HUA YI COPPER HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 559)

2007

ANNUAL REPORT

Content

Corporate Information

DIRECTORS

Executive Directors

CHAU Lai Him *(Chairman and Managing Director)*
CHU Yuk Kuen
CHAN Sio Keong
CHAN Kwan Hung

Independent Non-Executive Directors

CHUNG Kam Kwong
LEE Kin Keung
LO Chao Ming
YUE Peter

COMPANY SECRETARY

WONG Ngan

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 7, 2nd Floor
Kingsford Industrial Centre
13 Wang Hoi Road
Kowloon Bay
Kowloon
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
35th Floor, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISOR

Herbert Smith
23/F, Gloucester Tower
15 Queen's Road Central
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS (in alphabetical order)

Banco de Oro-EPCI Inc., Hong Kong Branch
Bank of Communications Co., Ltd. Hong Kong Branch
CITIC Ka Wah Bank Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited
Wing Hang Bank, Limited

Chairman's Statement

RESULTS

For the year ended 30 June 2007, the Company and its subsidiaries (the "Group") recorded a turnover of approximately HK$2,748,039,000, representing an increase of 81.61% when compared to the turnover of approximately HK$1,513,166,000 in the previous year. The Group set up several new plants and expanded production bases in different parts of the PRC in 2006. All businesses were in the stage of consolidation and integration, and copper price stayed high during the period. The latter in particular substantially increased the finance cost of the Group's copper rods manufacturing and trading business which purchases copper cathode in production, as well as notably lowered the Group's profit generated from copper forward contracts and foreign exchange forward contracts. Higher depreciation expenses, additional staff costs and related expenses resulting from new operations in Kunshan increased the Group's operating expenses. Moreover, during the business restructuring, the Group decided to terminate or sell part of its non-core businesses and that led to impairment value of business operations as required under Hong Kong Accounting Standard. With the magnitude of impairment exceeding operating profit, the Group registered loss for the year under review. Loss for the year was approximately HK$14,154,000 against after-tax profit of approximately HK$90,304,000 in the previous year. Basic loss per share were about HK2.11 cents (2006: basic earnings per share of HK13.66 cents). Excluding the special write off and provision for bad and doubtful debts already included in the balance sheet amounting to approximately HK$34,968,000 in total, the Group recorded profit of approximately HK$20,814,000.

BUSINESS REVIEW

Copper rod business remained as the Group's core business and major income source, bringing in a turnover of approximately HK$2,666,903,000 and accounting for 97.05% of the Group's total turnover. By market, the PRC accounted for 97.05% of the Group's total turnover. The rest came mainly from the Americas market.

Copper Rod Business

The copper rod business covers manufacturing and trading of copper rods and copper wires, which primarily to produce wires and cables for home electrical appliances and electronic products.

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

BUSINESS REVIEW (continued)

Copper Rod Business (continued)

The Group also continued to develop high value-added downstream products including annealed copper wires, tin-coated copper wires, stranded copper wires and enameled copper wires. These products accounted for approximately 12% of the Group's total turnover.

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

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

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

Kunshan Hua Yi

The factory of Kunshan Hua Yi, which commenced operation in late July 2006, manufactures mainly high value-added downstream products including annealed copper wires, tin-coated copper wires, stranded copper wires and copper wires of different specifications and has a designed output capacity of 10,000 tonnes per annum. In its first year of operation, it already brought turnover of approximately HK$283,262,000 to the Group. With many domestic and foreign manufacturers and enterprises locating their production base in the Yangtze River Delta Region, the Group sees potential in securing more orders from manufacturers of electrical appliances, electronic products and wires in the region. When Kunshan Hua Yi's operation matures and more customers are secured, it is expected to bring more significant contribution. The Group will continue to identify new customers and strive to increase the sales of its high value-added downstream products.

BUSINESS REVIEW (continued)

Copper Rod Business (continued)

Fujian Jinyi

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

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

Copper Recycling Business

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

Life-like plant

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

PROSPECTS

With the PRC economy growing rapidly and market demand for natural resources on constant climb, the Group has been actively looking for opportunities to invest in copper mine or other metallic mineral mining projects so as to realize vertical integration of production, enhance operational efficiency and broaden its income sources. The Group will also consider investing in exploration of other metallic minerals such as iron ore that can bring synergies to its existing businesses. This will enable the Group to capture more opportunities ahead and improve profitability. In August 2007, the Group changed its Chinese name from "華藝銅業控股有限公司" to "華藝礦業控股有限公司" to reflect its new focus on metal mining investments. The Group also invited an expert with extensive experience in mineral exploration and mining industry to join the Board to aid the Group's entry into the mining industry.

The Group also completed two share placements in July and September this year and raised a total of approximately HK$108,000,000. The proceeds will be used as general working capital and to fund future acquisitions of metal mining operations. The share placement exercises have significantly enlarged the Group's shareholder base and strengthened its financial position. It is also conducive to expanding the scale of the Group's copper rod business and its aggressive pursuit of mining business.

PROSPECTS (continued)

Copper rod business

As for the Group's copper rod business, market demand for copper rods, copper wires and related products will continue to increase driven by the booming manufacturing sector in the PRC. As for raw material price, the Group expects copper price to remain high in the second half of 2007 which will lead to larger needs for capital to purchase copper cathodes. This will continue to oust smaller and weaker companies from the market. The industry consolidation will work in favour of the steady growth of the Group's copper rod business. The Group will continue to increase the sales of the higher margin 2.6mm or below copper wire products and other high value-added downstream products to secure higher profits. Its effort in expanding production scale has achieved satisfactory progress. With improved production capacity, the Group will be able to support its growing business and the huge market demand.

To ensure it remains at the forefront of the copper industry, the Group will seek to build strong relations with key players in the sector. The joint venture Fujian Jinyi established with Zijin Mining has helped to extend the Group's business to other copper products, namely copper pipes for refrigerators and air-conditioners, providing the Group with a significant platform for growing its business. The joint venture is also a solid foundation for potential cooperation between the Group and Zijin Mining in the future.

Mining Business

The Group entered into a share purchase agreement on 7 October 2007 to acquire two iron-ore mines in Chengde City, Long Hua County of Hebei Province in cash and by way of issuance of consideration shares and call option agreement valued at approximately HK$167,000,000 in total. The transaction covers 95% benefit from the mining exploration rights in an iron-ore mine having estimated mineral resources of 100,000,000 tonnes, and 90.25% benefit from the mining rights in another one having estimated mineral resources of 10,000,000 tonnes and ownership of its iron-ore concentrated powder processing plant with an annual processing capacity of 300,000 tonnes. The purpose of the acquisition is to derive income from sales of minerals resources to be extracted from the two mines, thereby generate immediate cash flow and revenue.

Armed with abundant industry experience, quality products, solid customer relationship and an expanded production scale, the Group will continue to develop its core copper rod business and explore opportunities for developing the metal mining business so as to generate satisfactory returns for shareholders.

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

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

Chairman's Statement

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2007 Annual General Meeting, the register of members of the Company will be closed from Wednesday, 21 November 2007 to Thursday, 22 November 2007, both days inclusive, during which no transfer of shares of the Company will be effected. All transfers accompanied by the relevant shares certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Tuesday, 20 November 2007.

EMPLOYEES

As at 30 June 2007, the Group had approximately 1,374 employees in Hong Kong and the PRC. 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

As at 30 June 2007, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK$230 million (2006: HK$187 million) and net current assets value being over HK$206 million (2006: HK$198 million). The Group's gearing ratios as at 30 June 2007 was 1.25 (2006: 0.89), being a ratio of total bank borrowings of approximately HK$601 million (2006: HK$446 million) to shareholders' funds of approximately HK$481 million (2006: HK$501 million).

As at 30 June 2007, the Group pledged certain property, plant and machinery and fixed deposits with an aggregate net book value of approximately HK$98 million (2006: HK$111 million) to secure general banking facilities granted to the Group.

As at 30 June 2007, the Company had issued guarantees to the extent of approximately HK$725 million (2006: HK$423 million) to banks to secure general banking facilities granted to certain subsidiaries, of which, approximately HK$519 million (2006: HK$354 million) was utilized.

For the year ended 30 June 2007, the Group entered into the copper forward contracts and foreign exchange forward contracts (collectively referred as "derivative financial instruments" thereafter) in accordance with its hedging policies as adopted previously. These derivative financial instruments are solely used for hedging and risk management purposes; speculation is strictly prohibited. Although it only used the derivative financial instruments for hedging and risk management purposes, it could not fulfill the documentation requirements under the new accounting standards issued by the Hong Kong Institute of Certified Public Accountants, which became effective from 1 January 2006. Therefore, the outstanding derivative financial instruments have to be revalued and stated at their fair value at the balance sheet date and the changes in fair value were charged to current year's income statement.

LIQUIDITY AND FINANCIAL RESOURCES (continued)

The Group's overall financial risk management programme focuses on the unpredictability of the financial markets, optimizing the level of financial risks the Group can bear, and minimizing any potential adverse effects on the financial performance of the Group. The purpose of the financial risk management programme is to ensure that transactions undertaken are in accordance with the Group's policies and not for speculative purpose. The net gain of the derivative financial instruments for the year ended 30 June 2007 was approximately HK$19,017,000 (2006: HK$70,157,000).

PROPOSED ACQUISITION FROM JIANGXI HUAGAN LEIXIN COPPER CO., LTD

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

DISPOSAL OF LIFE-LIKE PLANT BUSINESS

On 21 May 2007, the Company announced that Brightpower Assets Management Limited (the "Vendor", a company incorporated in BVI and an indirect wholly-owned subsidiary of the Company), Eternal Gain Investments Limited (the "Purchaser", a company incorporated in BVI) and Kong Sun Holdings Limited ("Kong Sun", a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and which holds 100% of the Purchaser) entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") on 19 May 2007. Upon completion of the Sale and Purchase Agreement, the entire issued share capital of each of FT Far East Limited ("FTE") and FT China Limited ("FTC"), being the Sale Companies and directly wholly-owned subsidiaries of the Vendor, will be sold to the Purchaser, and an indebtedness in the sum of HK$80,786,000 owed by FTFE to the Vendor will be assigned to the Purchaser, for an aggregate consideration of HK$60 million. The aggregate consideration will be settled by way of Kong Sun executing upon the completion date a promissory note in the amount of HK$20 million to the Vendor and partly by way of Kong Sun issuing upon the completion date the convertible bonds for an aggregate principal amount of HK$40 million to the Vendor or its nominees as the Vendor may direct.

DISPOSAL OF LIFE-LIKE PLANT BUSINESS (continued)

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

On 20 September 2007, the Company announced that the parties to the Sales and Purchase Agreement have entered into a supplemental agreement (the "Supplement Agreement") on 19 September 2007 to amend certain provisions of the Sale and Purchase Agreement. The details of the material terms of the Supplemental Agreement were set out in the joint announcement dated 20 September 2007. Completion of the Sale and Purchase Agreement is subject to the satisfaction of certain conditions precedent which are currently still pending.

