations**	
	Cables and wires ***HK$'000***	**Copper rods** ***HK$'000***	**Other** ***HK$'000***	**Total** ***HK$'000***	**Connectors and terminals** ***HK$'000***	**Total** ***HK$'000***
Reportable segment assets	**407,918**	**379,192**	**30,835**	**817,945**	**162,931**	**980,876**
Additions to non-current assets	**2,293**	**153**	**–**	**2,446**	**12,788**	**15,234**
Reportable segment liabilities	**107,645**	**244,277**	**1,653**	**353,575**	**134,931**	**488,506**

As at 30 June 2009

	Continuing operations				Discontinued operations	
	Cables and wires *HK$'000*	Copper rods *HK$'000*	Other *HK$'000*	Total *HK$'000*	Connectors and terminals *HK$'000*	Consolidated *HK$'000*
Reportable segment assets	414,583	358,009	37,207	809,799	292,191	1,101,990
Additions to non-current assets	4,924	–	–	4,924	37,824	42,748
Reportable segment liabilities	111,012	238,703	1,710	351,425	87,791	439,216

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	For the six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000* (Unaudited)
Loss before taxation and discontinued operations		
Reportable segment profit/(loss)	**(198,387)**	(196,020)
Segment loss/(gain) from discontinued operations	**189,056**	(13,609)
Unallocated corporate expenses	**(4,944)**	(7,822)
Finance costs	**(7,521)**	(7,613)
Consolidated loss before taxation from continuing operations	**(21,796)**	(225,064)

	31 December 2009 HK$'000	30 June 2009 HK$'000
Assets		
Reportable segment assets	**817,945**	1,101,990
Segment assets of discontinued operations	**162,931**	–
Unallocated corporate assets	**46,415**	8,291
Consolidated total assets	**1,027,291**	1,110,281
Liabilities		
Reportable segment liabilities	**353,575**	439,216
Segment liabilities of discontinued operations	**134,931**	–
Current tax liabilities	**327**	7,776
Deferred tax liabilities	**25,030**	26,281
Unallocated corporate liabilities	**6,231**	11,008
Consolidated total liabilities	**520,094**	484,281

(c) Geographic information

The Group's operations and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets (the "Specified non-current assets") are located in Hong Kong, the Mainland China, Americas, Europe and other Asian regions.

The following table provides an analysis of the Group's sales and the Specified non-current assets by geographical market from continuing operations, irrespective of the origin of the goods:

	For the six months ended 31 December	
	2009 *HK$'000*	2008 *HK$'000* (Unaudited)
Mainland China	**278,648**	210,398
Americas	**41,326**	55,008
Europe	**15,613**	26,577
Hong Kong	**10,177**	23,273
Other Asian regions	**11,904**	20,103
	357,668	335,359

	Specified non-current assets	
	31 December	30 June
	2009	2009
	HK$'000	*HK$'000*
Mainland China	**404,147**	433,780
Americas	**13,423**	70,452
Europe	**124**	398
Hong Kong	**358**	36,877
Other Asian regions	**–**	11,598
	418,052	553,105

(d) Information about major customer

During the current period, a customer contributed revenues of HK$30,052,000 (six months ended 31 December 2008: HK$41,034,000 (unaudited)) and HK$253,502,000 (six months ended 31 December 2008: HK$186,461,000 (unaudited)) to the Group's cables and wires segment and connectors and terminals segment, respectively.

