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

(Incorporated in Bermuda with limited liability)

(Stock Code: 0559)

2008/09 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The board of directors (the "Board") of Hua Yi Copper Holdings Limited (the "Company") announces the audited results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2009 together with comparative figures from the previous corresponding year, as follows:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2009

		Continuing operations		Discontinued operations		Total	
		2009	2008	**2009**	2008	**2009**	2008
	NOTES	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	3	**1,089,318**	2,968,984	**107,958**	106,937	**1,197,276**	3,075,921
Cost of sales		**(1,323,985)**	(2,902,092)	**(104,909)**	(91,816)	**(1,428,894)**	(2,993,908)
Gross (loss)/profit		**(234,667)**	66,892	**3,049**	15,121	**(231,618)**	82,013
Interest income		**4,485**	11,848	**286**	346	**4,771**	12,194
Other income		**6,131**	16,342	**43**	807	**6,174**	17,149
General and administrative expenses		**(43,656)**	(52,897)	**(6,052)**	(14,773)	**(49,708)**	(67,670)
Selling and distribution expenses		**(2,324)**	(3,135)	**(2,621)**	(2,757)	**(4,945)**	(5,892)
Finance costs	5	**(21,320)**	(42,624)	**(4,280)**	(3,521)	**(25,600)**	(46,145)
Share of results of a jointly-controlled entity		**(3,129)**	(2,078)	**–**	–	**(3,129)**	(2,078)
Gain on asset swap	12	**53,505**	–	**–**	–	**53,505**	–
Gains on deemed disposal of a jointly-controlled entity and disposal of available-for-sale investment, net		**7,237**	–	**–**	–	**7,237**	–
Impairment loss on intangible asset		**(102,917)**	–	**–**	–	**(102,917)**	–
Impairment loss on property, plant and equipment		**(19,621)**	–	**–**	–	**(19,621)**	–
Change in fair value of derivative financial instruments		**434**	32,737	**–**	–	**434**	32,737
Change in fair value of convertible note designated as at fair value through profit or loss and loss on disposal of assets classified as held for sale and associated liabilities	11	**31,233**	–	**(26,512)**	–	**4,721**	–
(Loss)/profit before taxation	4	**(324,609)**	27,085	**(36,087)**	(4,777)	**(360,696)**	22,308
Taxation	6	**35,360**	(11,272)	**–**	(82)	**35,360**	(11,354)
(Loss)/profit for the year		**(289,249)**	15,813	**(36,087)**	(4,859)	**(325,336)**	10,954
(Loss)/profit for the year attributable to:							
Equity holders of Company		**(286,516)**	15,522	**(36,087)**	(4,859)	**(322,603)**	10,663
Minority interests		**(2,733)**	291	**–**	–	**(2,733)**	291
		(289,249)	15,813	**(36,087)**	(4,859)	**(325,336)**	10,954
Dividend	7	**–**	–	**–**	–	**–**	–
							(Restated)
(Loss)/earnings per share from continuing and discontinued operations	8						
– Basic						**(140.96) HK cents**	6.89 HK cents
– Diluted						**(140.96) HK cents**	6.78 HK cents
from continuing operations							
– Basic						**(125.19) HK cents**	10.03 HK cents
– Diluted						**(125.19) HK cents**	9.87 HK cents

CONSOLIDATED BALANCE SHEET
At 30 June 2009

	NOTES	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**261,837**	210,028
Prepayments for acquisition of property, plant and equipment		**14,000**	–
Prepaid lease payments for land – non-current portion		**14,241**	63,217
Intangible asset		**55,128**	158,467
Interest in a jointly-controlled entity		**–**	18,057
Convertible note designated as at fair value through profit or loss		**46,753**	–
Loans receivable, secured		**21,198**	–
		413,157	449,769
Current assets			
Inventories		**21,179**	330,074
Debtors, other receivables, deposits and prepayments	*9*	**38,092**	357,648
Loans receivable, secured		**14,702**	100,477
Bills receivable		**1,739**	29,634
Prepaid lease payments for land – current portion		**365**	1,734
Derivative financial assets		**–**	625
Tax recoverable		**–**	642
Pledged deposits		**–**	26,268
Bank balances and cash		**89,000**	147,397
		165,077	994,499
Assets classified as held for sale		**–**	102,053
		165,077	1,096,552
Current liabilities			
Creditors, other advances and accruals	*10*	**54,965**	58,305
Bills payable		**–**	76,963
Borrowings		**96,940**	599,278
Taxation		**2,049**	6,682
Derivative financial liabilities		**–**	372
		153,954	741,600
Liabilities associated with assets classified as held for sale		**–**	43,405
		153,954	785,005
Net current assets		**11,123**	311,547
Total assets less current liabilities		**424,280**	761,316

CONSOLIDATED BALANCE SHEET *(Continued)*
At 30 June 2009

	NOTES	**2009** **HK$'000**	2008 *HK$'000*
Non-current liabilities			
Borrowings		**11,364**	–
Deferred tax liabilities		**15,790**	54,143
		27,154	54,143
Net assets		**397,126**	707,173
EQUITY			
Capital and reserves			
Share capital		**16,709**	177,061
Reserves		**380,417**	527,376
Equity attributable to equity holders of the Company		**397,126**	704,437
Minority interest		**–**	2,736
Total equity		**397,126**	707,173