CHANG OF CHINESE NAME

With effect from 3 August 2007, the Chinese name of the Company changed from "華藝銅業控股有限公司" to "華藝礦業控股有限公司" for identification purposes only. With effect on 9 August 2007, the share of the Company is traded on the Stock Exchange under its new Chinese name. At the same day, the Chinese stock short name for trading in the shares of the Company on the Stock Exchange also changed from "華藝銅業" to "華藝礦業" to reflect the change of Chinese name. It is considered that the change of Chinese name provides a better identification of the business operations of the Company and its subsidiaries in light of recent developments.

POST BALANCE SHEET EVENTS

Placing of 30,000,000 New Shares

On 25 June 2007, the Company and CCB International Capital Limited entered into a placing agreement to place 30,000,000 new ordinary shares of HK$0.20 each in the capital of the Company ("Shares") at a price of HK$1.20 per share on a best effort basis (the "New Shares Placing "). The net proceeds of approximately HK$34 million were intended to be used as general working capital of the Group. The New Shares Placing was completed on 10 July 2007. Details of the New Shares Placing were set out in the announcement dated 28 June 2007.

POST BALANCE SHEET EVENTS (continued)

Placing of Existing Shares and Top-up Subscription of New Shares

On 29 August 2007, Skywalk Assets Management Limited ("Skywalk") entered into a placing and subscription agreement (the "Placing and Subscription Agreement") under which Skywalk agreed to place Shares to investors and subsequently to subscribe for new Shares (the "Placing and Top-Up Subscription"). Pursuant to the Placing and Subscription Agreement, Skywalk placed 80,000,000 Shares to independent investors at a price of HK$0.96 per share and subscribed for 80,000,000 new Shares at a price of HK$0.96 per share. The net proceeds amounted to approximately HK$74 million, of which approximately HK$30 million was intended to be used by the Group as general working capital and approximately HK$44 million was intended to be applied by the Group to fund part of the consideration for future acquisitions of mining investments. The Placing and Top-Up Subscription was completed on 7 September 2007 and the details of the Placing and Top-Up Subscription were set out in the joint announcement of the Company and Solartech International Holdings Limited ("Solartech") dated 31 August 2007.

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

DISCLOSABLE TRANSACTION

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

On 7 October 2007, HYC Finance Company Limited, a wholly-owned subsidiary of the Company, ("HYC"), Meyton Investment Limited, a wholly-owned subsidiary of Yeading, ("Meyton") and Yeading entered into a loan agreement (the "Loan Agreement") pursuant to which HYC agreed to lend to Meyton HK$30,000,000 which shall be applied for the sole purpose of contribution to the registered capital of 青島華鑫礦業有限公司 (Qingdao Hua Xin Mining Industry Limited). Details of the Acquisition and the Loan Agreement are set out in the joint announcement of the Company and Solartech dated 15 October 2007.

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

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2007, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules, save and except that there has not been separation between the roles of the chairman and chief executive officer.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. The Company has confirmed with all directors that they had complied with the required standard set out in the Model Code throughout the year ended 30 June 2007.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive directors of the Company. The audited results for the year ended 30 June 2007 have been reviewed by the Audit Committee. The Audit Committee is satisfied with the Group's internal control procedures and financial reporting disclosures.

REMUNERATION COMMITTEE

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

APPRECIATION

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

On behalf of the Board

Chau Lai Him
Chairman and Managing Director

17 October 2007

Directors and Senior Management's Profile

EXECUTIVE DIRECTORS

Mr. Chau Lai Him, aged 55, has been appointed as the chairman and managing director of the Company since August 2004. He is responsible for the overall management, strategic planning and business development of the Group. He has more than 25 years' experience in manufacturing business of cable and wire products and copper products. Mr. Chau is the chairman and managing director of Solartech International Holdings Limited ("Solartech"), the substantial shareholder of the Company.

Mr. Chu Yuk Kuen, aged 52, joined the Company in April 2003 and is an executive director of the Company. He is responsible for the daily operation and production management of life-like plants. He has more than 16 years' experience in marketing and manufacturing business.

Mr. Chan Sio Keong, aged 34, has been appointed as an executive director of the Company since 12 September 2007. Mr. Chan is responsible for the overall management of the Company's financial matters. He holds a bachelor of commerce degree with major studies in accounting and finance from the Deakin University in Australia. He is a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Chan has extensive experience in finance, accounting and auditing. He was the finance manager of Chau's Electrical Co., Ltd., a wholly owned subsidiary of Solartech, before joining the Company.

Mr. Chan Kwan Hung, aged 52, has been appointed as an executive director of the Company since 2 October 2007. Mr. Chan is responsible for identifying and evaluating new investment opportunities and strategic partnership and also providing strategic support and guidance to the Board. He holds a bachelor degree in social sciences from the University of Hong Kong. Mr. Chan has over 20 years' experience in corporate and project finance. In the past five years, Mr. Chan has focused on resources and environmental investments and finance. He has been an executive director of Solartech since 2 October 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chung Kam Kwong, aged 50, is a practising Certified Public Accountant in Hong Kong and is a fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia, and a council member of the Macau Society of Certified Practising Accountants. He has extensive experience in accounting and financial management and is independent non-executive director of other listed companies in Hong Kong. Mr. Chung is an independent non-executive director of Solartech.

Directors and Senior Management's Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. Lee Kin Keung, Lawrence, aged 47, holds a master of commerce degree and a bachelor degree in commerce from the University of New South Wales, Australia. He also holds a master degree in applied finance from the Macquarie University, Australia. He is a certified public accountant of Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He has over 17 years of experience in finance, management, auditing and accounting. Mr Lee is also an independent non-executive director of another company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Lo Chao Ming, aged 42, has been appointed as an independent non-executive director of the Company since 1 April 2007. He is the deputy general manager of Sunf Pu Electric Wire & Cable Co., Ltd., a company incorporated in Taiwan, Republic of China. He has more than 20 years' experience in the cable and wire industry. Mr. Lo is an independent non-executive director of Solartech.

Dr. Peter Yue, aged 52, has been appointed as an independent non-executive director of the Company since 18 July 2007. Dr. Yue is the vice president (business development) of Red Dragon Resources Corp. ("Red Dragon"), a company listed in Canada, since 2004 and had been a director of Red Dragon from 2004 to 2007. He has accumulated over 10 years of experience in exploration and mining industry. Dr. Yue has a Ph.D of Geology from Chinese Academy of Geological Sciences and master degree from Changchun University of Earth Sciences.

SENIOR MANAGEMENT

Mr. Yuan Hai Xiang, aged 40, joined the Solartech Group in March 1985 and has been the operations manager of Dongguan Hua Yi Brass Products Co., Ltd since May 2003. He is responsible for materials control, production planning, purchasing, warehouse management and customer services of the Dongguan Hua Yi manufacturing facilities. He has more than 15 years' experience in operations management.

Mr. So Kang Ming, aged 53, joined the Group in February 2005 and is the assistant operations manager of the Group. He is responsible for purchasing, inventory control and logistics operations of the Group. He has about 15 years experience in merchandising and logistics operations.

Ms. Chau Yee Man, Katie, aged 24, joined the Group in October 2006 and is an assistant manager of the Group. She is responsible for procurement and copper forward contracts of the Group. She holds a bachelor degree of Economics from the University of California, Irvine in the United States. She is a daughter of Mr. Chau Lai Him.

Ms. Wong Ngan, aged 36, joined the Group in April 2007. Ms. Wong has been appointed as the company secretary of the Company and is the assistant financial controller of the Group. She is a member of the Hong Kong Institute of Certified Public Accountants and holds a MBA from the Open University of Hong Kong. She has over 10 years' experience in accounting, auditing and taxation.

Directors' Report

The directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 30 June 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2007 are set out in the consolidated income statement on page 28.

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial periods is set out on page 78.

PROPERTY, PLANT AND EQUIPMENT

Details of additions and other movements during the year in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

RESERVES

During the year, the Company's distributable reserve at 30 June 2007 was HK$225,029,000 (2006: HK$246,970,000). Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 31 to the consolidated financial statements.

Directors' Report

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Chau Lai Him *(Chairman and Managing Director)*	
Mr. Lau Man Tak	(resigned on 31 March 2007)
Mr. Chu Yuk Kuen	
Mr. Chow Kin Ming	(appointed on 1 March 2007 and resigned on 12 September 2007)
Mr. Chan Sio Keong	(appointed on 12 September 2007)
Mr. Chan Kwan Hung	(appointed on 2 October 2007)

Independent non-executive directors:

Mr. Chung Kam Kwong	
Mr. Chow Kin Ming	(redesignated as executive director on 1 March 2007)
Mr. Lee Kin Keung	
Mr. Lo Chao Ming	(appointed on 1 April 2007)
Dr. Peter Yue	(appointed on 18 July 2007)

All directors are subject to retirement by rotation.

Messrs. Chan Sio Keong, Chan Kwan Hung, Chung Kam Kwong and Dr. Peter Yue will retire from office as directors at the annual general meeting and Messrs. Chan Sio Keong, Chan Kwan Hung and Chung Kam Kwong being eligible, will offer themselves for re-election pursuant to Articles 86(2) and 87 of the Company's Bye-laws. Dr. Peter Yue will not offer himself for re-election at the annual general meeting. The remaining directors continue in office.

Independent non-executive directors are not appointed for a specific term and are subject to retirement by rotation in accordance with the above Bye-Laws.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2007, the interests of the directors and their associates in the shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long position in the shares of the Company

Name of director	Number of issued ordinary shares beneficially held	Percentage of the issued share capital of the Company
Mr. Chau Lai Him	2,894,000	0.43%

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation at 30 June 2007.

SUBSTANTIAL SHAREHOLDER'S INTERESTS IN SHARES

As at 30 June 2007, the substantial shareholders (within the meaning of the Listing Rules) of the Company and certain persons other than a director or a chief executive of the Company who are required to disclose their interests pursuant to Part XV of the SFO had the following interests or short position in the shares and underlying shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

Long position in the shares of the Company

	Number of issued ordinary shares held	
Name	Corporate interest	Percentage of holding
Solartech International Holdings Limited ("Solartech")	402,131,875 *(Note)*	59.74%
Skywalk Assets Management Limited ("Skywalk")	402,131,875 *(Note)*	59.74%

Note: Given Skywalk is a wholly owned subsidiary of Solartech, Solartech was deemed to be interested in the shares of the Company held directly by Skywalk by virtue of the SFO.