4. LOSS 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	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000* (Unaudited)	***HK$'000***	*HK$'000* (Unaudited)	***HK$'000***	*HK$'000* (Unaudited)
Loss before taxation has been arrived at after charging:						
Auditors' remuneration	**595**	232	**443**	–	**1,038**	232
Depreciation of property, plant and equipment	**18,142**	18,758	**8,693**	7,118	**26,835**	25,876
Cost of inventories *(Note)*	**329,745**	357,250	**375,593**	245,072	**705,338**	602,322
Write-down/(back) of inventories, net	**1,417**	(11,541)	**13,887**	–	**15,304**	(11,541)
Charge of prepaid lease payments for land	**1,301**	500	**90**	90	**1,391**	590
Operating lease rentals in respect of rental premises	**753**	786	**567**	751	**1,320**	1,537
Loss on disposal of property, plant and equipment	**200**	228	**4,318**	2,252	**4,518**	2,480
Exchange losses, net	**284**	256	**–**	–	**284**	256
Wages, salaries and pension attribution including directors' remuneration	**16,612**	24,350	**64,177**	46,729	**80,789**	71,079
and after crediting:						
Exchange gains, net	**–**	–	**566**	19	**566**	19
Interest income on bank deposits	**349**	377	**3**	1,045	**352**	1,422
Rental income	**–**	343	**–**	–	**–**	343
Sub-contracting income	**1,446**	–	**–**	–	**1,446**	–

Note: Cost of inventories includes HK$69,209,000 (six months ended 31 December 2008: HK$62,017,000 (unaudited)) relating to staff costs, depreciation of property, plant and equipment and charge of prepaid lease payments for land, for which the amounts are also included in the respective total amounts disclosed separately above. Cost of inventories includes write-down of inventories of HK$15,304,000 (six months ended 31 December 2008: write-back of HK$11,541,000 (unaudited)).

5. FINANCE COSTS

	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**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000* (Unaudited)	***HK$'000***	*HK$'000* (Unaudited)	***HK$'000***	*HK$'000* (Unaudited)
Interest on bank and other borrowings wholly repayable within five years	**6,884**	6,690	**228**	771	**7,112**	7,461
Interest on finance leases	**66**	114	**343**	38	**409**	152
	6,950	6,804	**571**	809	**7,521**	7,613

6. 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**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000* (Unaudited)	***HK$'000***	*HK$'000* (Unaudited)	***HK$'000***	*HK$'000* (Unaudited)
Taxation in other jurisdictions:						
Current period	**331**	299	**28,088**	4,066	**28,419**	4,365
Over-provision in respect of prior periods	**(561)**	–	**(4,917)**	(170)	**(5,478)**	(170)
	(230)	299	**23,171**	3,896	**22,941**	4,195
Deferred taxation	**(852)**	777	**–**	645	**(852)**	1,422
	(1,082)	1,076	**23,171**	4,541	**22,089**	5,617

No Hong Kong profits tax has been provided during the current and prior periods as the Group did not derive any assessable profit attributable to its operations in Hong Kong. Taxation in other countries and jurisdictions is calculated at the rates applicable in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. DIVIDEND

No dividend has been declared or paid by the Company for the six months ended 31 December 2009 (six months ended 31 December 2008: HK$Nil (unaudited)).

8. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period, as adjusted to reflect the capital reorganisation during the period. Basic and diluted loss per share amounts for the six months ended 31 December 2008 are restated to take into effect the capital reorganisation during the period.

From continuing and discontinued operations

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

	For the six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
		(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(232,941)**	(217,007)

	Number of shares For the six months ended 31 December	
	2009	2008
		(Unaudited) (Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	**928,384,134**	120,730,872

As share options outstanding during the periods had an anti-dilutive effect on the basic loss per share for both periods, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore the basic and diluted losses per share for the respective periods are equal.

From continuing operations

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

	For the six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
		(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(20,714)**	(226,140)

As share options outstanding during the periods had an anti-dilutive effect on the basic loss per share for both periods, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore the basic and diluted losses per share for the respective periods are equal

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

From discontinued operations

Basic and diluted loss per share from discontinued operations was 22.86 HK cents (six months ended 31 December 2008: basic and diluted earnings per share of 7.57 HK cents (unaudited and restated)) per share based on the loss for the period from discontinued operations of HK$212,227,000 (six months ended 31 December 2008: profit for the period of HK$9,133,000 (unaudited)). The denominators used are the same as those detailed above for basic and diluted loss per share.

9. GOODWILL

At 30 June 2009, goodwill of HK$23,389,000 arising from acquisition of subsidiaries in prior years was allocated to one cash generating unit ("CGU"), representing the Group's manufacture and trading of connectors and terminals business in Brazil.

