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

(Incorporated in Bermuda with limited liability)

(Stock Code: 0559)

2007/08 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The board of directors (the "Directors") of Hua Yi Copper Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2008 together with last year's comparative figures, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2008

		Continuing operations		Discontinued operations		Total	
		2008	2007	**2008**	2007	**2008**	2007
	NOTES	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*3*	**2,968,984**	2,666,903	**106,937**	81,136	**3,075,921**	2,748,039
Cost of sales		**(2,902,092)**	(2,590,271)	**(91,816)**	(67,383)	**(2,993,908)**	(2,657,654)
Gross profit		**66,892**	76,632	**15,121**	13,753	**82,013**	90,385
Interest income		**11,848**	3,993	**346**	705	**12,194**	4,698
Other income		**16,342**	785	**807**	1,264	**17,149**	2,049
General and administrative expenses		**(52,897)**	(32,119)	**(14,773)**	(10,180)	**(67,670)**	(42,299)
Selling and distribution expenses		**(3,135)**	(3,832)	**(2,757)**	(2,871)	**(5,892)**	(6,703)
Change in fair value of derivative financial instruments		**32,737**	19,017	**–**	–	**32,737**	19,017
Allowance for doubtful debts		**–**	(6,787)	**–**	(181)	**–**	(6,968)
Impairment loss arising from adjustment to fair value less cost to sell		**–**	–	**–**	(28,000)	**–**	(28,000)
Finance costs	*5*	**(42,624)**	(43,874)	**(3,521)**	(2,742)	**(46,145)**	(46,616)
Share of results of a jointly-controlled entity		**(2,078)**	(369)	**–**	–	**(2,078)**	(369)
Profit/(loss) before taxation	*4*	**27,085**	13,446	**(4,777)**	(28,252)	**22,308**	(14,806)
Taxation	*6*	**(11,272)**	779	**(82)**	(127)	**(11,354)**	652
Profit/(loss) for the year		**15,813**	14,225	**(4,859)**	(28,379)	**10,954**	(14,154)

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2008 (Continued)

		Continuing operations		Discontinued operations		Total	
		2008	2007	**2008**	2007	**2008**	2007
	NOTES	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) for the year attributable to:							
Equity holders of the Company		**15,522**	14,225	**(4,859)**	(28,379)	**10,663**	(14,154)
Minority interest		**291**	–	**–**	–	**291**	–
		15,813	14,225	**(4,859)**	(28,379)	**10,954**	(14,154)
Dividends							
Paid	*7*	**–**	23,467	**–**	–	**–**	23,467
Earnings/(loss) per share from continuing and discontinued operations	*8*						
– Basic						**1.38 HK cents**	(2.11) HK cents
– Diluted						**1.36 HK cents**	N/A
							(Restated)
from continuing operations							
– Basic						**2.01 HK cents**	2.12 HK cents
– Diluted						**1.97 HK cents**	2.09 HK cents

CONSOLIDATED BALANCE SHEET
At 30 June 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**210,028**	172,140
Prepaid lease payments for land – non-current portion		**63,217**	53,531
Intangible asset		**158,467**	–
Interest in a jointly-controlled entity		**18,057**	18,023
Loans receivable		**–**	46,898
		449,769	290,592
Current assets			
Inventories		**330,074**	302,926
Debtors, other loans and receivables, deposits and prepayments	9	**357,648**	403,360
Loans receivable, secured		**100,477**	–
Bills receivable		**29,634**	17,732
Tax recoverable		**642**	–
Prepaid lease payments for land – current portion		**1,734**	1,340
Derivative financial assets		**625**	1,651
Pledged deposits		**26,268**	72,583
Bank balances and cash		**147,397**	157,135
		994,499	956,727
Assets classified as held for sale		**102,053**	79,744
		1,096,552	1,036,471
Current liabilities			
Creditors, other advances and accrued charges	10	**58,305**	59,613
Bills payable		**76,963**	142,110
Taxation		**6,682**	5,241
Obligations under finance leases		**–**	466
Borrowings		**599,278**	601,136
Derivative financial liabilities		**372**	1,362
		741,600	809,928
Liabilities associated with assets classified as held for sale		**43,405**	20,332
		785,005	830,260
Net current assets		**311,547**	206,211
Total assets less current liabilities		**761,316**	496,803

CONSOLIDATED BALANCE SHEET
At 30 June 2008 (Continued)