SUBSTANTIAL SHAREHOLDER'S INTERESTS IN SHARES (continued)

Other shareholders' interests in the Company and the Group

So far as is known to any Director, as at 30 June 2007, other than a director or a chief executive of the Company, the following persons, who had an interest or short position in the shares and underlying shares of the equity derivatives of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who were, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital are, as follows:

Name of the Company's subsidiary	Substantial shareholder of such subsidiary	Nature of interest	Number of Existing Shares/fully paid registered capital	Percentage of issued share capital/ registered capital
FT Multi-Media Limited	Nobleman Holdings Limited	Beneficial	4,000 shares	40%

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, its ultimate holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2007, the five largest customers of the Group together accounted for less than 30% of the Group's total turnover. The five largest suppliers of the Group together accounted for approximately 93% by value of the Group's total purchases during the year, with the largest supplier accounted for approximately 64%.

Save as disclosed under the heading "Connected Transactions", at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

CONNECTED TRANSACTIONS

On 11 August 2004, Wah Yeung Capital Resources Limited, Hua Yi Copper Products Company Limited and Dongguan Hau Yi Brass Products Co., Ltd., all being wholly owned subsidiaries of the Company, together with the Company, entered into a master supply and purchase agreement (the "Previous Master Agreement") with Solartech (as supplemented by a supplemental agreement dated 29 December 2004), a substantial shareholder and ultimate holding company of the Company, for the sale of copper wires and other related products to Solartech and its subsidiaries other than the Group (the "Remaining Solartech Group"). On 29 June 2007, the caps for the continuing connected party transactions for the year ended 30 June 2007 under the Previous Master agreement has been revised from HK$280 million to HK$325 million. On 1 June 2007, a new master agreement was entered into between the Company and Solartech in relation to sale of copper rods and other related products to the Remaining Solartech Group and the caps for the 3 financial years ending 30 June 2010 are HK$581 million, HK$751 million and HK$829 million respectively. The sale of copper wires and other related products to the Remaining Solartech Group for the year amounted to HK$303,298,000.

The independent non-executive directors confirm that the connected transactions were conducted in the ordinary course of its business, on normal commercial terms and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DISCLOSURE PURSUANT TO RULE 13.13 OF THE LISTING RULES

As at 30 June 2007, the circumstances giving rise to the disclosure obligations under Rule 13.13 of the Listing Rules continued to exist and in accordance with Rule 13.20 of the Listing Rules, details of the relevant advance to the three entities are as follows:

The aggregate trade receivables balance due from Chau's Electrical Company Limited, Dongguan Qiaozi Chau's Electrical Company Limited and Shanghai Chau's Electrical Company Limited was approximately HK$125,783,000, representing 12.9% of the market capitalisation of the Company and approximately 9.5% of the total assets of the Company as at 30 June 2007.

SHARE OPTIONS

On 4 December 2003, the Company adopted a new share option scheme (the "Share Option Scheme") which replaced its old share option scheme adopted in 1996. Particulars of these share option schemes are set out in note 32 to the consolidated financial statements.

The following table discloses movements in the Company's Share Option Scheme during the year:

For the year ended 30 June 2007

				Number of share options						
Capacity	**Date of grant**	**Exercisable period**	**Exercise price**	**Outstanding at 1.7.2006**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Outstanding at 30.6.2007**	**Exercisable period**	**Number of share options exercisable for the period**
			HK$							
Employees	9 December 2005	1 January 2006 to 31 December 2008	0.275	2,336,000	–	(996,000)	(332,000)	1,008,000	1.1.2007 to 31.12.2007	8,000
									1.1.2008 to 31.12.2008	1,000,000
Others	9 December 2005	1 January 2006 to 31 December 2008	0.275	12,000,000	–	(5,000,000)	(1,500,000)	5,500,000	1.1.2007 to 31.12.2007	1,500,000
									1.1.2008 to 31.12.2008	4,000,000
Others	6 April 2006	1 May 2006 to 30 April 2011	0.495	51,000,000	–	–	(10,200,000)	40,800,000	1.5.2007 to 30.4.2008	10,200,000
									1.5.2008 to 30.4.2009	10,200,000
									1.5.2009 to 30.4.2010	10,200,000
									1.5.2010 to 30.4.2011	10,200,000
Total				65,336,000	–	(5,996,000)	(12,032,000)	47,308,000		

No share options have been granted to the directors of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme as mentioned earlier, at no time during the year was the Company, its ultimate holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 to the Listing Rules, save and except that there has not been separation between the roles of the chairman and the chief executive officer.

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

AUDIT COMMITTEE

The Company has an audit committee which was established for the purposes of reviewing and supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

During the year, the audit committee met with the external auditors twice to understand and evaluate the financial risk associated to the Group and review the effectiveness of the Group's internal control.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 30 June 2007.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Directors' Report

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results and individual performance.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 32 to the consolidated financial statements.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Chau Lai Him
Chairman

17 October 2007

Corporate Governance Principles

CORPORATE GOVERNANCE PRINCIPLES

The Group is committed to promoting good corporate governance, and has applied the principles in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

COMPLIANCE OF THE CODE PROVISIONS

Throughout the financial year ended 30 June 2007 (the "Financial Year"), the Company has complied with the Code except for the deviation from code provision A2.1 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 Financial Year, Mr. Chau Lai Him acts as the Chairman and Managing Director of the Company. Mr. Chau is the founder of the Group and has extensive industry experience. Mr. Chau is responsible for effective running of the Board and for formulating business strategies. The Directors believe that it is the best interest of the Group to have Mr. Chau remained to be the executive chairman and that the current management structure has been effective in the development of the Group and implementation of business strategies under the leadership of Mr. Chau.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry by the Company, all the Directors confirmed that they had complied throughout the year with the required standard as set out therein.

BOARD OF DIRECTORS

The Board is entrusted with the overall responsibility for managing the Company's business and affairs and the ultimate responsibility for the day-to-day management of the Company which is delegated to the Chairman/Managing Director and the management.

The Board currently comprises a total of eight Directors, with four Executive Directors, Messrs. Chau Lai Him (Chairman), Chu Yuk Kuen, Chan Sio Keong, Chan Kwan Hung and four Independent Non-executive Directors, Messrs. Lee Kin Keung, Chung Kam Kwong, Lo Chao Ming, and Dr. Peter Yue. There is no relationship among the members of the Board. More details of the Directors are disclosed on pages 12.

BOARD OF DIRECTORS (continued)

The Board meets regularly throughout the Financial Year. All Directors are given the opportunity to put items on the agenda for regular Board meetings. All Directors have access to the Company Secretary to ensure that all Board procedures and rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretary and are available for inspection on reasonable notice. Any Director may, in furtherance of his/her duties, take independent professional advice where necessary at the expense of the Company.

The roles of Chairman and Managing Director are not separate, please refer to the explanation in connection with Code provision A.2.1 as set out under the heading "Compliance of the Code Provisions". The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings and all Directors receive adequate, complete and reliable information.

During the Financial Year, as a result of the re-designation of Mr. Chow Kin Ming as an Executive Director from his previous position as an Independent Non-executive Director with effect from 1 March 2007, the number of Independent Non-executive Directors on the Board was reduced from three to two. Following the appointment of Mr. Lo Chao Ming on 1 April 2007, the number of Independent Non-executive Directors on the Board was restored to three.

Each of the Independent Non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

BOARD OPERATION

During the Financial Year, the Board held 25 meetings and the attendance record of each member of the Board is set out below:

	Attendance/eligible to attend
Executive Directors	
Chau Lai Him, *Chairman and Managing Director*	24/25
Chu Yuk Kuen	12/25
Chow Kin Ming	21/25
Independent Non-executive Directors	
Lee Kin Keung	10/25
Chung Kam Kwong	10/25
Lo Chao Ming (appointed on 1 April 2007)	15/15
Resigned Directors	
Lau Man Tak (resigned on 31 March 2007)	5/5

REMUNERATION OF DIRECTORS

The Remuneration Committee of the Company currently comprises three Independent Non-executive Directors, Messrs. Chung Kam Kwong, Lo Chao Ming and Lee Kin Keung and the chairman of the Remuneration Committee is Mr. Chau Lai Him. The role and function of the Remuneration Committee included the determination of the specific remuneration packages of all Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, and make recommendations to the Board on the remuneration of Non-executive Directors. The Remuneration Committee should consider factors such as the salaries paid by comparable companies, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee shall meet at least once a year.

One meeting was held in the Financial Year to adopt the terms of reference of the Remuneration Committee and all the committee members were present at the meeting. Details of the emoluments of the Directors are set out in note 8 to the financial statements.

NOMINATION OF DIRECTORS

The Company has not established a Nomination Committee. The Board is responsible for all matters relating to the appointment of Directors either to fill a casual vacancy or as an addition to the existing Board. Any director so appointed will retire and offer himself for re-election at next annual general meeting and every director appointed shall be subject to retirement at least once every three years in accordance with the Bye-laws of the Company.

Directors are responsible for identifying suitable qualified candidates and make recommendation to the Board for consideration. The process of selecting and recommending candidates for directorship includes the consideration of referrals and engagement of external recruitment professionals. The selection criteria are mainly based on the assessment of their professional qualifications and experience relevant to the Company's businesses.

During the Financial Year, Directors reviewed the structure, size and composition of the Board and recommended the designation of Mr. Chow Kin Ming as Executive Director following the resignation of Mr. Lau Man Tak from the Board and the appointment of Mr. Lo Chao Ming as Independent Non-executive Director.

AUDITOR'S REMUNERATION

During the Financial Year, the remuneration paid and payable to the auditors of the Company, Deloitte Touch Tohmatsu, for the provision of the Group's audit services and non-audit related services were approximately HK$539,000 and HK$205,000 respectively.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three Independent Non-executive Directors, Messrs. Chung Kam Kwong, Lo Chao Ming and Lee Kin Keung. On 1 March 2007, upon his re-designation as Executive Director, Mr. Chow Kin Ming resigned as a member of the Audit Committee. As a result of the re-designation, the number of members comprising the Audit Committee was reduced to two. On 1 April 2007, Mr. Lo Chao Ming was appointed as a member of the Audit Committee which restored the number of members of the Audit Committee to three.

The primary duties of the Audit Committee include the review of the Group's financial reporting system, the nature and scope of audit review as well as the effectiveness of the system of internal control procedures and risk management. The Audit Committee is also responsible for making recommendation in relation to the appointment, reappointment and removal of the external auditors, and reviews and monitors the external auditors' independence and objectivity. In addition, the Audit Committee discusses matters raised by the external auditors and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee shall meet at least twice a year.

During the Financial Year, the Audit Committee held 3 meetings and all committee members were present at the meetings. The Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matter including the review of the Company's interim and annual financial statements before submission to the Board. The Group's financial statements for the year ended 30 June 2007 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

SYSTEM OF INTERNAL CONTROL

The Board ensures the maintenance of sound and effective internal controls to safeguard the Shareholder's investment and the assets of the Company. It has been an important duty that the Directors conduct a review of the effectiveness of the system of internal control of the Group annually or at anytime necessary. The review covers all material controls, including financial, operational and compliance controls, and risk management functions. The Board has reached the conclusion that the Group's internal control system was in place and effective.