On 31 December 2009, the Group entered into a conditional sale and purchase agreement in relation to the disposal of the entire issued share capital of New Universe Investments Limited ("New Universe"), an indirect wholly-owned subsidiary of the Company. New Universe and its subsidiaries are principally engaged in the manufacture and trading of connectors and terminals in Malaysia, Singapore, the PRC, Thailand; and the Brazil CGU. The estimated net proceeds, net of expenses, from the disposal is approximately HK$28 million. Up to the date of approval of these financial statements, the disposal has not been completed.

The above goodwill of HK$23,389,000, which is attributable to the Brazil CGU, is transferred to assets classified as held for sale as at 31 December 2009 and is disclosed in Note 13.

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

At 31 December 2009, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of HK$84,551,000 (30 June 2009: HK$142,551,000).

(i) The Group allows an average credit period of 90 days to its trade customers.

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

	The Group	
	31 December 2009	30 June 2009
	HK$'000	*HK$'000*
Within 30 days	**79,347**	126,175
31 – 60 days	**3,796**	9,370
61 – 90 days	**697**	3,539
Over 90 days	**711**	3,467
	84,551	142,551

(iii) At 31 December 2009, an amount of HK$157,342,000 of debtors, other loans and receivables, deposits and prepayments was transferred to assets classified as held for sale (Note 13).

11. BILLS RECEIVABLE

As at 31 December 2009 and 30 June 2009, all bills receivable aged within 90 days.

12. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

At 31 December 2009, included in the Group's creditors, other advances and accrued charges were trade creditors of HK$29,038,000 (30 June 2009: HK$62,743,000). At 31 December 2009, an amount of HK$124,397,000 included in creditors, other advances and accrued charges was transferred to liabilities associated with assets classified as held for sale (Note 13).

The aging analysis of trade creditors, based on invoice date, is as follows:

	The Group	
	31 December 2009	30 June 2009
	HK$'000	*HK$'000*
Within 30 days	**22,347**	44,262
31 – 60 days	**3,536**	4,317
61 – 90 days	**1,111**	2,727
Over 90 days	**2,044**	11,437
	29,038	62,743

13. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 31 December 2009, the Group entered into a conditional sale and purchase agreement with a purchaser in relation to the disposal of the entire issued share capital in New Universe and 10% equity interest in the Brazil CGU (collectively referred to as the "Disposal Group"), for an aggregate consideration of HK$28,000,000, net of expenses. The Disposal Group constitutes the Group's connectors and terminals segment. Details of the disposal were set out in the announcement of the Company dated 8 January 2010.

The major classes of assets and liabilities of the Disposal Group as at 31 December 2009 have been classified as held for sale and are set out below :

	Notes	*HK$'000*
Property, plant and equipment		93,286
Prepaid lease payments for land		7,200
Goodwill	*9*	23,389
Inventories		87,883
Debtors, other loans and receivables, deposits and prepayments	*10(iii)*	157,342
Tax recoverable		2,341
Bank balances and cash		21,908
Impairment loss arising from adjustment to fair value less costs to sell		(230,418)
Assets classified as held for sale		162,931
Creditors, other advances and accrued charges	*12*	124,397
Obligations under finance leases		4,090
Taxation		6,035
Deferred tax liabilities		409
Liabilities associated with assets classified as held for sale		134,931
Included in other comprehensive income and reserve of the Disposal Group classified as held for sale		
Exchange reserve		13,837

The trade debtor balances included in debtors, other loans and receivables, deposits and prepayments aged within 90 days. The trade creditor balances included in creditors, other advances and accrued charges aged within 90 days.

The Disposal Group has contributed a cash inflow of HK$17,003,000 in the Group's operating activities, cash outflow of HK$9,700,000 in the Group's investing activities and cash outflow of HK$10,209,000 in the Group's financing activities.

INDEPENDENT AUDITORS' OPINION

The opinion of the independent auditors' report on the consolidated financial statements for the six months ended 31 December 2009 is as follows:

"In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the loss and cash flows of the Group for the period from 1 July 2009 to 31 December 2009 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

"Without qualifying our opinion, we draw to your attention that the comparative consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 31 December 2008 disclosed in these financial statements have not been audited in accordance with Hong Kong Standards of Auditing."

