HUA YI COPPER HOLDINGS LIMITED
華藝礦業控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 559)

2006/07 ANNUAL RESULTS ANNOUNCEMENTS

The Board of Directors (the "Directors") of Hua Yi Copper Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2007 together with last year's comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

		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	3	**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		**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	5	**–**	–	**(28,000)**	–	**(28,000)**	–
Finance costs	6	**(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	4	**13,446**	108,568	**(28,252)**	921	**(14,806)**	109,489
Tax credit (expense)	7	**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

* *for identification purposes only*

		Continuing operation		Discontinued operations		Total	
		2007	2006	**2007**	2006	**2007**	2006
	NOTES	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Dividends							
Paid	*8*	**23,467**	6,671	**–**	–	**23,467**	6,671
Proposed		**–**	16,678	**–**	–	**–**	16,678
(Loss) earnings per share from continuing and discontinued operations	*9*						
– Basic						**(2.11) HK cents**	13.66 HK cents
– Diluted						**(2.08) HK cents**	13.66 HK cents
from continuing operation							
– 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

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

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

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

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Exchange reserve *HK$'000*	Special reserve *HK$'000*	Share option reserve *HK$'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 TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 November 2006
4 Effective for annual periods beginning on or after 1 March 2007
5 Effective for annual periods beginning on or after 1 January 2008
6 Effective for annual periods beginning on or after 1 July 2008

3. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group 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.

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

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

For the year ended 30 June 2007

			Discontinued operations			
	Continuing operation 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*
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)**

For the year ended 30 June 2006

	Continuing operation Copper rods *HK$'000*	Total *HK$'000*	Discontinued operations Life-like plants *HK$'000*	Discontinued operations Production, distribution and licensing of television programmes *HK$'000*	Discontinued operations Total *HK$'000*	Consolidated *HK$'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

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

4. 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)

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

The subsidiaries to be disposed of contributed HK$81,136,000 to the Group's turnover and incurred a loss of HK$28,379,000 to the Group's loss for the year.

6. FINANCE COSTS

	Continuing 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

7. 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	**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%.

8. DIVIDENDS

	2007	2006
	HK$'000	*HK$'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.

9. (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	2006
	HK$'000	*HK$'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 basis (loss) earnings per share from continuing operation is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
(Loss) earnings for the year	**(14,154)**	90,304
Loss for the year from discontinued operation	**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.

From discontinued operation

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Directors announce that for the year ended 30 June 2007, 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.

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.

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.

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 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 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.

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 (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 HKFRS, which became effective from 1 January 2006. Therefore, the outstanding derivative financial instruments have to be revalued and stated at their fair value at the balance sheet date and the changes in fair value were charged to current year's income statement.

The Group's overall financial risk management 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 and which holds 100% of the Purchaser) entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") on 19 May 2007. Upon completion of the Sale and Purchase Agreement, the entire issued share capital of each of FT Far East Limited ("FTE") and FT China Limited ("FTC"), being the Sale Companies and directly wholly-owned subsidiaries of the Vendor, will be sold to the Purchaser, and an indebtedness in the sum of HK$80,786,000 owed by FTFE to the Vendor will be assigned to the Purchaser, for an aggregate consideration of HK$60 million. The aggregate consideration will be settled by way of Kong Sun executing upon the completion date a promissory note in the amount of HK$20 million to the Vendor and partly by way of Kong Sun issuing upon the completion date the convertible bonds for an aggregate principal amount of HK$40 million to the Vendor or its nominees as the Vendor may direct.

FTE is principally engaged in trading of life-like decorative plants and FTC is principally engaged in manufacture of life-like decorative plants through its wholly owned subsidiary. The life-like decorative plants and related business, as engaged by the Sale Companies, is a non-core business operation of the Group 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 of Hong Kong Limited 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 of Hong Kong Limited 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.

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

On 29 August 2007, 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 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 ("CG Code") in Appendix 14 of the Listing Rules, save and except that there has not been separation between the roles of the chairman and chief executive officer.

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

APPRECIATION

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

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

Hong Kong SAR, 17 October 2007

As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Chu Yuk Kuen, Mr. Chan Sio Keong and Mr. Chan Kwan Hung and the independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lee Kin Keung, Mr. Lo Chao Ming and Dr. Peter Yu.