Corporate Governance Principles

GENERAL

The Directors acknowledge their responsibility for preparing the Group's financial statements in accordance with statutory requirements and applicable accounting standards.

The responsibilities of the auditors with respect to the financial reporting are set out in the Auditor's Report on page 27 of this Annual Report.

On behalf of the Board

Chau Lai Him
Chairman
17 October 2007

Deloitte.
德勤

TO THE SHAREHOLDERS OF HUA YI COPPER HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Hua Yi Copper Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 77, which comprise the consolidated balance sheet as at 30 June 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2007 and of the Group's loss and cash flows for the year then ended 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 October 2007

Consolidated Income Statement

For the year ended 30 June 2007

		Continuing operation		Discontinued operations		Total	
		2007	2006	**2007**	2006	**2007**	2006
	NOTES	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*5*	**2,666,903**	1,424,450	**81,136**	88,716	**2,748,039**	1,513,166
Cost of sales		**(2,590,271)**	(1,339,771)	**(67,383)**	(73,619)	**(2,657,654)**	(1,413,390)
Gross profit		**76,632**	84,679	**13,753**	15,097	**90,385**	99,776
Other income		**785**	9,635	**1,264**	3,281	**2,049**	12,916
Interest income		**3,993**	2,372	**705**	612	**4,698**	2,984
General and administrative expenses		**(32,119)**	(31,996)	**(10,180)**	(11,384)	**(42,299)**	(43,380)
Selling and distribution expenses		**(3,832)**	(246)	**(2,871)**	(4,339)	**(6,703)**	(4,585)
Change in fair value of derivative financial instruments	*20*	**19,017**	70,157	**–**	–	**19,017**	70,157
Allowance for doubtful debts		**(6,787)**	–	**(181)**	–	**(6,968)**	–
Impairment loss arising from adjustment to fair value less cost to sell	*27*	**–**	–	**(28,000)**	–	**(28,000)**	–
Finance costs	*9*	**(43,874)**	(26,043)	**(2,742)**	(2,346)	**(46,616)**	(28,389)
Share of result of a jointly controlled entity		**(369)**	10	**–**	–	**(369)**	10
Profit (loss) before taxation	*7*	**13,446**	108,568	**(28,252)**	921	**(14,806)**	109,489
Tax credit (expense)	*10*	**779**	(16,795)	**(127)**	(2,390)	**652**	(19,185)
Profit (loss) for the year		**14,225**	91,773	**(28,379)**	(1,469)	**(14,154)**	90,304
Dividends	*11*						
Paid		**23,467**	6,671	**–**	–	**23,467**	6,671
Proposed		**–**	16,678	**–**	–	**–**	16,678
(Loss) earnings per share from continuing and discontinued operations	*12*						
– Basic						**(2.11) HK cents**	13.66 HK cents
– Diluted						**(2.08) HK cents**	13.66 HK cents
from continuing operation	*12*						
– Basic						**2.12 HK cents**	13.88 HK cents
– Diluted						**2.09 HK cents**	13.88 HK cents

Consolidated Balance Sheet

At 30 June 2007

	NOTES	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	13	**172,140**	152,381
Prepaid lease payments for land – non-current portion	14	**53,531**	67,652
Prepayment for acquisition of property, plant and equipment		**–**	79,733
Interest in a jointly controlled entity	15	**18,023**	17,485
Loans receivable	19	**46,898**	–
		290,592	317,251
Current assets			
Inventories	16	**302,926**	195,580
Debtors, other loans and receivables, deposits and prepayments	17	**403,360**	440,963
Bills receivable	18	**17,732**	1,251
Prepaid lease payments for land – current portion	14	**1,340**	1,774
Derivative financial assets	20	**1,651**	6,063
Pledged deposits	30	**72,583**	67,180
Bank balances and cash		**157,135**	120,236
		956,727	833,047
Assets classified as held for sale	27	**79,744**	–
		1,036,471	833,047
Current liabilities			
Creditors, other advances and accrued charges	21	**59,613**	111,068
Bills payable	22	**142,110**	66,797
Taxation		**5,241**	8,779
Obligations under finance leases	23	**466**	211
Borrowings	24	**601,136**	445,731
Bank overdrafts	24	**–**	70
Derivative financial liabilities	20	**1,362**	1,478
		809,928	634,134
Liabilities associated with assets classified as held for sale	27	**20,332**	–
		830,260	634,134
Net current assets		**206,211**	198,913
Total assets less current liabilities		**496,803**	516,164

Consolidated Balance Sheet

At 30 June 2007

	NOTES	2007 HK$'000	2006 HK$'000
Non-current liabilities			
Obligations under finance leases	23	–	218
Deferred tax liabilities	25	**15,748**	14,937
		15,748	15,155
		481,055	501,009
Capital and reserves			
Share capital	26	**134,627**	133,428
Reserves		**346,428**	367,581
		481,055	501,009

The financial statements on pages 28 to 77 were approved and authorised for issue by the Board of Directors on 17 October 2007 and are signed on its behalf by:

Chau Lai Him
Director

Chan Sio Keong
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2007

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (note (a))	Exchange reserve HK$'000	Special reserve HK$'000 (note (b))	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 July 2005	111,095	190,496	–	–	(43,246)	–	57,603	315,948
Exchange differences arising on translation of foreign operations	–	–	–	5,052	–	–	–	5,052
Profit for the year	–	–	–	–	–	–	90,304	90,304
Total recognised income for the year	–	–	–	5,052	–	–	90,304	95,356
Placement of new shares	22,200	75,480	–	–	–	–	–	97,680
Issue of shares upon exercise of share options	133	50	–	–	–	–	–	183
Recognition of equity – settled expense – share based payments	–	–	–	–	–	3,608	–	3,608
Expenses incurred in relation to the issue of new shares	–	(5,095)	–	–	–	–	–	(5,095)
Dividend paid	–	–	–	–	–	–	(6,671)	(6,671)
Transfer upon exercise of share options	–	43	–	–	–	(43)	–	–
Capital reorganisation	–	(260,881)	172,724	–	–	–	88,157	–
At 30 June 2006	133,428	93	172,724	5,052	(43,246)	3,565	229,393	501,009
Exchange differences arising on translation of foreign operations and share of reserve of a jointly controlled entity	–	–	–	13,816	–	–	–	13,816
Loss for the year	–	–	–	–	–	–	(14,154)	(14,154)
Total recognised income and expense for the year	–	–	–	13,816	–	–	(14,154)	(338)
Issue of shares upon exercise of share options	1,199	450	–	–	–	–	–	1,649
Recognition of equity – settled expense – share based payments	–	–	–	–	–	2,202	–	2,202
Transfer upon exercise of share options	–	438	–	–	–	(438)	–	–
Forfeiture of share options	–	–	–	–	–	(1,201)	1,201	–
Dividend paid	–	–	–	–	–	–	(23,467)	(23,467)
At 30 June 2007	134,627	981	172,724	18,868	(43,246)	4,128	192,973	481,055

Notes:

(a) In previous year, the Group undertook a capital reorganisation resulting in eliminating the share premium account of the Company as at 30 September 2005 of HK$260,881,000 against the accumulated losses as at 30 September 2005 of HK$88,157,000 with the remaining balance of HK$172,724,000 credited to contributed surplus of the Company.

(b) Special reserve was arisen from the business combination carried out by the Company in 2004, which was accounted for as a reverse acquisition. The details of the transaction were set out in the circular dated 14 June 2004.

Consolidated Cash Flow Statement

For the year ended 30 June 2007

	2007 HK$'000	2006 HK$'000
Operating activities		
(Loss) profit before taxation	**(14,806)**	109,489
Adjustments for:		
Depreciation of property, plant and equipment	**15,352**	10,123
Charge of prepaid lease premium for land	**1,760**	1,830
Impairment loss arising from adjustment to fair value less cost to sell	**28,000**	–
Equity settled share based payments	**2,202**	3,608
Change in fair value of derivative financial instruments	**(19,017)**	(70,157)
Allowance for doubtful debts	**6,968**	–
Write-down of inventories	**423**	–
Interest income	**(4,698)**	(2,984)
Finance costs	**46,616**	28,389
Share of result of a jointly controlled entity	**369**	(10)
Operating cash flows before movements in working capital	**63,169**	80,288
Increase in inventories	**(149,865)**	(33,659)
Decrease (increase) in debtors, other loans and receivables, deposits and prepayments	**35,222**	(146,793)
(Increase) decrease in bills receivable	**(16,481)**	2,017
(Decrease) increase in creditors, other advances and accrued charges	**(40,966)**	34,389
Increase in bills payable	**81,626**	57,048
Decrease in derivative financial instruments	**23,313**	62,581
Cash (used in) from operations	**(3,982)**	55,871
Hong Kong Profits Tax paid	**(1,362)**	(1,123)
Taxation in Mainland China	**(1,378)**	(4,628)
Net cash (used in) from operating activities	**(6,722)**	50,120
Investing activities		
Interest received	**4,698**	2,984
Loan advanced to a third party	**(15,338)**	–
Purchase of property, plant and equipment	**(18,953)**	(22,606)
Proceeds on disposal of property, plant and equipment	**3,267**	–
Additions of prepaid lease premium for land	**–**	(6,946)
Prepayment for acquisition of property, plant and equipment	**–**	(120,709)
Capital contribution to a jointly controlled entity	**–**	(17,475)
Increase in pledged deposits	**(10,791)**	(35,379)
Net cash used in investing activities	**(37,117)**	(200,131)

Consolidated Cash Flow Statement

For the year ended 30 June 2007

	2007 *HK$'000*	2006 *HK$'000*
Financing activities		
Interest paid on bank and other borrowings	**(43,061)**	(33,028)
Interest paid on finance leases	**(25)**	(23)
Repayment of obligations under finance leases	**(427)**	(340)
Proceeds from issue of shares	**1,649**	97,863
Expenses incurred in connection with the issue of shares	**–**	(5,095)
New bank loans raised	**241,665**	234,991
Repayment of bank loans	**(269,100)**	(143,167)
New trust receipt loans raised	**1,670,977**	973,731
Repayment of trust receipt loans	**(1,496,351)**	(881,631)
Repayment of invoice financing loans	**–**	(27,257)
Additions (repayment) of other loans	**1,937**	(695)
Dividends paid	**(23,467)**	(6,671)
Net cash from financing activities	**83,797**	208,678
Net increase in cash and cash equivalents	**39,958**	58,667
Effect of foreign exchange rate changes	**1,736**	631
Cash and cash equivalents at beginning of the year	**120,166**	60,868
Cash and cash equivalents at end of the year	**161,860**	120,166
Analysis of the balances of cash and cash equivalents		
Being:		
Bank balances and cash	**157,135**	120,236
Bank overdrafts	**–**	(70)
	157,135	120,166
Bank balances and cash attributable to assets classified as held for sale	**4,725**	–
	161,860	120,166

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Skywalk Assets Management Limited ("Skywalk"), a limited liability company incorporated in the British Virgin Islands. The Directors consider Solartech International Holdings Limited ("Solartech"), also incorporated in Bermuda as an exempted company with limited liability and its shares being listed on the Stock Exchange, to be its ultimate holding company. The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information in the annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of copper rods, life-like plants and production, distribution and licensing of television programmes.