	2008	2007
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred tax liabilities	**54,143**	15,748
Net assets	**707,173**	481,055
EQUITY		
Capital and reserves		
Share capital	**177,061**	134,627
Reserves	**527,376**	346,428
Equity attributable to equity holders of the Company	**704,437**	481,055
Minority interest	**2,736**	–
Total equity	**707,173**	481,055

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Statutory reserve fund HK$'000	Special reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total attributable to the equity holders of the Company HK$'000	Minority interest HK$'000	Total HK$'000
At 1 July 2006	133,428	93	172,724	5,052	–	(43,246)	3,565	229,393	501,009	–	501,009
Exchange differences arising on translation of foreign operations and share of reserve of a jointly-controlled entity and total income recognised directly in equity	–	–	–	13,816	–	–	–	–	13,816	–	13,816
Loss for the year	–	–	–	–	–	–	–	(14,154)	(14,154)	–	(14,154)
Total recognised income and expense for the year	–	–	–	13,816	–	–	–	(14,154)	(338)	–	(338)
Issue of shares upon exercise of share options	1,199	450	–	–	–	–	–	–	1,649	–	1,649
Recognition of equity-settled expense – share-based payments	–	–	–	–	–	–	2,202	–	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)	–	(23,467)
At 30 June 2007	134,627	981	172,724	18,868	–	(43,246)	4,128	192,973	481,055	–	481,055
Exchange differences arising on translation of foreign operations and share of reserve of a jointly-controlled entity and total income recognised directly in equity	–	–	–	38,602	–	–	–	–	38,602	71	38,673
Profit for the year	–	–	–	–	–	–	–	10,663	10,663	291	10,954
Total recognised income and expense for the year	–	–	–	38,602	–	–	–	10,663	49,265	362	49,627
Issue of new shares	22,000	87,561	–	–	–	–	–	–	109,561	–	109,561
Issue of shares upon exercise of share options	434	163	–	–	–	–	–	–	597	–	597
Recognition of equity-settled expense – share-based payments	–	–	–	–	–	–	7,959	–	7,959	–	7,959
Transfer upon exercise of share options	–	186	–	–	–	–	(186)	–	–	–	–
Appropriation	–	–	–	–	14,005	–	–	(14,005)	–	–	–
Acquisitions of subsidiaries	20,000	36,000	–	–	–	–	–	–	56,000	2,374	58,374
Forfeiture of share options	–	–	–	–	–	–	(1,275)	1,275	–	–	–
At 30 June 2008	177,061	124,891	172,724	57,470	14,005	(43,246)	10,626	190,906	704,437	2,736	707,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2008

1. ORGANISATION AND OPERATIONS

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The 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 before 22 April 2008. Since 22 April 2008, the Company became an associate of Solartech pursuant to the Group's acquisition of subsidiaries by way of issuing the Company's shares as partial settlement of the consideration.

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 and jointly-controlled entity are principally engaged in the manufacture and trading of copper rods, manufacture and sale of iron ore concentrated powder, 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 all of the new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), that are relevant to its operations and 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 year adjustment has been required.

The impact of the adoption of HKFRS 7 "Financial instruments: Disclosures" and the HKAS 1 Amendment "Capital Disclosures" has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

The Group has not early applied the following new standards, amendment and interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of their initial application.

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
HKAS 23 (Revised)	Borrowing costs	1 January 2009
HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
HKASs 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	1 January 2009
HKFRS 2 (Amendment)	Share-based payment – vesting conditions and cancellation	1 January 2009
HKFRS 3 (Revised)	Business combinations	1 July 2009
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC)-Int 12	Service concession agreements	1 January 2008
HK(IFRIC)-Int 13	Customer loyalty programmes	1 July 2008
HK(IFRIC)-Int 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008
HK(IFRIC)-Int 15	Agreements for the construction of real estate	1 January 2009
HK(IFRIC)-Int 16	Hedges of net investment in a foreign operation	1 October 2008

3. TURNOVER AND SEGMENTAL INFORMATION

Business segments

For management purposes, the Group has four principal operating divisions – (i) manufacture and trading of copper rods; (ii) iron ore mining, manufacture and sale of iron ore concentrated powder; (iii) manufacture and trading of life-like plants; and (iv) 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.

Since the prior 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 in the prior year.