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Board announced that for the six months ended 31 December 2009 (the "period under review"), total turnover of the Company and its subsidiaries (the "Group") was approximately HK$827,059,000, an increase of 30.94% over turnover of approximately HK$631,642,000 for the corresponding period last year. During the period under review, the Company continued to rationalise its operations by disposing of part of its overseas businesses, which gave rise to impairment against the relevant business and its goodwill on its consolidated income statement in accordance with HKFRS. Loss attributable to shareholders was approximately HK$232,941,000, and the loss for the corresponding period of last year was approximately HK$217,007,000. Loss per share was approximately HK25.09 cents for the period (2008/09 interim: loss per share HK179.74 cents (restated)).

Interim Dividend

The Directors have resolved not to declare any interim dividend for the year ending 30 June 2010 (2008/09 interim: Nil).

Business Review

During the period under review, the Group continued to rationalise its operations by focusing and deploying its resources on the businesses of cables and wires and the manufacture and trading of copper products, which are based in Mainland China.

By business segments, turnover of the cables and wires business was approximately HK$187,934,000, a decrease of 42.2% over the corresponding period last year, which accounted for 22.7% of the Group's total turnover. Turnover of the connectors and terminals/wire harnesses business was approximately HK$469,391,000, an increase of 58.4% over the corresponding period last year, which accounted for 56.8% of the Group's total turnover. Turnover of the copper rod business was approximately HK$169,702,000, accounting for 20.5% of the Group's turnover.

By geographical segments, turnover of the American business increased by 59.6% over the corresponding period last year to approximately HK$454,636,000, which accounted for 55.0% of the total turnover. Turnover of the Mainland China and Hong Kong business increased by 24.0% over the corresponding period last year to approximately HK$303,655,000, which accounted for 36.7% of the total turnover. Turnover of other Asian markets, decreased by 30.4% over the corresponding period last year to approximately HK$52,103,000, which accounted for 6.3% of the total turnover. Turnover of the European business also decreased by 38.2% over the corresponding period last year to approximately HK$16,665,000, which accounted for 2% of the total turnover.

Cables and Wires

Due to the financial tsunami in the United States, the impact of which was also felt worldwide, and the persistent worries over the prospects of global economic recovery has led to more cautious consumption, resulting in a slowdown in sales. Accordingly, turnover of the cables and wires business fell as the Group's major customers are primarily manufacturers of white domestic appliances.

Connectors and Terminals/Wire Harnesses

The Group's subsidiaries, other than those based in Mainland China and Hong Kong, are primarily engaged in the connectors and terminals/wire harnesses business. On 31 December 2009, the Group announced that all its equity interests in such related business would be disposed of. It was expected that the Group would have had to inject resources continuously into such business for its operation and development (including significant investments in businesses which are scattered around in different developing countries), had it not been for the disposal. The disposal is currently proceeding and expected to be completed within the first half of 2010.

Copper Rod Business

The copper rod business comprises the manufacture and trading of copper rods and copper wires related products, which are primarily used in the production of supply wires or cables for home appliances, electronic products and infrastructure facilities. During the period under review, as international copper prices continued its upward trend, the Group took a more cautious operating approach in strengthening the Group's control over risks of fluctuation in copper prices further by diverting most of the production capacity of its copper rod business in Dongguan to processing, with the fluctuations in finance costs and copper prices being borne by customers.

Subsequent to completion of the asset swap with Hua Yi Group on 4 February 2009, the copper rod business became one of the Group's core operations again. During the period under review, turnover of copper rods and related products was approximately HK$169,702,000.

Prospects

Despite some signs of recovery, significant uncertainties remain in the global economic environment. However, the Directors believe that the Mainland China market will continue to offer strong opportunities going forward. Therefore, the Group will continue to focus and deploy its resources on the businesses of cables and wires and the manufacture and trading of copper products, which are based in Mainland China, subsequent to completion of the disposal of the connectors and terminals/wire harnesses business based outside China.