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

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

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the current accounting period. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, other than construction in progress are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment other than construction in progress over their estimated useful lives.

Properties in the course of construction for production, rental or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Prepaid lease payments on land use right

Prepaid lease payments on land use rights are stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. The costs of prepaid lease payments on land use rights are amortised on a straight-line basis over the term of the land use right.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

All borrowing costs are expensed and included in finance costs in the consolidated income statement in the period in which they are incurred.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes consolidated income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the rentals are charged to the income statement on a straight line basis over the relevant lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised as profit or loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items carried at fair value are included as profit or loss.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised as profit or loss in the period in which the foreign operation is disposed of.

Retirement benefits schemes

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group's non-derivative financial assets mainly include loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including debtors, other loans and receivables, bills receivable, amounts due from fellow subsidiaries and bank deposits) are carried at amortised cost using the effective interest method, less any identified impairment loss. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by an entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Bank borrowings are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Other financial liabilities

Other financial liabilities including creditors, other advances, bills payable and amount due to a fellow subsidiary are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivatives

Derivatives that do not qualify for hedge accounting are deemed as financial assets/financial liabilities held for trading and are measured at fair value with fair value changes recognised in profit or loss, except for derivative instruments which are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured and such derivative instruments are stated at cost less impairment, if applicable.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Company

For the share options that were granted after 1 July 2005, the fair value of share options has been recognised in the income statement as share based payments.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to others

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received unless that fair value cannot be estimated reliably, in which case, the fair value is estimated by reference to the fair value of the share options. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to share option reserve.

4. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

The Group's major financial instruments include debtors, other loans and receivables, amounts due from fellow subsidiaries, derivative financial assets and liabilities, pledged deposits, bank balances, creditors, bills payable, amount due to a fellow subsidiary and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, United States dollars and Renminbi, which are the functional currencies of respective group companies. The Group does not expect any significant exposure to foreign currency risks.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The Group has no significant concentration of credit risk, except for the trade receivables from fellow subsidiaries and loans receivable from a third party, with exposure spread over a number of counterparties and customers.

4. FINANCIAL INSTRUMENTS (continued)

a. Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group closely monitored the settlements of trade debts from fellow subsidiaries within the credit period of 45 days and the directors of the Company consider that the credit risk is not significant. The management considered that the credit risk on loans receivable is not significant as it is secured by the assets of the third party.

The credit risk on liquid funds is limited because the counterparts are banks with high credit-ratings assigned by international credit-rating agencies.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the cash flows of the financial instruments will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of the financial instruments will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk which relates primarily to the Group's floating rate bank borrowings and the details of borrowings are disclosed in note 24. Management closely monitors cash flow interest rate risk and will consider hedging significant interest rate exposure should the need arise. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Copper price risk

The Group is exposed to price risk of copper rods, which are the major raw materials for the production process. To mitigate the copper price risk, the Group has entered into copper future contracts to hedge against the fluctuations of copper price. Details of the copper future contracts outstanding at balance sheet date are set out in note 20.

b. Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their corresponding fair values.

5. TURNOVER

Turnover represents the amounts received and receivable for goods sold to outside customers, net of returns and discounts and sales related taxes during the year.

6. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group has three principal operating divisions – manufacture and trading of copper rods and life-like plants and production, distribution and licensing of television programmes.

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

As detailed in note 27, on 21 May 2007, the Company announced a plan to dispose of its business of manufacture and trading of life-like plants. Accordingly, the business segment of manufacture and trading of life-like plants was classified as discontinued operation, and the comparative figures of this segment was re-classified from continuing operations to discontinued operation.

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

6. SEGMENTAL INFORMATION (continued)

Business segments (continued)

For the year ended 30 June 2007

	Continuing operation		Discontinued operations			
	Copper rods	Total	Life-like plants	Production, distribution and licensing of television programmes	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
Sales to external customers	2,666,903	2,666,903	81,013	123	81,136	2,748,039
RESULT						
Segment result	62,423	62,423	2,336	(551)	1,785	64,208
Unallocated corporate income	3,993	3,993			705	4,698
Unallocated corporate expenses	(8,727)	(8,727)			–	(8,727)
Impairment loss arising from adjustment to fair value less cost to sell	–	–	(28,000)	–	(28,000)	(28,000)
Finance costs	(43,874)	(43,874)			(2,742)	(46,616)
Share of result of a jointly controlled entity	(369)	(369)			–	(369)
Profit (loss) before taxation	13,446	13,446			(28,252)	(14,806)
Tax credit (expense)	779	779			(127)	652
Profit (loss) for the year	14,225	14,225			(28,379)	(14,154)

6. SEGMENTAL INFORMATION (continued)

Business segments (continued)

At 30 June 2007

	Copper rods HK$'000	Life-like plants HK$'000	Production, distribution and licensing of television programmes HK$'000	Consolidated HK$'000
BALANCE SHEET				
Assets				
Segment assets	1,071,167	74,930	938	1,147,035
Interest in a joint controlled entity				18,023
Unallocated corporate assets				162,005
Consolidated total assets				1,327,063
Liabilities				
Segment liabilities	192,466	20,332	10,513	223,311
Unallocated corporate liabilities				622,697
Consolidated total liabilities				846,008

OTHER INFORMATION

	Continuing operation		Discontinued operations			
	Copper rods HK$'000	Total HK$'000	Life-like plants HK$'000	Production, distribution and licensing of television programmes HK$'000	Total HK$'000	Consolidated HK$'000
Capital additions	67,088	67,088	502	–	502	67,590
Depreciation	13,095	13,095	2,253	4	2,257	15,352
Allowance for doubtful debts	6,787	6,787	181	–	181	6,968
Write down of inventories	–	–	–	423	423	423

6. SEGMENTAL INFORMATION (continued)

Business segments (continued)

For the year ended 30 June 2006

	Continuing operation		Discontinued operations			
	Copper rods	Total	Life-like plants	Production, distribution and licensing of television programmes	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
Sales to external customers	1,424,450	1,424,450	87,605	1,111	88,716	1,513,166
RESULT						
Segment result	139,927	139,927	839	1,816	2,655	142,582
Unallocated corporate income	3,254	3,254	612	–	612	3,866
Unallocated corporate expenses	(8,580)	(8,580)			–	(8,580)
Finance costs	(26,043)	(26,043)			(2,346)	(28,389)
Share of result of a jointly controlled entity	10	10			–	10
Profit before taxation	108,568	108,568			921	109,489
Taxation	(16,795)	(16,795)			(2,390)	(19,185)
Profit (loss) for the year	91,773	91,773			(1,469)	90,304

6. SEGMENTAL INFORMATION (continued)

Business segments (continued)

At 30 June 2006

	Copper rods	Life-like plants	Production, distribution and licensing of television programmes	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
BALANCE SHEET				
Assets				
Segment assets	920,341	90,682	1,469	1,012,492
Interest in a joint controlled entity				17,485
Unallocated corporate assets				120,321
Consolidated total assets				1,150,298
Liabilities				
Segment liabilities	160,819	14,399	4,379	179,597
Unallocated corporate liabilities				469,692
Consolidated total liabilities				649,289

OTHER INFORMATION

	Continuing operation		Discontinued operations			
	Copper rods	Total	Life-like plants	Production, distribution and licensing of television programmes	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	22,350	22,350	256	–	256	22,606
Depreciation	8,603	8,603	1,508	12	1,520	10,123

6. SEGMENTAL INFORMATION (continued)

Geographical segments

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

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

	Continuing operations		Discontinued operations		Total Turnover by geographical market	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**2,666,903**	1,424,450	**–**	–	**2,666,903**	1,424,450
America	**–**	–	**72,703**	79,843	**72,703**	79,843
Europe	**–**	–	**6,134**	5,364	**6,134**	5,364
Hong Kong	**–**	–	**2,255**	3,220	**2,255**	3,220
Other Asian regions	**–**	–	**44**	289	**44**	289
	2,666,903	1,424,450	**81,136**	88,716	**2,748,039**	1,513,166

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property plant and equipment	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**958,924**	794,011	**66,031**	22,548
Hong Kong	**188,111**	218,481	**1,559**	58
	1,147,035	1,012,492	**67,590**	22,606

7. PROFIT (LOSS) BEFORE TAXATION

	Continuing operation		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit (loss) before taxation has been arrived at after charging:						
Auditors' remuneration	**539**	477	**340**	300	**879**	777
Depreciation of property, plant and equipment						
Owned assets	**12,551**	8,406	**2,257**	1,520	**14,808**	9,926
Assets held under finance leases	**544**	197	**–**	–	**544**	197
	13,095	8,603	**2,257**	1,520	**15,352**	10,123
Charge of prepaid lease premium for land use rights	**1,297**	1,439	**463**	391	**1,760**	1,830
Operating lease rentals in respect of rented premises	**180**	180	**481**	416	**661**	596
Write down of inventories	**–**	–	**423**	–	**423**	–
Staff costs including directors' emoluments	**12,563**	5,375	**9,821**	9,392	**22,384**	14,767
Employees share-based payment expense	**100**	164	**–**	–	**100**	164
	12,663	5,539	**9,821**	9,392	**22,484**	14,931
and after crediting:						
Exchange loss (gain), net	**1,030**	(1,138)	**(144)**	(49)	**886**	(1,187)

8. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Particulars of the emoluments of the directors and the five highest paid individuals for the year were as follows:

Name of Director	Fees	Salaries and other benefits	Performance bonus	Retirement benefit scheme contributions	2007 Total	2006 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Mr. Chau Lai Him	–	195	2,232	9	**2,436**	2,505
Mr. Chow Kin Ming	–	620	–	4	**624**	41
Mr. Lau Man Tak	–	1,430	150	–	**1,580**	660
Mr. Chu Yuk Kuen	–	390	–	–	**390**	375
Mr. Hui Chun Lam	–	–	–	–	**–**	210
Mr. Chung Kam Kwong	80	–	–	–	**80**	80
Mr. Lo Chao Ming	15	–	–	–	**15**	–
Mr. Lee Kin Keung	40	–	–	–	**40**	23
Total	135	2,635	2,382	13	**5,165**	3,894