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2009

	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 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
Transfer upon exercise of share options	–	186	–	–	–	–	(186)	–	–	–	–
Recognition of equity-settled expense – share-based payments	–	–	–	–	–	–	7,959	–	7,959	–	7,959
Appropriation	–	–	–	–	14,005	–	–	(14,005)	–	–	–
Acquisition 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
Exchange differences arising on translation of foreign operations and share of reserve of a jointly-controlled entity and total income recognised directly in equity	–	–	–	(1,748)	–	–	–	–	(1,748)	(3)	(1,751)
Release upon deemed disposal of a jointly-controlled entity	–	–	–	(3,044)	–	–	–	–	(3,044)	–	(3,044)
Release upon asset swap	–	–	–	(32,921)	–	–	–	–	(32,921)	–	(32,921)
Loss for the year	–	–	–	–	–	–	–	(322,603)	(322,603)	(2,733)	(325,336)
Total recognised income and expense for the year	–	–	–	(37,713)	–	–	–	(322,603)	(360,316)	(2,736)	(363,052)
Capital reorganisation	(168,208)	–	168,208	–	–	–	–	–	–	–	–
Issue of new shares	6,971	35,162	–	–	–	–	–	–	42,133	–	42,133
Issue of shares upon exercise of share options	885	6,567	–	–	–	–	–	–	7,452	–	7,452
Recognition of equity-settled expense – share-based payments	–	–	–	–	–	–	3,420	–	3,420	–	3,420
Transfer upon exercise of share options	–	3,420	–	–	–	–	(3,420)	–	–	–	–
Cancellation and lapse of share options	–	–	–	–	–	–	(10,626)	10,626	–	–	–
At 30 June 2009	16,709	170,040	340,932	19,757	14,005	(43,246)	–	(121,071)	397,126	–	397,126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

1. ORGANISATION AND OPERATIONS

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information in the 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. During the year, the Group's interest in life-like plants and production business and a jointly-controlled entity was entirely disposed of. There is also an asset swap arrangement during the year.

In prior years, the directors regarded Hong Kong dollar as the functional currency of the Company. During the year ended 30 June 2008, the directors reassessed the Company's functional currency after the Asset Swap in February 2009. The directors considered that the functional currency of the Company should be changed from Hong Kong dollar to Renminbi after the Asset Swap. The change of functional currency is applied prospectively from the date of change in accordance with HKAS 21 'The Effect of Changes in Foreign Exchange Rates'. As the Company is listed on the Main Board of the Stock Exchanges of Hong Kong, the directors consider that it will be more appropriate to adopt Hong Kong dollar as the Group's and the Company's presentation currency. All values are rounded to the nearest thousand except where otherwise indicated.

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

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which in collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

The adoption of HK(IFRIC) – Int 12 "Service concession arrangements", HK(IFRIC) – Int 13 "Customer Loyalty Programmes", HK(IFRIC) – Int 14 "HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction", HK(IFRIC) – Int 9 & HKAS 39 Amendments "Embedded Derivatives" and HKAS 39 & HKFRS 7 Amendments "Reclassification of financial assets" has no impact on these financial statements.

At the date of approval of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

		Effective date
HKAS 1 (Revised)	Presentation of financial statements	(i)
HKAS 23 (Revised)	Borrowing costs	(i)
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	(i)
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate	(i)
HKFRS 8	Operating segments	(i)
HK(IFRIC) – Int 15	Agreements for the construction of real estates	(i)
HKFRS 2 (Amendment)	Vesting conditions and cancellations	(i)
HKFRS 2 (Amendment)	Group Cash – Settled Share-based Payment Transaction	(v)
HKFRS 7 (Amendment)	Improving disclosures about financial instruments	(i)
HKAS 27 (Revised)	Consolidated and separate financial statements	(ii)
HKAS 39 (Amendment)	Eligible hedged items	(ii)
HKFRS 1 (Revised)	First-time adoption of HKFRSs	(ii)
HKFRS 1 (Amendments)	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters	(v)
HKFRS 3 (Revised)	Business combinations	(ii)
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners	(ii)
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation	(iii)
HK(IFRIC) – Int 18	Transfers of assets from customers	(iv)
2008 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	– HKAS 1, HKAS 16, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 36, HKAS 38, HKAS 39, HKAS 40 & HKAS 41	(i)
	– HKFRS 5	(ii)
2009 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	– HKAS 39 (80)	(i)
	– HKAS 38, HKFRS 2, HK(IFRIC) – Int 9, HK(IFRIC) – Int 16	(ii)
	– HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5, HKFRS 8	(v)

Effective date

(i) Annual periods beginning on or after 1 January 2009
(ii) Annual periods beginning on or after 1 July 2009
(iii) Annual periods beginning on or after 1 October 2008
(iv) Transfers of assets from customers received on or after 1 July 2009
(v) Annual periods beginning on or after 1 January 2010

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.