For the year ended 30 June 2008

	Continuing operations			Discontinued operations			
	Copper rods *HK$'000*	**Iron ore concentrated powder** *HK$'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	**2,964,803**	**4,181**	**2,968,984**	**106,937**	**–**	**106,937**	**3,075,921**
RESULTS							
Segment results	**76,036**	**(2,356)**	**73,680**	**(492)**	**(719)**	**(1,211)**	**72,469**
Unallocated corporate income			**7,872**			**–**	**7,872**
Unallocated corporate expenses			**(9,765)**			**(45)**	**(9,810)**
Finance costs			**(42,624)**			**(3,521)**	**(46,145)**
Share of results of a jointly-controlled entity	**(2,078)**	**–**	**(2,078)**			**–**	**(2,078)**
Profit/(loss) before taxation			**27,085**			**(4,777)**	**22,308**
Taxation			**(11,272)**			**(82)**	**(11,354)**
Profit/(loss) for the year			**15,813**			**(4,859)**	**10,954**

For the year ended 30 June 2007

	Continuing operations			Discontinued operations			
	Copper rods *HK$'000*	Iron ore concentrated powder *HK$'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
RESULTS							
Segment results	62,423	–	62,423	2,336	(551)	1,785	64,208
Unallocated corporate income			3,993			705	4,698
Unallocated corporate expenses			(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)			(2,742)	(46,616)
Share of results of a jointly-controlled entity	(369)	–	(369)			–	(369)
Profit/(loss) before taxation			13,446			(28,252)	(14,806)
Taxation			779			(127)	652
Profit/(loss) for the year			14,225			(28,379)	(14,154)

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**	
	2008 ***HK$'000***	2007 *HK$'000*	**2008** ***HK$'000***	2007 *HK$'000*	**2008** ***HK$'000***	2007 *HK$'000*
PRC	**2,968,984**	2,666,903	**–**	–	**2,968,984**	2,666,903
America	**–**	–	**100,236**	72,703	**100,236**	72,703
Europe	**–**	–	**4,377**	6,134	**4,377**	6,134
Hong Kong	**–**	–	**2,268**	2,255	**2,268**	2,255
Other Asian regions	**–**	–	**56**	44	**56**	44
	2,968,984	2,666,903	**106,937**	81,136	**3,075,921**	2,748,039

4. PROFIT/(LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) before taxation has been arrived at after charging:						
Auditors' remuneration	**1,127**	539	**360**	340	**1,487**	879
Depreciation of property, plant and equipment						
Owned assets	**16,148**	12,551	**2,257**	2,257	**18,405**	14,808
Assets held under finance leases	**–**	544	**–**	–	**–**	544
	16,148	13,095	**2,257**	2,257	**18,405**	15,352
Amortisation of intangible asset	**364**	–	**–**	–	**364**	–
Cost of inventories *(Note)*	**2,902,092**	2,590,271	**91,816**	67,383	**2,993,908**	2,657,654
Charge of prepaid lease payments for land	**1,528**	1,297	**463**	463	**1,991**	1,760
Operating lease rentals in respect of rented premises	**535**	180	**560**	481	**1,095**	661
Write down of inventories	**–**	–	**–**	423	**–**	423
Wages, salaries and pension contributions including Directors' remuneration	**17,665**	12,563	**14,093**	9,821	**31,758**	22,384
Employees' share-based payment expense	**2,024**	100	**–**	–	**2,024**	100
	19,689	12,663	**14,093**	9,821	**33,782**	22,484
and after crediting:						
Exchange loss/(gain), net	**(2,309)**	1,030	**(2,310)**	(144)	**(4,619)**	886
Net rental income after deducting outgoings of HK$Nil (2007: HK$Nil)	**(1,301)**	–	**–**	–	**(1,301)**	–
Management fee income	**(3,023)**	–	**–**	–	**(3,023)**	–
Subcontracting fee income	**(5,896)**	(785)	**–**	–	**(5,896)**	(785)

Note: Cost of inventories includes HK$33,432,000 (2007: HK$25,727,000) relating to staff costs, depreciation of property, plant and equipment and charge of prepaid lease payments for land, which amounts are also included in the respective total amounts disclosed separately above. Cost of inventories included write-down of inventories of HK$423,000 for the year ended 30 June 2007.

5. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank borrowings and other loans wholly repayable within five years	**42,602**	43,849	**3,521**	2,742	**46,123**	46,591
Interest on finance leases	**22**	25	**–**	–	**22**	25
	42,624	43,874	**3,521**	2,742	**46,145**	46,616

6. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong profits tax						
Current year	**2,215**	450	**82**	127	**2,297**	577
(Over)/under provision in respect of prior years	**–**	(663)	**–**	–	**–**	(663)
Taxation in PRC						
Current year	**11,553**	1,185	**–**	–	**11,553**	1,185
Overprovision in respect of prior years	**–**	(2,058)	**–**	–	**–**	(2,058)
	13,768	(1,086)	**82**	127	**13,850**	(959)
Deferred taxation	**(2,496)**	307	**–**	–	**(2,496)**	307
	11,272	(779)	**82**	127	**11,354**	(652)

Hong Kong profits tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The domestic tax rate of principal subsidiaries in the PRC is used as it is where the operations of the Group are substantially based. For the six months ended 31 December 2007, pursuant to the approvals obtained from the relevant PRC tax authorities, the major subsidiaries in Dongguan, the PRC enjoy tax benefit and were entitled to the PRC enterprise income tax of 24% and local income tax of 3% and therefore, subject to a total corporate income tax rate of 27%. On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC (the "New Tax Law"), which became effective on 1 January 2008. Further, on 6 December 2007, the State Council released the implementation rules to the New Tax Law. According to the New Tax Law, from 1 January 2008, the standard corporate income tax rate for enterprises in the PRC was reduced from 33% to 25%. Accordingly the applicable corporate income tax rate was 25% for the six months ended 30 June 2008.

7. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Final dividend paid in respect of year 2006/2007 at HK$Nil per share (2005/2006: HK$0.025 per share)	**–**	16,741
Interim dividend paid in respect of year 2007/2008 at HK$Nil per share (2006/2007: HK$0.01 per share)	**–**	6,726
	–	23,467

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2008.

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

For continuing and discontinued operations

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

	2008	2007
	HK$'000	*HK$'000*
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share	**10,663**	(14,154)

	Number of shares	
	2008	2007
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**773,858,500**	669,706,007
Effect of dilutive potential ordinary shares in respect of share options	**12,576,651**	9,180,340
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**786,435,151**	678,886,347

For continuing operations

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

	2008	2007
	HK$'000	*HK$'000*
Earnings/(loss) for the year	**10,663**	(14,154)
Loss for the year from discontinued operations	**4,859**	28,379
Earnings for the purpose of basic and diluted earnings per share from continuing operations	**15,522**	14,225

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

From discontinued operation

Basic loss per share for discontinued operation is 0.63 HK cents (2007: 4.23 HK cents) per share, based on the loss for the year from discontinued operations of HK$4,859,000 (2007: HK$28,379,000).

No diluted loss per share in respect of (i) continuing and discontinued operations; and (ii) discontinued operations for the year was disclosed because the options were anti-dilutive.

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

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 and related companies.

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

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**100,278**	140,824
31 – 60 days	**53,085**	50,858
61 – 90 days	**27,322**	19,831
Over 90 days	**109,841**	67,466
	290,526	278,979

10. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

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

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**14,663**	11,151
31 – 60 days	**2,663**	909
61 – 90 days	**418**	2,752
Over 90 days	**1,434**	789
	19,178	15,601

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Hua Yi Copper Holdings Limited (the "Company") and its subsidiaries (the "Group") recorded a turnover of approximately HK$3,075,921,000 for the year ended 30 June 2008, representing an increase of 11.9% when compared to approximately HK$2,748,039,000 last year. Profit attributable to shareholders was approximately HK$10,663,000 (2007: loss attributable to shareholders of approximately HK$14,154,000). Basic earnings per share were approximately HK1.38 cents (2007: basic loss per share of approximately HK2.11 cents).

BUSINESS REVIEW

During the year under review, the traditional copper rod business of the Group remained stable. In recent years, given the global surge in demand for natural resources, coupled with the continued growth in the Chinese economic cities, automobile, infrastructure and real estate sectors, demands for metals and minerals like iron, copper and related products will sustain in the long run. Heeding this trend, the Company decided to diversify its operation to cover mineral resources business. In August 2007, the Group officially 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 better reflect its new business focus of investing in metal mining in order to expand its income base. Furthermore, the Group signed a sale and purchase agreement in October last year to acquire two iron-ore mines and an iron-ore concentrated powder processing plant in Long Hua County, Chengde City of Hebei Province, PRC. The deal was completed in late April this year. With the financial market heading for a downturn in the first half of the year, the Group has taken a more cautious approach in managing its investment in the metal mining business.