The five highest paid individuals of the Group include four (Year ended 30 June 2006: four) executive directors of the Company, details of whose emoluments are included above. The emoluments of the remaining one (Year ended 30 June 2006: one) individual for the current year and prior period were as follows:

	2007	2006
	HK$'000	*HK$'000*
Salaries	**533**	296
Contributions to retirement benefits schemes	**12**	12
	545	308

9. FINANCE COSTS

	Continuing operation		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank borrowings and other loans wholly repayable within five years	**43,849**	26,020	**2,742**	2,346	**46,591**	28,366
Interest on finance leases	**25**	23	**–**	–	**25**	23
	43,874	26,043	**2,742**	2,346	**46,616**	28,389

10. TAX (CREDIT) EXPENSE

	Continuing operation		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong Profits Tax						
Current year	**450**	2,610	**127**	2,390	**577**	5,000
(Over)under provision in respect of prior years	**(663)**	2,676	**–**	–	**(663)**	2,676
Taxation in Mainland China						
Current year	**1,185**	3,972	**–**	–	**1,185**	3,972
Overprovision in respect of prior years	**(2,058)**	–	**–**	–	**(2,058)**	–
	(1,086)	9,258	**127**	2,390	**(959)**	11,648
Deferred taxation *(Note 25)*	**307**	7,537	**–**	–	**307**	7,537
	(779)	16,795	**127**	2,390	**(652)**	19,185

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

Pursuant to the approvals obtained from the relevant PRC tax authorities, the major subsidiaries in Dongguan, Mainland China, can enjoy tax benefit and are entitled to the PRC enterprise income tax of 24% and local income tax of 3% and therefore, subject to a tax rate of 27%.

10. TAX (CREDIT) EXPENSE (continued)

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

	2007 HK$'000	2006 HK$'000
(Loss) profit before taxation	**(14,806)**	109,489
Tax at the domestic income tax rate of 27% (30.6.2006: 27%)	**(3,998)**	29,562
Tax effect of expenses not deductible for tax purpose	**8,157**	249
Tax effect of income not taxable for tax purpose	**(1,791)**	(1,131)
Utilisation of tax losses previously not recognised	**(426)**	(8,810)
(Over)underprovision in respect of prior years	**(2,721)**	2,676
Tax effect of share of result of a jointly controlled entity	**100**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(154)**	(3,309)
Others	**181**	(52)
Tax (credit) expense for the year	**(652)**	19,185

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

11. DIVIDENDS

	2007 HK$'000	2006 HK$'000
Final dividend paid in respect of year 2005/2006 at HK$0.025 per share (2004/2005: Nil)	**16,741**	–
Interim dividend paid in respect of year 2006/2007 at HK$0.01 per share (2005/2006: HK$0.01 per share)	**6,726**	6,671
	23,467	6,671
Proposed final dividend in respect of year 2006/2007 at HK$Nil per share (2005/2006: HK$0.025 per share)	**–**	16,678

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

12. (LOSS) EARNINGS PER SHARE

For continuing and discontinued operations

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

	2007 HK$'000	2006 HK$'000
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	(14,154)	90,304

	Number of shares	
	2007	2006
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	669,706,007	661,126,599
Effect of dilutive potential ordinary shares:		
Share options	9,180,340	–
Weighted average number of ordinary shares for the purpose of diluted earning per share	678,886,347	661,126,599

For continuing operation

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

	2007 HK$'000	2006 HK$'000
(Loss) earnings for the year	(14,154)	90,304
Loss for the year from discontinued operations	28,379	1,469
Earnings for the purpose of basic and diluted earnings per share from continuing operation	14,225	91,773

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

12. (LOSS) EARNINGS PER SHARE (continued)

From discontinued operation

Basic loss per share for discontinued operation is 4.23 HK cents (2006: 0.22 HK cent) per share and diluted loss per share for discontinued operations is 4.17 HK cents (2006: 0.22 HK cent) per share, based on the loss for the year from discontinued operations of HK$28,379,000 (2006: HK$1,469,000). The denominators used are the same as those detailed above for basic and diluted (loss) earnings per share.

The effect of all share options for the prior year and certain share options for the current year was excluded from the calculation of diluted (loss) earnings per share because the options were anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Buildings in the PRC held under medium-term leases	Leasehold improvements	Equipment, furniture and fixtures	Plant and machinery	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP							
COST							
At 1 July 2005	5,416	57,210	10	6,459	98,960	3,018	171,073
Additions	7,670	6,225	6,384	155	2,081	91	22,606
Currency realignment	211	1,083	–	120	2,004	73	3,491
At 30 June 2006	13,297	64,518	6,394	6,734	103,045	3,182	197,170
Additions	9,812	4,163	–	497	50,618	2,500	67,590
Disposals	–	–	–	(3,326)	–	–	(3,326)
Reclassification	(18,289)	12,832	–	4,940	517	–	–
Currency realignment	505	2,164	326	284	3,868	124	7,271
Transfer to assets classified as held for sale	–	(28,922)	–	(2,831)	(8,718)	(171)	(40,642)
At 30 June 2007	5,325	54,755	6,720	6,298	149,330	5,635	228,063
ACCUMULATED DEPRECIATION							
At 1 July 2005	–	1,953	–	3,012	27,270	1,448	33,683
Provided for the year	–	1,463	49	874	7,366	371	10,123
Currency realignment	–	–	–	76	863	44	983
At 30 June 2006	–	3,416	49	3,962	35,499	1,863	44,789
Provided for the year	–	2,901	639	988	10,038	786	15,352
Disposals	–	–	–	(59)	–	–	(59)
Currency realignment	–	182	16	121	1,394	72	1,785
Transfer to assets classified as held for sales	–	(1,463)	–	(1,678)	(2,632)	(171)	(5,944)
At 30 June 2007	–	5,036	704	3,334	44,299	2,550	55,923
CARRYING VALUES							
At 30 June 2007	5,325	49,719	6,016	2,964	105,031	3,085	172,140
At 30 June 2006	13,297	61,102	6,345	2,772	67,546	1,319	152,381

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Buildings are depreciated over the shorter of the term of the lease or fifty years using the straight-line method.

Leasehold improvement are depreciated over the shorter of the remaining term of the lease or at 10% per annum using the straight-line method.

Depreciation is provided to write off the cost of other property, plant and equipment over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Equipment, furniture and fixtures	20% – 30%
Plant and machinery	6.67% – 20%
Motor vehicles	20% – 30%

At 30 June 2007, the carrying value of property, plant and equipment of the Group includes motor vehicles of HK$1,529,000 (2006: HK$515,000) in respect of assets held under finance leases.

14. PREPAID LEASE PAYMENTS FOR LAND

	2007	2006
	HK$'000	*HK$'000*
Leasehold land under medium-term lease in the PRC	**54,871**	69,426
Analysed for reporting purposes as:		
Non-current	**53,531**	67,652
Current	**1,340**	1,774
	54,871	69,426

15. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2007	2006
	HK$'000	*HK$'000*
Cost of unlisted investment	**17,475**	17,475
Share of post-acquisition profits and reserve	**548**	10
	18,023	17,485

15. INTEREST IN A JOINTLY CONTROLLED ENTITY (continued)

In prior year, the Group has entered into joint venture agreements with other PRC joint venture partners to establish a joint venture company in the PRC to engage in the manufacturing and sales of copper wires.

Name of company	Place of registration	Issued and fully paid registered capital *RMB*	Percentage of registered capital held by the Company	Principal activities
Fujian Jingyi Copper Products Limited	PRC	40,000,000	45%	Manufacturing and sales of copper wires

The summarised financial information in respect of the Group's interest in the jointly controlled entity for the year ended 30 June 2007 is as follows:

	2007 **HK$'000**	2006 *HK$'000*
Current assets	**8,694**	9,525
Non-current assets	**30,864**	8,151
Current liabilities	**(7,759)**	(191)
Non-current liabilities	**(13,776)**	–
Income	**–**	10
Expenses	**(369)**	–

16. INVENTORIES

	2007 **HK$'000**	2006 *HK$'000*
Raw materials	**258,562**	74,033
Work in progress	**1,993**	10,344
Finished goods	**42,371**	111,203
	302,926	195,580

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

Included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors with outsiders of HK$153,195,000 (2006: HK$157,537,000) and trade balances with fellow subsidiaries of HK$125,784,000 (2006: HK$116,275,000). The Group allows an average credit period of 30 days to 90 days to its trade debtors with outsiders and a credit period of 45 days to its fellow subsidiaries.

The aging analysis of trade debtors is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**140,824**	124,664
31 – 60 days	**50,858**	52,783
61 – 90 days	**19,831**	33,090
Over 90 days	**67,466**	63,275
	278,979	273,812

At 30 June 2007, included in debtors, other loans and receivables, deposits and prepayments were cash advances to fellow subsidiaries amounted to HK$63,730,000 (2006: HK$60,530,000). The amount was unsecured, interest-free and repayable on demand.

At 30 June 2007, included in debtors, other loans and receivables, deposits and prepayments were amounts due from financial institutions amounting to HK$44,273,000 (2006: HK$67,326,000) resulting from the net settlements of derivative financial instruments which were in the closed out positions at year end. The amount has been fully settled subsequent to year end.

18. BILLS RECEIVABLE

As at 30 June 2007 and 30 June 2006, the bills receivables aged within 90 days.

19. OTHER FINANCIAL ASSETS

As disclosed in note 31, pursuant to a loan agreement entered into between the Group and an independent third party during the current financial year, a prepayment of HK$31,560,000 for acquisition of property, plant and equipment has been assigned and reclassified as loan to the third party during the year. In addition, the Group has advanced an additional HK$15,338,000 to such party during the year. The aggregate amount of loans receivable at 30 June 2007 amounted to HK$46,898,000 (2006: Nil) was interest-bearing at 2.5% per annum and secured by the plant and machinery of the third party and has no fixed repayment terms. In the opinion of directors of the Company, the amount would not be recoverable within 12 months from the balance sheet date.

Bank balances and deposits comprise cash held by the Group and deposits with maturity of three months or less held with banks not restricted in use and carried at effective interest rates of bank balances and deposits range from 1% to 3% per annum.