Coupled with the sustained growth in worldwide demand for mineral resources by countries, and the introduction of policies by Mongolia which are beneficial to domestic and overseas investors aimed at accelerating mining development, the Group, on 10 November 2009, has entered into a conditional agreement to acquire a copper-gold-silver mine in Mongolia, at a consideration of HK$1.5 billion (subject to adjustment), of which HK$68 million is to be paid in cash and the balance of HK$1.432 billion payable by the issue of convertible bonds. The acquisition is currently pending completion. The Board considers that the investment in the production of copper will provide an opportunity for the Group to broaden its sources of income by capitalising on the rising trend in copper prices. The acquisition will enable the Group to enter into this burgeoning sector. In recent years, fluctuations in copper price has a material impact on the profitability of the Company, and the production of copper in the mining area can be partially used for hedging purposes and as a raw material for Group's existing copper business, which facilitates the vertical integration of the Company's copper business.

Looking ahead, the Group will actively capitalise on any opportunities in its continual search and expansion of new businesses on the basis of its existing businesses in order to diversify the Group's operations and broaden its sources of profit.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2009, the Group had approximately 3,500 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 2009, the Group had implemented a prudent financial management policy. As at 31 December 2009, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK$176 million (30 June 2009: HK$147 million) and net current assets value of over approximately HK$114 million (30 June 2009: HK$113 million). The Group's gearing ratio as at 31 December 2009 was 0.42 (30 June 2009: 0.31), being a ratio of total bank borrowings of approximately HK$215 million (30 June 2009: HK$197 million) to shareholders' funds of approximately HK$507 million (30 June 2009: HK$626 million).

As at 31 December 2009, 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$276 million (30 June 2009: HK$288 million) to secure general banking facilities granted to the Group.

As at 31 December 2009, the Company had issued guarantees to the extent of approximately HK$158 million (30 June 2009: HK$218 million) to banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK$206 million (30 June 2009: HK$267 million) was utilised. In addition, the Company had issued guarantees to a financial institute amounting to approximately HK$23.3 million (30 June 2009: HK$39 million) in respect of commodity trading of copper by its subsidiaries.

For the six months ended 31 December 2009, the Group entered into copper forward contracts and foreign exchange forward contracts (collectively referred as "derivative financial instruments") to manage the copper price risks and foreign exchange risks. The Group's overall financial risk management focuses on the unpredictability of the financial markets, controls the level of financial risks that the Group can bear, and minimises any potential adverse effects on the financial performance of the Group. The purpose of the financial risk management is to ensure that transactions undertaken are in accordance with the Group's policies and not for speculative purpose. The 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 the income statement. The net profit of the derivative financial instruments for the six months ended 31 December 2009 was approximately HK$5,059,000 (2008/09 interim: net loss of HK$1,228,000).

SIGNIFICANT EVENTS

Capital Reorganisation

On 3 June 2009, the Board proposed that the Company proposed to implement the proposed reorganisation of the share capital of the Company (the "Capital Reorganisation") which involved (a) a consolidation of every five (5) Shares of HK$0.01 each into one (1) ordinary share of HK$0.05 each in the share capital of the Company immediately after share consolidation but before the Capital Reduction (as defined below) and the Subdivision (as defined below) (the "Consolidated Share") of HK$0.05 each; (b) a reduction in the nominal value of the then issued Consolidated Shares from HK$0.05 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.04 on each of the issued Consolidated Share (the "Capital Reduction"); and (c) a subdivision of each authorised but unissued Consolidated Share into five (5) Adjusted Shares of HK$0.01 each (the "Subdivision").

The Board believed that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole. The Board was of the opinion that the Capital Reorganisation would provide the Company with greater flexibility for the issue of new Adjusted Shares in the future and the credit in the contributed surplus account arising as a result of the Capital Reorganisation would enable the Company to apply part of the amount standing to the credit of its contributed surplus account to eliminate the accumulated losses of the Company and this would facilitate the payment of dividends as and when the Directors consider it appropriate in the future.

The Capital Reorganisation was approved by the shareholders of the Company at the special general meeting of the Company held on 9 July 2009 and became effective on 10 July 2009. Details of the Capital Reorganisation were set out in announcements dated 3 June 2009 and 9 July 2009 respectively and the circular dated 15 June 2009 issued by the Company.