3. TURNOVER AND SEGMENTAL INFORMATION

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

Business segments

For management purposes, the Group has five 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 sale of cable and wires; (iv) manufacturing and trading of life-like plants; and (v) 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 based on a conditional sale and purchase agreement dated 19 May 2007. Accordingly, the business segment of manufacture and trading of life-like plants (the "Life-like Plants Operation") was classified as discontinued operation in the prior years. According to the supplemental agreements dated 19 September 2007, 17 December 2007, 28 February 2008, 20 May 2008 and 30 September 2008, entered into among the Group, the purchaser and Kong Sun Holdings Limited (the holding company of the purchaser), the long stop date and the disposal of the Life-like Plants Operation is extended to 31 December 2008. Kong Sun Holdings Limited and its subsidiaries are collectively referred to as the Kong Sun Group. The disposal of Life-like Plants Operation was completed on 16 December 2008, details of which are disclosed in the Company's announcement dated 16 December 2008.

Since 2007, the Group ceased all the operations 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 was 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 years.

For the year ended 30 June 2009

	Continuing operations				Discontinued operations			
	Copper rods	Iron ore concentrated powder	Cable and wires	Total	Life-like plants	Production, distribution and licensing of television programmes	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER								
Sales to external customers	1,036,628	3,157	49,533	1,089,318	107,958	–	107,958	1,197,276
RESULTS								
Segment results	(259,903)	(13,361)	(12,392)	(285,656)	(9,575)	–	(9,575)	(295,231)
Unallocated corporate income	–	–	–	2,647	–	–		2,647
Unallocated corporate expenses	–	–	–	(7,420)	–	–	–	(7,420)
Gain on deemed disposal of a jointly-controlled entity and disposal of available-for-sale investment, net	7,237	–	–	7,237	–	–	–	7,237
Change in fair value of convertible notes designated as at fair value through profit or loss and loss on disposal of assets classified as held for sale and associated liabilities	–	–	–	31,233	(26,512)	–	(26,512)	4,721
Gain on asset swap	–	–	–	53,505	–	–	–	53,505
Finance costs					–	–	–	
Impairment on mining right	–	(102,917)	–	(102,917)	–	–	–	(102,917)
Impairment on property, plant and equipment	–	(19,621)	–	(19,621)	–	–	–	(19,621)
Impairment on prepaid lease payments for land	–	(488)	–	(488)	–	–	–	(488)
Share of results of a jointly–controlled entity	(3,129)	–	–	(3,129)	–	–	–	(3,129)
Loss before taxation				(324,609)			(36,087)	(360,696)
Taxation				35,360			–	35,360
Loss for the year				(289,249)			(36,087)	(325,336)

At 30 June 2009

	Copper rods *HK$'000*	Iron ore concentrated powder *HK$'000*	Cable and wires *HK$'000*	Life-like plants *HK$'000*	Production, distribution and licensing of television programmes *HK$'000*	Consolidated *HK$'000*
BALANCE SHEET						
Assets						
Segment assets	**80,454**	**77,842**	**254,946**	**–**	**–**	**413,242**
Unallocated corporate assets						**164,992**
Consolidated total assets						**578,234**
Liabilities						
Segment liabilities	**(26,142)**	**(22,244)**	**(85,159)**	**–**	**(34,510)**	**(168,055)**
Unallocated corporate liabilities						**(13,053)**
Consolidated total liabilities						**(181,108)**

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

At 30 June 2008

	Copper rods *HK$'000*	Iron ore concentrated powder *HK$'000*	Life-like plants *HK$'000*	Production, distribution and licensing of television programmes *HK$'000*	Consolidated *HK$'000*
BALANCE SHEET					
Assets					
Segment assets	1,139,077	207,241	102,053	974	1,449,345
Interest in a joint-controlled entity	18,057	–	–	–	18,057
Unallocated corporate assets					78,919
Consolidated total assets					1,546,321
Liabilities					
Segment liabilities	706,038	57,992	43,405	30,334	837,769
Unallocated corporate liabilities					1,379
Consolidated total liabilities					839,148

Geographical segments

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

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**		**Consolidated turnover by geographical market**	
	2009 ***HK$'000***	2008 *HK$'000*	**2009** ***HK$'000***	2008 *HK$'000*	**2009** ***HK$'000***	2008 *HK$'000*
PRC	**1,089,318**	2,968,984	**–**	–	**1,089,318**	2,968,984
America	**–**	–	**104,448**	100,236	**104,448**	100,236
Europe	**–**	–	**1,857**	4,377	**1,857**	4,377
Hong Kong	**–**	–	**1,202**	2,268	**1,202**	2,268
Other Asian regions	**–**	–	**451**	56	**451**	56
	1,089,318	2,968,984	**107,958**	106,937	**1,197,276**	3,075,921

4. (LOSS)/PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/profit before taxation has been arrived at after charging:						
Auditors' remuneration	**657**	1,127	**95**	360	**752**	1,487
Depreciation of property, plant and equipment	**22,819**	16,148	**689**	2,257	**23,508**	18,405
Amortisation of intangible asset	**422**	364	**–**	–	**422**	364
Cost of inventories	**1,323,985**	2,902,092	**104,909**	91,816	**1,428,894**	2,993,908
Charge of prepaid lease payments for land	**1,125**	1,528	**193**	463	**1,318**	1,991
Operating lease rentals in respect of rented premises	**453**	535	**223**	560	**676**	1,095
Impairment loss on prepaid lease payments for land	**488**	–	**–**	–	**488**	–
Allowance for doubtful debts	**364**	–	**–**	–	**364**	–
Bad debts written off	**3,452**	–	**936**	–	**4,388**	–
	3,816	–	**936**	–	**4,752**	–
Wages, salaries and pension contributions including directors' remuneration	**8,255**	17,665	**4,781**	14,093	**13,036**	31,758
Share-based payments expense	**3,420**	7,959	**–**	–	**3,420**	7,959
and after crediting:						
Exchange (gains)/losses, net	**(1,079)**	(2,309)	**566**	(2,310)	**(513)**	(4,619)
Net rental income after deducting outgoings	**(537)**	(1,301)	**–**	–	**(537)**	(1,301)
Interest income on promissory note receivable	**(237)**	–	**–**	–	**(237)**	–
Interest income on loans receivable	**(3,046)**	–	**–**	–	**(3,046)**	–
Management fee income	**(646)**	(3,023)	**–**	–	**(646)**	(3,023)
Subcontracting fee income	**(3,304)**	(5,896)	**–**	–	**(3,304)**	(5,896)
Gain on disposal of property, plant and machinery, net	**(4)**	–	**–**	–	**(4)**	–

Note: Cost of inventories includes HK$23,299,000 (2008: HK$33,432,000) relating to staff costs, depreciation of property, plant and equipment and release of prepaid lease payments for land, for which amounts are also included in the respective total amounts disclosed separately above.

5. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank borrowings and other loans wholly repayable within five years	**21,320**	42,602	**4,280**	3,521	**25,600**	46,123
Interest on finance leases	**–**	22	**–**	–	**–**	22
	21,320	42,624	**4,280**	3,521	**25,600**	46,145

6. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong profits tax						
Current year	**424**	2,215	**–**	82	**424**	2,297
Underprovision in respect of prior years	**302**	–	**–**	–	**302**	–
Taxation in the PRC						
Current year	**36**	11,553	**–**	–	**36**	11,553
Overprovision in respect of prior years	**(10,137)**	–	**–**	–	**(10,137)**	–
	(9,375)	13,768	**–**	82	**(9,375)**	13,850
Deferred taxation	**(25,985)**	(2,496)	**–**	–	**(25,985)**	(2,496)
	(35,360)	11,272	**–**	82	**(35,360)**	11,354

Hong Kong profits tax is calculated at 16.5% (2008: 16.5%) 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. The applicable corporate income tax rate was 25% for the year ended 30 June 2009.

7. DIVIDEND

The Board do not recommend the payment of any dividend for the year ended 30 June 2009 (2008: HK$Nil).

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share amounts is based on the (loss)/profit for the years attributable to equity holders of the Company, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the share subdivision and share consolidation during the year. Basic and diluted earnings per share amounts for the year ended 30 June 2008 are restated to take into effect the share subdivision and share consolidation during the year ended 30 June 2009.

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

	2009	2008
	HK$'000	*HK$'000*
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	**(322,603)**	10,663

	Number of shares	
	2009	2008
		(Restated)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**228,858,862**	154,771,700
Effect of dilutive potential ordinary shares in respect of share options	**–**	2,515,330
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**228,858,862**	157,287,030

For continuing operations

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

	2009	2008
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(322,603)**	10,663
Loss for the year from discontinued operations	**36,087**	4,859
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share from continuing operations	**(286,516)**	15,522

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 operations

Basic loss per share for discontinued operations is 15.77 HK cents (2008: 3.14 HK cents (restated)) per share, based on the loss for the year from discontinued operations of HK$36,087,000 (2008: HK$4,859,000).

No diluted loss per share from the (i) continuing and discontinued operations for the current year; (ii) continuing operations for the current year; and (iii) discontinued operation for the current and prior years, was disclosed because there was no outstanding share options as at 30 June 2009 and the outstanding share options as at 30 June 2008 were anti-dilutive.

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

The Group allows an average credit period of 0 to 90 days to its trade debtors with outsiders and a credit period of 45 days to its related companies.

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

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**11,318**	100,278
31 – 60 days	**4,228**	53,085
61 – 90 days	**6,105**	27,322
Over 90 days	**7,248**	109,841
	28,899	290,526

10. CREDITORS, OTHER ADVANCES AND ACCRUALS

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

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**4,778**	14,663
31 – 60 days	**2,182**	2,663
61 – 90 days	**2,106**	418
Over 90 days	**6,154**	1,434
	15,220	19,178

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

In prior years, the Group entered into a conditional sale and purchase agreement with independent third parties to dispose of the entire issue capital in FT China Limited and FT Fast Limited, both being indirect wholly-owned subsidiaries of the Company, which carried on the Life-like Plants Operation and the consideration therefor would be settled by way of promissory note and convertible note issued by the Kong Sun Group. The disposal of the entire issue capital in FT China Limited and FT Fast Limited was completed during the current year.

The major classes of assets and liabilities of the Life-like Plants Operation as at 30 June 2008 are as follows:

	2008
	HK$'000
Property, plant and equipment	32,672
Prepaid lease payments for land	15,756
Inventories	71,669
Debtors, deposits and prepayments	2,588
Tax recoverable	–
Pledged deposits	5,536
Bank balances and cash	1,832
Impairment loss arising from adjustment to fair value less costs to sell	(28,000)
Assets classified as held for sale	102,053
Creditors and accruals	35,412
Bills payable	7,993
Liabilities associated with assets classified as held for sale	43,405

The trade debtor balances as at 30 June 2008 included in debtors, deposits and prepayments aged within 90 days. The trade creditor balances as at 30 June 2008 included in creditors and accruals aged within 90 days. The bills payable aged within 90 days.

A loss on disposal of the Life-like Plants Operation of HK$26,512,000 (2008: HK$Nil) was recognised during the year based on the net assets of Life-like Plants Operation of HK$55,477,000 at the completion date of disposal and the fair value of the aggregate consideration of HK$28,965,000 based on the fair value of (i) the promissory note in the amount of HK$13,445,000; and (ii) convertible note with initial recognition amount of HK$15,520,000 issued by the Kong Sun Group to the Group upon the completion of the disposal. The promissory note was fully settled to the Group during the current year.

	HK$'000
Net cash outflow on disposal of assets and liabilities held for sale:	
Bank balances and cash disposed of	7,187

12. ACQUISITION AND DISPOSAL OF SUBSIDIARIES UNDER AN ASSET SWAP ARRANGEMENT

On 5 December 2008, the Company, Wah Yeung Capital Resources Limited ("Wah Yeung"), an indirectly wholly-owned subsidiary of the Company, Solartech, Chau's Industrial Investments Limited ("Chau's Industrial"), a wholly-owned subsidiary of Solartech, Chau's Electrical Company Limited ("Chau's Electrical"), an indirect wholly-owned subsidiary of Solartech entered into three sale and purchase agreements and one set-off deed (collectively referred to as the "Asset Swap"), pursuant to which the Group agreed to acquire from Solartech i) 100% equity interest in Solartech Enterprises Limited ("Solartech Enterprises") and its subsidiaries (the "Solartech Enterprises Group") and the unsecured and interest-free shareholder's loan owed by the Solartech Enterprises Group to Chau's Industrial (the "Solartech Enterprises Shareholder Loan"); and ii) 100% equity interest in Fund Resources Limited ("Fund Resources") and its subsidiary (the "Fund Resources Group"), and the unsecured and interest-free shareholder's loan owed by the Fund Resources Group to Chau's Electrical (the "Fund Resources Shareholder Loan") in the consideration for the Group's disposal of i) 100% equity interest in Modern China Enterprises Limited ("Modern China") and its subsidiaries (the "Modern China Group"); ii) 100% equity interest in Hua Yi Copper Products Company Limited ("HY Products") and its subsidiary (the "HY Products Group"); and iii) the unsecured and interest-free shareholder's loan owed by the HY Products Group to Wah Yeung (the "HY Products Shareholder Loan"). An additional consideration of HK$20,000,000 is also payable by the Group to the Solartech Group under the Asset Swap. The Asset Swap was completed on 4 February 2009.

(i) Acquisition of subsidiaries under the Asset Swap

Accordingly, the Solartech Enterprises Group and the Fund Resources Group became subsidiaries of the Company and their results were consolidated to the Group's consolidated financial statements since the date of acquisition in the current year.

Details of net assets of subsidiaries acquired in the Asset Swap are as follows:

	Solartech Enterprises Group			Fund Resources Group			
	Acquirees' carrying amount before the Asset Swap	**Fair value adjustments**	**Sub-total**	**Acquirees' carrying amount before the Asset Swap**	**Fair value adjustments**	**Sub-total**	**Fair value as at the completion date**
	HK$'000	*HK$'000*	*HK$'000*	*HK'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	101,171	–	101,171	75,738	2,437	78,175	179,346
Prepayment for acquisition of property, plant and equipment	–	–	–	14,000	–	14,000	14,000
Prepaid lease payments for land	4,188	3,112	7,300	1,060	3,090	4,150	11,450
Inventories	10,061	–	10,061	6,242	–	6,242	16,303
Debtors, deposits and prepayments	20,772	–	20,772	14,157	–	14,157	34,929
Bills receivables	2,505	–	2,505	20	–	20	2,525
Bank balances and cash	2,530	–	2,530	1,327	–	1,327	3,857
Creditors, other advances and accruals	(49,394)	–	(49,394)	(15,549)	–	(15,549)	(64,943)
The Solartech Enterprises Shareholder Loan and the Fund Resources Shareholder Loan	(89,979)	–	(89,979)	(77,085)	–	(77,085)	(167,064)
Taxation	(354)	–	(354)	–	–	–	(354)
Borrowings	(20,682)	–	(20,682)	(44,318)	–	(44,318)	(65,000)
Deferred tax liabilities	–	(778)	(778)	–	(1,380)	(1,380)	(2,158)
Net deficiency in assets of the Solartech Enterprises Group and the Fund Resources Group							(37,109)
Assignment of the Solartech Enterprises Shareholder Loan and the Fund Resources Shareholder Loan							167,064
							129,955
Satisfied by:							
Part of consideration on disposal of subsidiaries under the Asset Swap							129,955

Since the acquisition from the Asset Swap, the Solartech Enterprises Group and the Fund Resources Group contributed an aggregate amount of HK$49,533,000 to the Group's turnover and loss of HK$12,242,000 to the operating results for the year ended 30 June 2009.

Had the acquisition taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year would have been HK$59,572,000 and HK$46,805,000, respectively.

(ii) Disposal of subsidiaries under the Asset Swap

The assets and liabilities of the Modern China Group and the HY Products Group disposed of in the Asset Swap are as follows:

	HK$'000
Property, plant and equipment	93,717
Prepaid lease payment for land	60,109
Loan receivable	44,407
Inventories	24,780
Debtors, deposits and prepayments	152,224
Bills receivable	20,949
Pledged deposits	27,551
Bank balances and cash	66,539
Creditors, other advances and accruals	(60,063)
Bills payable	(75,000)
The HY Products Shareholder Loan	(107,570)
Taxation	(432)
Borrowings	(252,393)
Deferred tax liabilities	(14,514)
Net deficiency of assets disposal of the Modern China Group and the HY Products Group	(19,696)
Assigment of HY Products Shareholder Loan	107,570
Translation reserve realised upon disposal	(32,921)
Direct costs incurred for the disposal	1,497
Gain on Asset Swap	53,505
Consideration	109,955
Consideration satisfied by:	
Net deficiency in assets of the Solartech Enterprises Group and the Fund Resources Group and the Solartech Enterprises Shareholder Loan and the Fund Resources Shareholder Loan acquired	129,955
Amounts due to related companies as further consideration	(20,000)
	109,955
Net cash inflow/(outflow) on the Asset Swap:	
Bank balances and cash acquired	3,857
Bank balances and cash disposed of	(66,539)
	(62,682)

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group recorded a turnover of approximately HK$1,197 million, representing a decrease of approximately 61% as compared to approximately HK$3,076 million last year. Loss attributable to shareholders was approximately HK$325 million (2008: profit attributable to shareholders of approximately HK$11 million. Basic loss per share was approximately HK140.96 cents (2008: basic earnings per share of approximately HK6.89 cents (restated)).

BUSINESS REVIEW

During the year under review, the continuing operations of the Group are copper rod business, mining business and the cable and wire business. The disposal of the life-like plant business was completed during the year. The copper rod business continued to be the core business of the Group and recorded a turnover of approximately HK$1,037 million, representing approximately 87% of the Group's total turnover. The turnover of the discontinued life-like plant business was approximately HK$108 million, accounted for approximately 9% of the Group's total turnover, while the cable and wire business and iron-ore mining business merely recorded approximately HK$50 million and HK$3 million, representing approximately 4% and less than 1% of the Group's total turnover respectively. All turnover from continuing operations of the Group was generated from the People's Republic of China (the "PRC") during the year.

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 products and infrastructure facilities.

As a consequence of the financial crisis which affected the global economy as a whole, the copper prices dropped dramatically since August 2008 which led to a decrease in selling prices and profit margins of the Group's product. To mitigate the risk of fluctuation in inventory value, the Group had tightened its inventory and purchasing policy during the year under review. As a result of the decline in demand due to the economic downturn and the drop in selling prices of the Group's products together with the disposal of the copper rod business located in Dongguan City as part of the asset swap transaction (Details of the asset swap transaction were set out in the section under "ASSET SWAP"), turnover from the copper rod business decreased significantly by approximately 65% from previous corresponding year to HK$1,037 million. A segmental loss of HK$260 million was recorded for the year under review as compared to a segmental profit of approximately HK$76 million for the year ended 30 June 2008.

Mining business

Mining operation in the iron-ore concentrated powder processing plant was suspended during the Beijing Olympic Game period and was remained idle since then as the prospect of profitability from the operation was remote as the price of iron-ore concentrated powder declined significantly due to the global economic downturn.

In view of the uncertainty of the profitability of the mining business, the Group made an impairment loss of the mining business of approximately HK$123 million during the year in order to reflect the adverse impact of the uncertainty on the value of the mining business.

Life-like plants business

The Group had fulfilled all the conditions precedent to the disposal of life-like plants business in December 2008. Upon completion of the transaction, the Group would focus in its core business.

PROSPECTS

Upon completion of the asset swap transaction in February 2009, the Group's production facilities were located in close proximity with each other, which would allow a saving in cost, more flexibility on the part of the management in allocating and mobilizing available resources, in particular labour resources, within the same production base. The Group's external financing from banks were significantly reduced as a result of the asset swap. At the same time, the Group was also strengthened by the vertical integration of its business which covers copper electrical wires production and power wires and cables production.

The Group would continue its cost control initiatives and risk management measures in each of its business segments with the view to remain competitive in the industry. The Group is also committed to explore new opportunities to maximize the returns to the shareholders and enhance the efficiency and effectiveness of the Group's capital as a whole.

FINAL DIVIDEND

The Board of the Company resolved not to pay any final dividend for the year ended 30 June 2009.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, the Group had cash and bank balances amounting to approximately HK$89 million (2008: HK$147 million) and net current assets value being over HK$11 million (2008: 311 million). The Group's gearing ratio as at 30 June 2009 was 0.27 (2008: 0.85), being a ration of total bank borrowings of approximately HK$108 million (2008: HK$599 million) to shareholders' fund of approximately HK$397 million (2008: HK$707 million).

As at 30 June 2009, the Group had pledged certain property, plant and machinery with aggregate net book value of approximately HK$113 million (2008: HK$113 million) to secure general banking facilities granted to the Group.

The Group does not anticipate any material foreign exchange exposure since its functional currencies are mainly denominated in Hong Kong dollars, United States dollars and Renminbi.

DISPOSAL OF LIFE-LIKE PLANTS BUSINESS

On 21 May 2007, the Company and Solartech International Holdings Limited ("Solartech") whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 Ltd ("Kong Sun"), a company incorporated in Hong Kong whose shares are listed on the Stock Exchange. Kong Sun is the holder of 100% shareholding of Eternal Gain. Pursuant to the 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") (together the "Sale Companies"), direct wholly-owned subsidiaries of Brightpower. Under the Sale and Purchase Agreement, an indebtedness in the sum of HK$80,786,000 owed by FTFE to Brightpower was agreed to be assigned by Brightpower to Eternal Gain for an aggregate consideration of HK$60 million. The aggregate consideration will be settled partly by way of Kong Sun executing upon the completion date a promissory note in the amount of HK$20 million to Brightpower and partly by Kong Sun issuing upon the completion date the convertible bonds for an aggregate principal amount of HK$40 million ("Convertible Bonds") to Brightpower or its nominees as Brightpower may direct. Pursuant to the 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 manufacturing 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 to 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, 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 the 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 the disposal, but also it 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 of 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.

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

CAPITAL REORGANIZATION AND CHANGE OF BOARD LOT SIZE

On 5 November 2008, the Company put forward to its shareholders a proposal for the capital reorganization ("Capital Reorganization") and a proposal to change the board lot size for trading in the ordinary shares of the Company from 2,000 ordinary shares of HK$0.20 each in the existing issued share capital of the Company ("Existing Shares") to 10,000 ordinary shares of HK$0.05 each in the share capital of the Company ("Consolidated Shares") immediately after the Capital Reorganization becoming effective.

The Capital Reorganization involved (i) capital reduction: the reduction of the par value of each existing share from HK$0.20 to HK$0.01 by the cancellation of HK$0.19 of the paid-up capital on each existing share; (ii) sub-division: the sub-division of each of the authorised but unissued shares in the capital of the Company of par value HK$0.20 into 20 shares of par value HK$0.01 each; and (iii) share consolidation: upon completion of the capital reduction and the sub-division becoming effective, the consolidation of every five shares of HK$0.01 each in both the issued and unissued share capital of the Company into one consolidated share of HK$0.05.

Following the implementation of the Capital Reorganisation set out above, the Company's authorised share capital was HK$300,000,000 divided into 6,000,000,000 shares of par value HK$0.05 each, and its issued share capital was HK$8,853,065 divided into 177,061,300 shares of par value HK$0.05 each. The aggregate amount of HK$168,208,235 arising from the above Capital Reorganisation was transferred to the Company's contributed surplus account.

Details of the Capital Reorganization and change of board lot size were set out in the circular of the Company dated 20 November 2008.

All conditions of the Capital Reorganisation have been met. The Capital Reorganisation became effective on 16 December 2008 and the consolidated Shares commenced trading on the Stock Exchange from 9:30 a.m. on 16 December 2008.

ASSET SWAP

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

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

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

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

Pursuant to the deed of set-off and transition arrangements dated 5 December 2008 entered into between Solartech, Chau's Industrial, Chau's Electrical, the Company and Wah Yeung (the "Set-off Deed"), all parties to the Asset Swap Agreements agreed to facilitate the settlement of the considerations payable by the relevant purchasers under HY Subsidiaries Agreement, Solartech Enterprises Agreement and Fund Resources Agreement at completion. The completion of HY Subsidiaries Agreement, Solartech Enterprises Agreement and Fund Resources Agreement intended to take place simultaneously. Pursuant to the terms of the Set-off Deed, the payment obligation of Solartech for the HY Subsidiaries Consideration shall be set-off against the payment obligation of the Company for the aggregate of the Solartech Enterprises Consideration and the Fund Resources Consideration with the difference to be settled in cash.

The consideration paid at completion was subject to the adjustments to be determined following delivery of the respective unaudited consolidated balance sheets of Modern China and its subsidiaries, HY Products Group, Solartech Enterprises and its subsidiary and Fund Resources and its subsidiary as at the date of completion.

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

At the special general meeting held on 19 January 2009, the ordinary resolution proposed to approve the Asset Swap Agreements as contemplated in the Circular was duly passed by the shareholders of the Company.

All conditions of the Asset Swap Agreements have been met and the completion took place on 4 February 2009.

PLACING OF 104,000,000 NEW SHARES

On 5 December 2008, the Company and Kingston Securities Limited entered into a placing agreement to place 104,000,000 new ordinary shares of par value of HK$0.05 each in the capital of the Company ("Shares") at a price of HK$0.30 per Share on a best effort basis (the "New Shares Placing"). The net proceeds from the New Shares Placing of approximately HK$30.3 million were intended to be used as general working capital of the Group. The issuance of the Shares under the New Shares Placing was subject to the approval of the shareholders of the Company to grant a specific mandate in respect of such issuance (the "Specific Mandate"). At the special general meeting held on 19 January 2009, the shareholders approved to grant the Specific Mandate. Pursuant to the Specific Mandate, the New Shares Placing was completed on 22 January 2009 and a total of 104,000,000 Shares were issued.

Details of the New Shares Placing were set out in the announcement dated 10 December 2008 and the circular dated 31 December 2008 issued by the Company.

DISPOSAL OF INTEREST IN FUJIAN JINYI

On 17 October 2008, Master Achieve Enterprises Limited ("Master Achieve"), an indirect wholly-owned subsidiary of the Company, entered into a capital increase agreement ("Capital Increase Agreement") with other shareholders of Fujian Jinyi, namely Minxi Xinghang and Fujian Zijin Investment Co., Ltd. ("Zijin Investment"), for an increase in capital of Fujian Jinyi. Before the Capital Increase Agreement, Fujian Jinyi's registered capital was RMB40 million. After completion of the Capital Increase Agreement, Fujian Jinyi's registered capital would be increased to RMB200 million. Fujian Jinyi intended to use the proceeds to increase its production capacity from 10,000 tonnes copper pipes to 40,000 tonnes copper pipes per year. Fujian Jinyi is mainly engaged in the production and sale of copper pipes in Shang Hang County, Fujian Province.

Pursuant to the Capital Increase Agreement, Minxi Xinghang and Zijin Investment agreed to increase their equity interests in Fujian Jinyi by contributing additional amounts of RMB78 million and RMB82 million respectively. Master Achieve will not contribute in this capital increase but has a right to buy-back the equity proportionally from Minxi Xinghang and Zijin Investment to restore to its ownership of 45% equity interest in Fujian Jinyi within two years from the day that Fujian Jinyi achieves its full scale of production. The consideration will be the original cost plus interest with reference to the bank's basic lending rate. Upon the completion of the Capital Increase Agreement, Master Achieve's equity interest in Fujian Jinyi decreased from 45% to 9%.

On 3 April 2009, Master Achieve entered into a conditional Sale and Purchase Agreement with a purchaser pursuant to which Master Achieve agreed to dispose of and the purchaser agreed to purchase the 9% equity interest of Fujian Jinyi held by Master Achieve at a consideration of approximately HK$19.43 million.

Details of the disposal of the interest in Fujian Jinyi were set out in the announcement of the Company dated 3 April 2009.

The disposal was completed in August 2009.

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

On 11 May 2009, Intense Rise Holdings Limited ("Intense Rise"), a substantial shareholder of the Company and is beneficially wholly-owned by Mr. Wong Hin Shek, entered into a placing and subscription agreement with the Company and Kingston Securities Limited ("Placing Agent"), under which Intense Rise agreed to place, through the Placing Agent, 35,410,000 existing Shares to independent investors at HK$0.355 per Share and subsequently to subscribe for 35,410,000 new Shares at the subscription price of HK$0.355 per Share. The net proceeds from the subscription of approximately HK$12.21 million were intended to be used for general working capital of the Company. The subscription of Shares were issued on 22 May 2009. Details of the top-up placing and subscription were set out in the announcement of the Company dated 11 May 2009.

PLACING OF 316,470,000 NEW SHARES

On 26 May 2009, the Company and the Placing Agent entered into a placing agreement pursuant to which the Company agreed to place, through the Placing Agent, on a best efforts basis, a maximum of 316,470,000 new Shares to independent investors at a price of HK$0.20 per Share. The net proceeds from the placing of approximately HK$61.43 million was intended to be used for general working capital of the Company. The specific mandate in respect of the issuance of the placing shares was approved by the shareholders of the Company at the special general meeting held on 25 June 2009 and the placing was completed on 16 July 2009. Details of the placing were set out in the announcement and the circular of the Company dated 12 May 2009 and 9 June 2009 respectively.

DISPOSAL OF INTEREST IN FORTUNE POINT GROUP

On 20 August 2009, Hua Yi Copper (BVI) Company Limited ("HYC (BVI)"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Jumbo Wise Investments Limited (the "purchaser") pursuant to which HYC (BVI) agreed to disposes of and the purchaser agreed to purchase the entire interest of Fortune Point Limited and its subsidiaries (the "Fortune Point Group") held by HYC (BVI) at a consideration of HK$4.5 million. The disposal was completed on 24 August 2009. Details of the disposal were set out in the announcement of the Company dated 20 August 2009.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2009, the Group had approximately 600 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.

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

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

CORPORATE GOVERNANCE

The Company has complied throughout the year with the Code on Corporate Governance Practices (the "Code") as set out in the Appendix 14 to the Listing Rules, except for the deviation from code provision A.2.1 and A.4.1 of the Code which is explained below.

Code provision A.2.1

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

During the Financial Year, Mr. Chau Lai Him acts as the Chairman and the Managing Director of the Company. Mr. Chau is the founder of the Group and has extensive industry experience. Mr. Chau is responsible for effective running of the Board and for formulating business strategies.

Subsequent to the Financial Year, Mr. Wong Hin Shek was appointed as the Chairman and executive director and Mr. Chu Yuk Kuen, an existing executive director, was appointed as the Chief Executive Officer in July 2009. Mr. Chau resigned as the Chairman and the Managing Director but remained as the executive director. Following the new appointments, the role of the chairman and chief executive officer of the Company was separated and in compliance with code provision A.2.1.

Code provision A.4.1

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

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

The Company has adopted the Model Code for Securities Transactions set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, all the directors confirmed they have complied with the required standards set out in the Model Code throughout the year ended 30 June 2009.

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 2009 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. The Remuneration Committee 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 the 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, employees and management for their continuous dedication, commitment and support to the Company.

On behalf of the Board
Chu Yuk Kuen
Chief Executive Officer

Hong Kong, 12 October 2009

As a the date of this announcement, the executive directors of the Company are Mr. Wong Hin Shek, Mr. Chu Yuk Kuen and Mr. Chau Lai Him and the independent non-executive directors of the Company are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.