20. DERIVATIVE FINANCIAL ASSETS (LIABILITIES)

	2007		2006	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Future contracts	**–**	**(1,362)**	5,754	–
Interest rate swaps	**468**	**–**	–	(803)
Foreign exchange forward contracts	**1,183**	**–**	309	(675)
	1,651	**(1,362)**	6,063	(1,478)

Future contracts

The major terms of the outstanding future contracts of the Group which had not been designated as hedging instruments were as follows:

	As at 30 June 2007	As at 1 July 2006
Quantities (in tonnes)	**1,375**	625
Average price per tonne	**7,604**	7,210
Delivery period	**From July 2007 to September 2007**	From August 2006 to October 2006
Fair value gain (loss) of copper future contracts recognised as current (liabilities) assets (in HK$'000)	**(1,362)**	5,754

20. DERIVATIVE FINANCIAL ASSETS (LIABILITIES) (continued)

Interest rate swap

Notional amount	Maturity	Swap	Fair value gain (loss) as at 30 June 2007 HK$'000	Fair value gain (loss) as at 1 July 2006 HK$'000
USD5,000,000	13 September 2009	Received USD interest rate at structure rate *(note)*	**468**	(803)
		Paid USD interest rate at LIBOR minus 0.8%		

Note: Structured rate is calculated at 6 months LIBOR (number of days the reference spread >0%)/(actual number of days in the calculation period) and reference spread is based on spread between 30 year and 10 year interest rate.

Forward foreign exchange contracts

The forward foreign exchange contracts are settled at specific time intervals and the major terms of the forward foreign exchange contracts are as follows:

At 30 June 2007

Notional amount/ settlement interval	Maturity dates	Contracted exchange rates	Fair value gain as at 30 June 2007 HK$'000
US$2,000,000 or US$4,000,000/year	24 January 2008	CNY7.2701 to 7.7755/US$1	**74**
US$1,000,000/month	5 July 2007	HK$7.738/US$1	**78**
US$1,000,000/month	20 December 2007	HK$7.728/US$1	**409**
US$1,000,000/month	20 December 2007	HK$7.7499/US$1	**232**
US$500,000/month	20 October 2007	HK$7.725/US$1	**153**
US$1,000,000/month	19 September 2007	HK$7.7295/US$1	**237**
			1,183

20. DERIVATIVE FINANCIAL ASSETS (LIABILITIES) (continued)

Interest rate swap (continued)

At 30 June 2006

Notional amount/ settlement interval	Maturity dates	Contracted exchange rates	Fair value gain (loss) as at 30 June 2006	
			HK$'000	*HK$'000*
US$500,000/month	15 January 2007	HK$7.73/US$1	36	–
US$300,000/month	25 May 2007	HK$7.73/US$1	–	(62)
US$1,000,000/month	5 December 2006	HK$7.7758/US$1	–	(101)
US$1,000,000/month	5 July 2007	HK$7.738/US$1	–	(305)
US$500,000/month	17 January 2007	HK$7.728/US$1	259	–
US$500,000/month	2 May 2007	HK$7.73/US$1	14	–
US$1,000,000/month	6 March 2007	HK$7.725/US$1	–	(113)
US$1,000,000/month	19 September 2007	HK$7.7295/US$1	–	(94)
			309	(675)

The above derivatives are measured at fair value at each balance sheet dates. Their fair values of copper future contracts are determined based on the quoted market prices and the fair values of interest rate swap and foreign exchange forward contracts are provided by banks or financial institutions at the balance sheet date. The change in fair value of derivative financial instruments of HK$19,017,000 (2006: HK$70,157,000) has been credited to the income statement during the year.

21. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

Included in the Group's creditors, other advances and accrued charges were trade creditors with outsiders of HK$15,601,000 (2006: HK$18,573,000).

The aging analysis of trade creditors is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**11,151**	9,903
31 – 60 days	**909**	4,770
61 – 90 days	**2,752**	711
Over 90 days	**789**	3,189
	15,601	18,573

21. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES (continued)

At 30 June 2007, included in creditors, other advances and accused charges were cash advances from fellow subsidiaries amounted to HK$12,450,000 (2006 HK$16,089,000). The amounts were unsecured, interest-free and repayable on demand.

22. BILLS PAYABLE

As at 30 June 2007 and 30 June 2006, the bills payables aged within 90 days.

23. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**488**	222	**466**	211
In the second to fifth year inclusive	**–**	223	**–**	218
	488	445	**466**	429
Less: Future finance charges	**(22)**	(16)		
Present value of lease obligations	**466**	429	**–**	–
Less: Amount due within one year			**(466)**	(211)
Amount due after one year			**–**	218

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 2 to 4 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates and the average effective borrowing rate was 3% (2006: 4.9%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

24. BORROWINGS/BANK OVERDRAFTS

	2007 **HK$'000**	2006 HK$'000
Borrowings are analysed as follows:		
Bank loans	**102,017**	125,655
Trust receipt loans	**483,598**	306,492
Other loans	**15,521**	13,584
	601,136	445,731
Bank overdrafts	**–**	70
	601,136	445,801
Secured	**149,788**	183,907
Unsecured	**451,348**	261,894
	601,136	445,801

All the above borrowings and bank overdrafts are repayable on demand or within one year and carried at floating interest rates.

The average effective interest rates of the bank borrowings range from 6% to 9% (2006: 5% to 8%) per annum.

The average effective interest rates of other loans range from 7% to 36% for both periods.

Over 95% of the Group's bank borrowings are denominated in the functional currencies of the relevant group entities and therefore exposed to minimal foreign exchange rate risk.

25. DEFERRED TAXATION

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
THE GROUP			
At 1 July 2005	11,732	(4,332)	7,400
Charge to income statement for the year	3,205	4,332	7,537
At 30 June 2006	14,937	–	14,937
Charge to income statement for the year	307	–	307
Exchange realignment	504	–	504
At 30 June 2007	15,748	–	15,748

At 30 June 2007, the Group has unused tax losses of HK$34,225,000 (30.6.2006: HK$35,803,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams.

The Group had no significant unprovided deferred tax assets or liabilities at the balance sheet date.

26. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.2 each	1,500,000,000	300,000
Issued and fully paid:		
As at 1 July 2005	555,474,500	111,095
Placement of new shares *(Note)*	111,000,000	22,200
Exercise of share options	664,000	133
As at 30 June 2006	667,138,500	133,428
Exercise of share options	5,996,000	1,199
As at 30 June 2007	673,134,500	134,627

Note: In prior year, pursuant to the subscription agreement entered into between the Company and Skywalk, 111,000,000 ordinary shares of HK$0.2 each in the Company were issued at a price of HK$0.88 per share. All the new shares issued rank pari passu in all respects with the then existing shares.

27. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE

On 21 May 2007, the Company announced that a conditional Sale and Purchase Agreement was entered into on 19 May 2007 by one of its wholly-owned subsidiaries and the purchaser, an independent third party, in respect of the disposal of the entire issued capital in FT China Limited and FT Far East Limited, both are indirect wholly-owned subsidiaries of the Company which carried on business of manufacture and trading of life-like plants. In addition, pursuant to the Sale and Purchase Agreement, the benefits and rights of the amount owed to the vendor of HK$80,786,000 will also be assigned to the purchaser upon completion of the disposal. The aggregate consideration amounted to HK$60 million, of which HK$20 million will be settled by way of promissory note and the remaining balance will be settled by the issue of convertible bonds upon the completion of the transaction. The transaction has not been completed up to 30 June 2007. Details of the disposal were set out in the circular of the Company dated 8 June 2007.

27. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE (continued)

The assets and liabilities of the life-like plants operation as at 30 June 2007 are as follows:

	HK$'000
Property, plant and equipment	34,698
Prepaid lease payments for land	15,518
Inventories	42,096
Debtors, deposits and prepayments	5,230
Tax recoverable	89
Pledged deposits	5,388
Bank balances and cash	4,725
Impairment loss arising from adjustment to fair value less costs to sell	(28,000)
Assets classified as held for sale	79,744
Creditors and accrued charges	14,019
Bills payable	6,313
Liabilities associated with assets classified as held for sale	20,332

The trade debtor balances included in debtors, deposits and prepayments aged within 30 days. The trade creditor balances included in creditors and accrued charges aged within 30 days. The bills payable aged within 90 days.

The subsidiaries to be disposed of has constituted a cash outflow of HK$7,647,000 (2006: cash inflow of HK$12,410,000) in the Group's operating activities, cash outflow of HK$6,000 (2006: cash outflow of HK$2,552,000) in the Group's investing activities and cash outflow of HK$1,119,000 (2006: cash outflow of HK$1,011,000) in the Group's financing activities.

The subsidiaries to be disposed of contributed HK$81,013,000 to the Group's turnover and incurred a loss of HK$25,354,000 to the Group's loss for the year.

28. CAPITAL COMMITMENTS

	2007 HK$'000	2006 HK$'000
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of:		
Leasehold improvements	169	–
Plant and machinery	2,304	14,145
	2,473	14,145

29. LEASE COMMITMENTS

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	2007 HK$'000	2006 HK$'000
Within one year	556	438
In the second to fifth year inclusive	312	35
	868	473

Leases are negotiated for an average term of three years and rentals are fixed for such period.

30. PLEDGE OF ASSETS

At 30 June 2007, the Group has pledged certain of its assets with a carrying value of HK$97,659,000 (2006: HK$110,870,000) to secure general banking facilities granted to the Group. The carrying values of these assets are analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
Property, plant and equipment	**19,688**	43,690
Bank deposits	**72,583**	67,180
Bank deposits included in assets classified as held for sale *(note 27)*	**5,388**	–
	97,659	110,870

31. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease in respect of motor vehicle with a total capital value at the inception of the lease of HK$464,000 (2006: Nil).

During the year, prepayment for acquisition of property, plant and equipment with carrying amount of HK$48,173,000 has been reclassified to property, plant and equipment which has been put into operation in the current year.

As disclosed in note 19, pursuant to a loan agreement entered into between the Group and an independent third party, a prepayment of HK$31,560,000 for acquisition of property, plant and equipment has been assigned, and reclassified as loan, to a third party during the year.

32. SHARE OPTION SCHEMES

The share option scheme was adopted by the Company on 4 December 2003. Under the share option scheme, the directors may, at their discretion, grant to full-time employees and executive directors of the Group the right to take up options to subscribe for shares of the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for services provided to the Company. The share option scheme, unless otherwise cancelled or amended, will expire on 3 December 2013. The subscription price of options is subject to a minimum which is the higher of the nominal value of a share, the closing price of the shares on the Stock Exchange on the date of grant and the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the grant date of the options.

The maximum number of unexercised share options permitted to be granted under the share option scheme must not exceed 10% of the shares of the Company in issue at any time. No option may be granted to any person which, if exercised in full, would result in the total number of shares already issued and issuable to him under the share option scheme exceeding 30% of the aggregate number of shares subject to the share option scheme, at the time it is proposed to grant the relevant option to such person.

The acceptance of an option, if accepted, must be made within 21 days from the date of the offer of the grant with a non-refundable payment of HK$1 from the grantee to the Company.

The total number of shares issued and to be issued upon exercise of options granted to each participant (including exercised, cancelled and outstanding options) in 12-month period must not exceed 1% of the shares in issue from time to time unless the same is approved by the shareholders.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the year, share-based payments of HK$2,202,000 (2006: HK$3,608,000) has been charged to the income statement.

32. SHARE OPTION SCHEMES (continued)

The following table disclose movements of the Company's share option scheme during the year:

For the year ended 30 June 2007

Capacity	Date of grant	Exercisable period	Vesting period	Exercise price HK$	Number of share options: Outstanding at 1.7.2006	Exercised during the year	Lapsed during the year	Outstanding at 30.6.2007	Exercisable period	Number of share options exercisable for the period
Employees	9 December 2005	1 January 2006 to 31 December 2008	9 December 2005 to 1 January 2007	0.275	2,336,000	(996,000)	(332,000)	1,008,000	1.1.2007 to 31.12.2007	8,000
			9 December 2005 to 1 January 2008						1.1.2008 to 31.12.2008	1,000,000
Others	9 December 2005	1 January 2006 to 31 December 2008	9 December 2005 to 1 January 2007	0.275	12,000,000	(5,000,000)	(1,500,000)	5,500,000	1.1.2007 to 31.12.2007	1,500,000
			9 December 2005 to 1 January 2008						1.1.2008 to 31.12.2008	4,000,000
Others	6 April 2006	1 May 2006 to 30 April 2011	6 April 2006 to 1 May 2006	0.495	51,000,000	–	(10,200,000)	40,800,000	1.5.2007 to 30.4.2008	10,200,000
			6 April 2006 to 1 May 2008						1.5.2008 to 30.4.2009	10,200,000
			6 April 2006 to 1 May 2009						1.5.2009 to 30.4.2010	10,200,000
			6 April 2006 to 1 May 2010						1.5.2010 to 30.4.2011	10,200,000
Total					65,336,000	(5,996,000)	(12,032,000)	47,308,000		

32. SHARE OPTION SCHEMES (continued)

The following tables disclose the movements of the Company's share option scheme in prior year:

For the year ended 30 June 2006

Capacity	Date of grant	Exercisable period	Vesting period	Exercise price	Number of share options: Outstanding at 1.7.2005	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 30.6.2006	Exercisable period	Number of share options exercisable for the period
				HK$							
Employees	1 April 2005	1 April 2005 to 31 March 2008	–	0.87	1,600,000	–	–	(1,600,000)	–	–	–
Employees	1 April 2005	1 April 2005 to 31 March 2007	–	0.87	1,500,000	–	–	(1,500,000)	–	–	–
Others	1 April 2005	1 April 2005 to 31 March 2008	–	0.87	9,856,000	–	–	(9,856,000)	–	–	–
Employees	9 December 2005	1 January 2006 to 31 December 2008	9 December 2005 to 1 January 2006	0.275	–	3,000,000	(664,000)	–	2,336,000	1.1.2006 to 31.12.2006	336,000
			9 December 2005 to 1 January 2007							1.1.2007 to 31.12.2007	1,000,000
			9 December 2005 to 1 January 2008							1.1.2008 to 31.12.2008	1,000,000
Others	9 December 2005	1 January 2006 to 31 December 2008	9 December 2005 to 1 January 2006	0.275	–	12,000,000	–	–	12,000,000	1.1.2006 to 31.12.2006	4,000,000
			9 December 2005 to 1 January 2007							1.1.2007 to 31.12.2007	4,000,000
			9 December 2005 to 1 January 2008							1.1.2008 to 31.12.2008	4,000,000
Others	6 April 2006	1 May 2006 to 30 April 2011	6 April 2006 to 1 May 2006	0.495	–	51,000,000	–	–	51,000,000	1.5.2006 to 30.4.2007	10,200,000
			6 April 2006 to 1 May 2007							1.5.2007 to 30.4.2008	10,200,000
			6 April 2006 to 1 May 2008							1.5.2008 to 30.4.2009	10,200,000
			6 April 2006 to 1 May 2009							1.5.2009 to 30.4.2010	10,200,000
			6 April 2006 to 1 May 2010							1.5.2010 to 30.4.2011	10,200,000
Total					12,956,000	66,000,000	(664,000)	(12,956,000)	65,336,000		

32. SHARE OPTION SCHEMES (continued)

Since the date of adoption of the share option scheme, no share options have been granted to the directors of the Company.

The fair value of share options granted to employees of the Group and other parties, determined at the date of grant of the shares options, is expensed over the vesting period. These fair values were calculated using the Black-Scholes Options Pricing Model. The inputs into the model were as follows:

Date of grant	9 December 2005	6 April 2006
Share price on the date of grant	HK$0.27	HK$0.495
Exercise price	HK$0.275	HK$0.495
Expected volatility	58.7%	64.5%
Average expected life	1.06 to 2.56 years	1.06 to 4.57 years
Average risk-free rate	3.87% to 4.15% p.a.	4.17% to 4.48% p.a.
Expected dividend yield	Nil	6.1%

The volatility was generated from Bloomberg based on the Company's 180 days historical shares prices before the dates of valuation.

The following table discloses movements of the Company's old share option scheme during the prior year which expired on 6 March 2007.

					Number of share options		
Capacity	Date of grant	Exercisable period	Vesting period	Adjusted exercise price *HK$*	Balance at 1.7.2005	Lapsed during the year	Balance at 30.6.2006
Employees	7 March 1997	7 March 1997 to 6 March 2007	Fully vested at date of grant	14.11	200,000	(200,000)	–
					200,000	(200,000)	–

The weighted average closing price of the Company's shares immediately before the dates on which share options were exercised during the year was HK$0.68 (2006: HK$0.55) per share.

33. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees.

Pursuant to the PRC Government regulations, the Group is required to contribute to a central pension scheme in respect of certain of the Group's employees in the PRC based on a certain percentage of the salaries of those employees and there is no forfeited contributions under the central pension scheme.

The retirement benefits cost charged to income statement represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

During the year, the Group made retirement benefits schemes contributions of HK$626,000 (Year ended 30 June 2006: HK$419,000).

34. RELATED PARTY TRANSACTION

Other than those disclosed in notes 17 and 21, during the year, the Group entered into the following transactions with fellow subsidiaries:

	2007 ***HK$'000***	2006 *HK$'000*
Sales of goods	**303,298**	207,298
Rental of office premises	**180**	180

At 30 June 2007, certain bank deposits and property, plant and equipment of the subsidiaries of ultimate holding company (other than the Group) with an aggregate carrying amount of HK$97,960,000 (30 June 2006: HK$41,874,000) have been pledged against the banking facilities granted to the Group.

Compensation of key management

The key management of the Group comprises all directors and the one highest paid employee, details of their remuneration are disclosed in note 8.

35. POST BALANCE SHEET EVENTS

Pursuant to a subscription agreement dated 25 June 2007 entered into between the Company and the subscribers, independent third parties of the Group, 30,000,000 new ordinary shares of HK$0.2 each of the Company were issued at a price of HK$1.2 per new ordinary share. The transaction has been completed on 10 July 2007.

Pursuant to a subscription agreement dated 29 August 2007 entered into between the Company and the subscribers, independent third parties of the Group, 80,000,000 new ordinary shares of HK$0.2 each of the Company were issued at a price of HK$0.96 per new ordinary share. The transaction has been completed on 7 September 2007.

The proceeds of the placement are used to raise further working capital of the Group and strengthen the Group's financial position.

After the placement of new ordinary shares as mentioned above, the share capital and share premium of the Company will increase by HK$22,000,000 and HK$90,800,000 respectively.

The Board announced that on 7 October 2007, the Company has entered into an agreement with Belleview Global Limited, an independent third party, pursuant to which the Company conditionally agreed to acquire the entire equity interests of Yeading Enterprises Limited at a cash consideration of RMB55 million (equivalent to HK$56 million) and shares consideration at HK$1.10 per share of the Company amounting to HK$110 million. The transaction has not been completed up to the announcement date and it is impractical to disclose the financial impact for the acquisition.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of the subsidiaries at 30 June 2007 which principally affect the results, assets or liabilities of the Group as the directors are of the opinion that a full list of all the subsidiaries would be of excessive length.

Name of company	Place of incorporation or registration/ operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital or registered capital held by the Group	Principal activities
Hua Yi Copper (BVI) Company Limited	British Virgin Islands	US$1	100%	Investment holding
Wah Yeung Capital Resources Limited	British Virgin Islands	US$1	100%	Investment holding
Hua Yi Copper Products Company Limited	Hong Kong	HK$5,000,000	100%	Manufacture and trading of copper products
東莞華藝銅業有限公司 Dongguan Hua Yi Brass Products Co., Ltd.# ("Dongguan Hua Yi")	PRC	US$9,850,000	100% *(Note (1))*	Manufacture and trading of copper products
昆山華藝銅業有限公司 Kunshan Hua Yi Copper Products Company Limited#	PRC	US$1,650,000	100%	Manufacture and trading of copper products
Brightpower Assets Management Limited	British Virgin Islands	US$1	100%	Investment holding

\# Wholly foreign owned enterprise

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Notes:

1. Prior to January 2006, Dongguan Hua Yi was an equity joint venture with a registered capital of US$9,850,000. The Group has solely contributed all the registered capital of Dongguan Hua Yi. No contribution was made by the PRC joint venture partner and accordingly the Group was entitled to the entire profit or loss of Dongguan Hua Yi. Pursuant to a supplemental agreement dated 5 August 2003, the PRC joint venture partner agreed to surrender its ownership in Dongguan Hua Yi to the Group at no consideration. The transfer has been approved by the PRC relevant authority and Dongguan Hua Yi became a wholly foreign owned enterprise since January 2006.

2. Except for Hua Yi Copper (BVI) Company Limited, all the subsidiaries are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

Financial Summary

RESULTS

	Year ended 30 June		Period from 1 January 2004 to 30 June	Year ended 31 March	
	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Restated)		
Turnover	**2,748,039**	1,513,166	1,453,821	623,745	391,553
(Loss) profit before taxation	**(14,806)**	109,489	28,768	29,981	9,322
Taxation	**652**	(19,185)	(8,325)	(3,975)	(1,361)
(Loss) profit for the year	**(14,154)**	90,304	20,443	26,006	7,961

ASSETS AND LIABILITIES

	At 30 June	At 30 June	At 30 June	At 31 March	At 31 March
	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Restated)		
Total assets	**1,327,063**	1,150,298	678,752	478,229	350,386
Total liabilities	**(846,008)**	(649,289)	(359,813)	(246,117)	(147,069)
Shareholders' funds	**481,055**	501,009	318,939	232,112	203,317

Note: The results for each of the two years ended 31 March 2004 ("Relevant Periods") have been extracted from the Company's circular to the shareholders dated 14 June 2004. The total assets in the Relevant Periods included the plant and machinery and land and buildings held by certain subsidiaries of Solartech International Holdings Limited as if the group structure as at 31 March 2004 had been in existence throughout the Relevant Periods.