Placing of Existing Shares and Subscription for New Shares

On 15 June 2009, Venture Success Holdings Limited ("Venture Success"), Kingston Securities Limited ("Kingston") and the Company entered into a placing and subscription agreement, pursuant to which Venture Success agreed to place, through Kingston, an aggregate of 120,000,000 Shares, on a fully underwritten basis, to independent investors at a price of HK$0.066 per Share (the "Placing") and subscribe for an aggregate of 120,000,000 new Shares at a price of HK$0.066 per subscription Share (the "Subscription"). The net proceeds from the Subscription amounted to approximately HK$7.65 million and were intended to be used for general working capital of the Group. The subscription Shares were allotted and issued under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting of the Company held on 24 November 2008 and the subscription was completed on 24 June 2009. Details of the Placing and Subscription were set out in the announcement of the Company dated 15 June 2009.

Second Placing of Existing Shares and Subscription for New Shares

On 10 July 2009, Venture Success, Kingston and the Company entered into a placing and subscription agreement, pursuant to which Venture Success agreed to place, through Kingston, an aggregate of 126,730,000 Shares, on a fully underwritten basis, to independent investors at a price of HK$0.22 per placing Share (the "Second Placing") and subscribe for an aggregate of 126,730,000 new Shares at a price of HK$0.22 per subscription Share (the "Second Subscription"). The net proceeds from the Second Subscription amounted to approximately HK$27 million and were intended to be used for general working capital of the Group. The Second Subscription Shares were allotted and issued under the general mandate granted to the Directors by the Independent shareholders of the Company at the special general meeting of the Company held on 9 July 2009 and the Second Subscription was completed on 21 July 2009. Details of the Second Placing and Second Subscription were set out in the announcement of the Company dated 10 July 2009.

Third Placing of New Shares under General Mandate

On 28 August 2009, Kingston and the Company entered into a placing agreement, pursuant to which the Company conditionally agreed to place, through Kingston, an aggregate of 152,000,000 Shares, on a fully underwritten basis, to independent investors at a price of HK$0.14 per placing Share (the "Third Placing"). The net proceeds from the Third Placing amounted to approximately HK$20.6 million and were intended to be used for general working capital of the Group. The Shares were allotted and issued under the general mandate granted to the Directors by the independent shareholders of the Company at the special general meeting of the Company held on 17 August 2009 and the Third Placing was completed on 11 September 2009. Details of the Third Placing were set out in the announcement of the Company dated 28 August 2009.

Fourth Placing of New Shares under Specific Mandate

On 15 October 2009, the Company and Kingston, as placing agent, entered into a placing agreement pursuant to which the Company conditionally agreed to place through the placing agent, on a best effort basis, up to 400,000,000 new Shares to not less than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) at a price of HK$0.135 per placing Share (the "Fourth Placing"). The net proceeds from the Fourth Placing amounted to approximately HK$52 million and were intended to be used for the possible acquisition of a copper-gold-silver mine in Mongolia and/or general working capital of the Group. The Shares were allotted and issued under the specific mandate granted to the Directors by the shareholders of the Company at the special general meeting of the Company held on 11 November 2009 and the Fourth Placing was completed on 20 November 2009. Details of the Fourth Placing were set out in the announcement of the Company dated 15 October 2009, the shareholders' circular issued by the Company on 23 October 2009 and the announcement of the Company dated 11 November 2009.

Very Substantial Acquisition in relation to a Possible Acquisition of a Copper-Gold-Silver Mine In Mongolia