During the 2008 financial year, copper rod business continued to be the core business and major income source of the Group, which recorded a turnover of approximately HK$2,964,803,000, and accounted for 96.4% of the Group's total turnover. Life-like plant business recorded a turnover of approximately HK$106,937,000, making up 3.5% of the Group's total turnover. As the newly acquired mining business had only been in operation for a month or so since the completion date of the acquisition to the end of the year under review, it only contributed a turnover of approximately HK$4,181,000, representing less than 1% of the Group's total turnover. By market segment, the PRC accounted for 96.5% of the Group's total turnover, with the rest mainly originated from the American market.

In addition, the Group completed two share placements in July and September last year respectively and raised an aggregate of approximately HK$108,000,000, which has been used as general working capital and for acquiring iron-ore mines and an iron-ore concentrated powder processing plant.

Copper Rod Business

The copper rod business covers the manufacturing and trading of copper rods and copper wires used primarily in producing power wires and cables for household electrical appliances and electronic products.

During the year under review, economies around the world slowed down, which affected the demand for household electrical appliances and electronic products. However, with its customer network and market position established over the years, the Group was able to maintain a steady inflow of orders for copper rod products. Turnover from copper rods and related products for the year increased 11.2% to approximately HK$2,964,803,000 (2007: approximately HK$2,666,903,000) as compared with last year. The Group was able to sustain stable growth in volume of copper rod products manufactured for its own sales, reaching approximately 3,600 tonnes per month. It also continued to develop high value-added downstream products, including annealed copper wires, tin-coated copper wires, stranded copper wires and enameled copper wires.

During the year under review, global copper price lingered at a high level. Between July 2007 and June 2008, the monthly average cash settlement price of copper at the London Metal Exchange ("LME") reached US$7,785 per tonne, which was approximately 10% higher than the price of US$7,078 per tonne for the previous 12 months. Due to the higher copper price as compared with last year and the higher proportion of copper rods produced for sales kept the finance costs of purchasing copper cathodes at a high level, which squeezed the Group's profit margins.

Kunshan Hua Yi

The factory of Kunshan Hua Yi primarily manufactures 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. During the year under review, Kunshan Hua Yi's turnover reached approximately HK$310,567,000. With more enterprises relocating their production bases from Southern China northward to the Yangtze River Delta Region, the Group sees potential in securing more orders from the manufacturers of electrical appliances, electronic products and wires in the region. The Group will actively identify new customers in order to increase the sales of its high value-added downstream products.

Fujian Jinyi

The plant of Fujian Jinyi commenced operation in early 2008. It has an annual production capacity of around 10,000 tonnes of copper pipes for use in producing refrigerators, air-conditioners and as construction materials.

Mining business

Due to the Beijing Olympics, mining activities in Hebei province were restricted or suspended from June this year for security and environmental protection reasons, and can only be resumed after the end of the event. Thus, from the completion date of the acquisition to the end of the year under review, the Zhong Guan Town Mine had just operated for a month or so and made insignificant contribution to the results of the Group. With operation resumed in late September 2008, the mine is expected to make better contribution to the Group in the coming financial year.

Life-like Plants

The Group signed an agreement in mid-2007 to dispose its non-core life-like plants business at a total consideration of HK$60,000,000. Following the completion of the transaction, the Group will be able to focus its resources and management efforts on its core business.

PROSPECTS

With its solid experience in the copper industry, quality products and strong customer relations and riding on its boosted production scale, the Group will continue to consolidate its core copper rod business and strive to develop high value-added downstream product business.

In respect of copper rod business, global economy is likely to experience a sharp downturn as a result of the US credit crisis. Against this backdrop, market demand for natural resources is expected to drop slightly next year. The tension between supply and demand of copper will ease leading to a fall in copper price from its current high. This will reduce pressure on the Group's operating cost. The Group will strive to develop high value-added downstream products and secure more new customers in the Yangtze River Delta Region to cope with the trend of manufacturers relocating production to Northern China and explore more business opportunities. Such effort will allow the Group to mitigate the possible impacts of economic slowdown on its copper rod business.

With the acquisition of the two iron-ore mines in Hebei Province being completed and the resumption of iron-ore mining and iron-ore concentrated powder processing businesses after the Beijing Olympics, the Group will receive income from the sales of mineral resources directly from the mines next year, which will provide additional cash flow and revenues to the Group. In the wake of adverse financial market conditions, it is expected that the slowdown of the global economy will dampen the demand for metal resources, therefore the Group will exercise utmost prudence in undertaking future mining investment.

FINAL DIVIDEND

The Directors resolved not to pay any final dividend for the year ended 30 June 2008.

ANNUAL GENERAL MEETING

The 2008 Annual General Meeting of the Company ("2008 Annual General Meeting") will be held on Monday, 24 November 2008.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2008 Annual General Meeting, the register of members of the Company will be closed from Thursday, 20 November 2008 to Friday, 21 November 2008, 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 Wednesday, 19 November 2008.

EMPLOYEES

As at 30 June 2008, the Group had approximately 950 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 2008, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK$174 million (2007: HK$230 million) and net current assets value being over HK$311 million (2007: HK$206 million). The Group's gearing ratios as at 30 June 2008 was 0.85 (2007: 1.25), being a ratio of total bank borrowings of approximately HK$599 million (2007: HK$601 million) to shareholders' funds of approximately HK$707 million (2007: HK$481 million).

As at 30 June 2008, the Group pledged certain property, plant and machinery and fixed deposits with an aggregate net book value of approximately HK$78 million (2007: HK$98 million) to secure general banking facilities granted to the Group.

As at 30 June 2008, the Company had issued guarantees to the extent of approximately HK$574 million (2007: HK$725 million) to banks to secure general banking facilities granted to certain subsidiaries, of which, approximately HK$574 million (2007: HK$519 million) was utilized. In addition, the Company had issued guarantees to a financial institute amounting to approximately HK$23 million (2007: HK$Nil) in respect of commodity trading of copper by its subsidiary.

For the year ended 30 June 2008, the Group entered into copper forward contracts, foreign exchange forward contracts and interest rates swap contracts (collectively referred as "derivative financial instruments") in accordance with its hedging policies as adopted previously. These derivative financial instruments were solely used for hedging and risk management purposes; speculation is strictly prohibited. Although the Group 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 HKICPA, 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 2008 was approximately HK$32,737,000 (2007: HK$19,017,000).

PROPOSED ACQUISITION

On 10 April 2007, the Company entered into a letter of intent with 江西華贛磊鑫銅業有限公司 (Jiangxi Huagan Leixin Copper Co., Ltd.), pursuant to which the Company agreed conditionally to acquire 51% equity interests in 江西鴻陽銅業有限公司 (Jiangxi Hongyang Copper Co., Ltd), a company which is engaged in the production of copper materials and sulphuric acid and with plans to engage in the copper mining business. As the conditions under the letter of intent had not been fulfilled, the parties agreed not to proceed with the proposed transaction. Reference is made to the joint announcement dated 11 April 2007 and 28 September 2007 issued by the Company and Solartech.

DISPOSAL OF LIFE-LIKE PLANT BUSINESS

On 21 May 2007, the Company and Solartech jointly announced that Brightpower Assets Management Limited ("Brightpower"), an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") on 19 May 2007 with Eternal Gain Investments Limited ("Eternal Gain"), a company incorporated in the British Virgin Islands and Kong Sun Holdings Limited ("Kong Shun"), a company incorporated in Hong Kong whose shares are listed on the Stock Exchange and which holds 100% shareholding of Eternal Gain. Pursuant to the Sale and Purchase Agreement, Brightpower agreed to sell and Eternal Gain agreed to purchase the entire issued share capital of each of FT Far East Limited ("FTFE") and FT China Limited ("FTC"), being the Sale Companies and direct wholly-owned subsidiaries of Brightpower, and an indebtedness in the sum of HK$80,786,000 owed by FTFE to Brightpower shall be assigned by Brightpower to Eternal Gain, for an aggregate consideration of HK$60 million. The aggregate consideration will be settled partly by way of Kong Sun executing upon the completion date a promissory note in the amount of HK$20 million to Brightpower and partly by way of Kong Sun issuing upon the completion date the convertible bonds for an aggregate principal amount of HK$40 million ("Convertible Bonds") to Brightpower or its nominees as Brightpower may direct. Pursuant to the Sale and Purchase Agreement, completion is subject to the satisfaction of certain conditions precedent on or before a long stop date, being 30 September 2007 or such other date as the parties thereto may otherwise agree.

FTFE is principally engaged in trading of life-like decorative plants and FTC is principally engaged in manufacture of life-like decorative plants through its subsidiary in the PRC. The life-like decorative plants and related business, as engaged by the Sale Companies, is a non-core business operation of the Group operating in a totally different business model when compared with 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, the Group decided to dispose of this non-core business operation and concentrate the Group's resources and management effort in its core copper business. The Group 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 Directors believed that the Group would 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 would 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 jointly issued by the Company and Solartech.

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

On 17 December 2007, the Company and Solartech jointly announced that the parties to the Sale and Purchase Agreement entered into a letter agreement on 17 December 2007 to further extend the long stop date to 29 February 2008 or such other date as the parties thereto may agree.

On 28 February 2008, the Company and Solartech jointly announced that the parties to the Sale and Purchase Agreement entered into a supplemental agreement on 28 February 2008 to further extend the long stop date to 31 May 2008 or such other date as the parties thereto may agree.

On 20 May 2008, the Company and Solartech jointly announced that the parties to the Sale and Purchase Agreement entered into a supplemental agreement on 20 May 2008 to further extend the long stop date to 30 September 2008 or such other date as the parties thereto may agree.

On 2 October 2008, the Company and Solartech jointly announced that the parties to the Sale and Purchase Agreement entered into a supplemental agreement on 30 September 2008 to further extend the long stop date to 31 December 2008 or such other date as the parties thereto may agree.

Completion of the Sale and Purchase Agreement is subject to the satisfaction of certain conditions precedent which are currently still pending.

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 par value 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 from the New Shares Placing 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 jointly issued by the Company and Solartech.

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES

On 29 August 2007, Skywalk Assets Management Limited ("Skywalk"), the controlling shareholder of the Company and a wholly-owned subsidiary of Solartech, entered into a placing and subscription agreement with the Company and Kingston Securities Limited ("Placing Agent"), under which Skywalk agreed to place, through the Placing Agent, 80,000,000 existing Shares to independent investors at HK$0.96 per Share and subsequently to subscribe for 80,000,000 new Shares at the subscription price of HK$0.96 per new Share (the "Placing and Top-Up Subscription"). The net proceeds from the subscription 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.

CHANGE OF CHINESE NAME

With effect from 3 August 2007, the Chinese name of the Company is 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 shares of the Company are 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 is also changed from "華藝銅業" to "華藝礦業" to reflect the change of the Chinese name. The Company 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.

DISCLOSABLE TRANSACTION

On 7 October 2007, the Company entered into a share purchase agreement with Belleview Global Limited ("Belleview") ("Share Purchase Agreement") 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) payable by the Company; (ii) HK$110,000,000 payable by the issuance of 100,000,000 Shares of the Company (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 of the Company (the "Option Shares") at the exercise price of HK$1.10 per shares during the period of 5 years from the business day immediately following the date of the option agreement, pursuant to a call option agreement ("Call Option Agreement") to be entered into between the Company and Belleview at completion.

On 7 October 2007, HYC Finance Company Limited ("HYC"), a wholly-owned subsidiary of the Company, Meyton Investment Limited ("Meyton"), a wholly-owned subsidiary of Yeading, 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 by Meyton for the sole purpose of its contribution to the registered capital of 青島華鑫礦業有限公司 (Qingdao Hua Xin Mining Industry Limited). Details of the Acquisition and the Loan Agreement were set out in the joint announcements of the Company and Solartech dated 15 October, 14 November, 27 November, 24 December 2007 and 31 March 2008 and the circular of the Company dated 31 December 2007 (the "Circular"). Meyton has drawn down the loan of HK$30,000,000 in accordance with the terms of the Loan Agreement on 11 October 2007.

At the special general meeting held on 17 January 2008, the ordinary resolution proposed to approve the Share Purchase Agreement, the issue of the Consideration Shares and the issue of the Option Shares as contemplated in the Circular was duly passed by the shareholders of the Company.

On 22 April 2008, the Company and Solartech jointly announced that, following the satisfaction or waiver of all the conditions precedent to the Acquisition, completion of the Acquisition took place on 22 April 2008. In accordance with the Share Purchase Agreement, the Consideration Shares have been allotted and issued to Belleview.

In consideration of the Company agreeing to waive the condition precedent in respect of 隆化華匯鑫福礦業有限公司 (Long Hua Hua Hui Xin Fu Mining Industry Limited Company) having obtained all the construction approval documents for the construction of the proposed iron-ore concentrated powder plant with an annual production capacity of 500,000 tonnes and having obtained the launching and filing documents on the annual production capacity of 500,000 tonnes of the iron-ore concentrated powder plant pursuant to the Share Purchase Agreement, the Company and Belleview entered into a supplemental agreement dated 19 April 2008, pursuant to which the Company and Belleview agreed that the Company shall not be required to enter into the Call Option Agreement at completion. Accordingly, upon completion, the shareholding structure of the Company was as set out below:

	At completion after issue of the Consideration Shares without issue of Option Shares
Skywalk Assets Management Limited *(Note)*	402,131,875 (45.42%)
Mr. Chau Lai Him	2,894,000 (0.33%)
Belleview	100,000,000 (11.30%)
Public	380,280,625 (42.95%)
Total	885,306,500

Note: Skywalk is a wholly-owned subsidiary of Solartech which was deemed to be wholly and beneficially interested in the Shares of the Company held by Skywalk by virtue of the Securities and Futures Ordinance.

As the Call Option Agreement was cancelled, there would be no other shares of the Company to be issued in connection with the Acquisition other than the Consideration Shares issued to Belleview on 22 April 2008. As a result, the Company has ceased to be a subsidiary of Solartech upon completion.

FRAMEWORK AGREEMENT AND OPTION SHARES

On 21 February 2008, the Company entered into a framework agreement (the "Framework Agreement") with China Alliance International Holding Group Limited and Shougang Holdings Limited (the "Counter Parties"), pursuant to which the Company and the Counter Parties agreed to co-operate in metals and minerals exploration and mining particularly iron ore in the PRC and other jurisdictions, and the Company agreed to grant to the Counter Parties a first right of refusal in (a) co-operating and investing in the mining projects chosen by the Company and (b) purchasing any iron ore and iron ore powder generated from such mining projects at favorable market price. In addition, subject to fulfilment of certain conditions set out in the Framework Agreement, the Company agreed to grant to the Counter Parties jointly an option to subscribe for 105,000,000 Shares at the exercise price of HK$0.614 per Share in parts or in whole at any time within 5 years from the date of grant of the option. Details of the Framework Agreement and the option are set out in the joint announcement of the Company and Solartech dated 26 February 2008. As the parties have yet to agree on the mode and terms of cooperation, the parties have entered into a termination deed on 16 May 2008 whereby all parties have mutually agreed to terminate the Framework Agreement. Reference is made to the announcement dated 16 May 2008 jointly issued by the Company and Solartech.

CHANGE OF AUDITORS

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

Save for the above, Deloitte has confirmed that there were no circumstances connected with its resignation which should be brought to the attention of the shareholders of the Company. The Directors and the Audit Committee of the Company also confirm that there are no circumstances in respect of the change of auditors which they consider should be brought to the attention of the shareholders of the Company.

At the special general meeting held on 26 September 2008, the ordinary resolution proposed to approve the appointment of Shu Lun Pan Horwath Hong Kong CPA Limited as the new auditors of the Group in place of the resigned auditors, Deloitte, to hold office until the conclusion of the next annual general meeting of the Company, was passed by the shareholders of the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year ended 30 June 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2008, 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 had not been separation between the roles of the chairman and the chief executive officer as required under code provision A.2.1 of the CG Code.

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 interests of the Group for Mr. Chau to continue 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 in the future.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transaction by Directors set out in Appendix 10 of the Listing Rules (the "Model Code") 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 2008.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive directors of the Company. The Audit Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Audit Committee has reviewed the audited results for the year ended 30 June 2008 and agreed with the accounting treatment adopted. The Audit Committee is satisfied with the Group's internal control procedure and financial reporting disclosures.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the three independent non-executive directors of the Company. It has adopted terms of reference which are in line with the code provisions of the CG Code. The duties of the Remuneration Committee include reviewing and evaluating the remuneration packages of executive directors and senior management and making recommendations to the Board from time to time.

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, 15 October 2008

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