On 10 November 2009, the Company entered into a sale and purchase agreement (the "SPA") in relation to an acquisition of Sun Progress Limited, a company incorporated under the laws of the British Virgin Islands which wholly-owns Ikh Shijir Erdene LLC, a company incorporated under the laws of Mongolia which in turn owns the Nergui mine, which is located at Delgerkhangai soum, Dundgobi aimag, Mongolia (the "Possible Acquisition"). The consideration payable under the SPA is HK$1,500,000,000 (subject to adjustment) and shall be satisfied by the Company at completion by (i) payment of HK$68,000,000 in cash; and (ii) the issuance by the Company of 3-year zero coupon unsecured convertible bond (the "Convertible Bond") with a face value of HK$1,432,000,000 (subject to adjustment). The Possible Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is conditional, amongst other things, on approval of the shareholders of the Company (the "Shareholders"). A circular containing, among other things, details of the Possible Acquisition together with a notice convening the special general meeting in relation thereto will be despatched to the Shareholders as soon as practicable. The Company has applied to the Stock Exchange for a further extension of time for dispatch of the circular to on or before 9 April 2010. Details of the Possible Acquisition were set out in the announcements of the Company dated 30 November 2009, 21 December 2009, 12 February 2010 and 15 March 2010.

Disposal of Interests in Subsidiaries Constituting A Very Substantial Disposal

On 31 December 2009, Chau's Industrial Investments Limited, a wholly-owned subsidiary of the Company, as vendor entered into a conditional sale and purchase agreement with the Perfect Asset Investments Limited, an investment holding company of Mr. Lau Man Tak ("Mr. Lau"), as purchaser in relation to the disposal of (i) the entire issued share capital in New Universe Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company (which indirectly holds 90% of equity interests in Brascabos Componentes Elétricos e Eletrônicos Limitada ("Brascabos")) and (ii) 10% of the equity interest in Brascabos for an aggregate consideration of HK$30 million (the “Disposal”). Mr. Lau is an Independent Third Party and was a director of the Company from 4 January 2002 to 31 March 2007. The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is conditional, amongst other things, on Shareholders’ approval. A circular containing, among other things, details of the Disposal together with a notice convening the special general meeting in relation thereto will be despatched to the Shareholders as soon as practicable. The Company has applied to the Stock Exchange for a further extension of time for despatch of the circular to on or before 9 April 2010. Details of the Disposal were set out in the announcements of the Company dated 8 January 2010, 29 January 2010 and 12 March 2010.

Fifth Placing of New Shares under General Mandate

On 15 January 2010, the Company and Kingston, as placing agent, entered into a conditional placing agreement, pursuant to which the Company conditionally agreed to place, through the placing agent, on a fully underwritten basis, an aggregate of 262,000,000 new Shares, to independent investors at a price of HK$0.12 per placing Share (the “Fifth Placing”). The net proceeds from the Fifth Placing amounted to approximately HK$30.5 million and were intended to be used for general working capital of the Group. The Shares were allotted and issued under the general mandate granted to the Directors by the Shareholders of the Company at the annual general meeting of the Company held on 23 November 2009 and the Fifth Placing was completed on 27 January 2010. Details of the Fifth Placing were set out in the announcement of the Company dated 15 January 2010.

Conditional Placing of New Shares under Specific Mandate

On 9 February 2010, the Company and Kingston, as placing agent, entered into a conditional placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 2,000,000,000 new Shares, by a maximum of four tranches (in which each tranche shall not be less than 500,000,000 new Shares, save for the last tranche), to independent investors at a price of HK$0.10 per placing Share (the “Conditional Placing”). The maximum net proceeds from the Placing will amount to approximately HK$194 million which is intended to be used as to approximately HK$100 million for the repayment of bank loans and approximately HK$38 million as to the Possible Acquisition. The remainder of the net proceeds of approximately HK$56 million are intended to be used for general working capital purposes or possible investment in the future, yet no concrete investment plans have been finalised at this stage. The maximum number of 2,000,000,000 placing Shares to be placed under the placing agreement will be issued pursuant to a specific mandate to be obtained at the special general meeting of Shareholders which will be held on 23 March 2010. Details of the Conditional Placing were set out in the announcement of the Company dated 9 February 2010 and the shareholders’ circular issued by the Company on 5 March 2010.

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 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2009 (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.

Code Provision A.2.1

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.

Code Provision A.4.1

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 have reviewed the audited interim results for the six months ended 31 December 2009 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 2009.

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

Hong Kong SAR, 22 March 2010

As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Ho Pang Cheng Vincent, Mr. Chan Sio Keong and Mr. Liu Dong Yang and the independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming.