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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)

2011/12 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The board of directors (the "Board") of Hua Yi Copper Holdings Limited (the "Company") announces the annual results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2012 together with comparative figures from the previous corresponding year, as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Turnover	3	**311,872**	379,087
Cost of sales		**(297,630)**	(363,295)
Gross profit		**14,242**	15,792
Interest income		**11,118**	9,604
Other income		**2,456**	2,571
General and administrative expenses		**(19,178)**	(33,346)
Selling and distribution expenses		**(3,145)**	(2,815)
Finance costs	5	**(4,641)**	(6,504)
Impairment loss on loan receivable		**(10,226)**	—
Impairment loss on other receivable		**—**	(35,850)
Impairment loss on property, plant and equipment and prepaid lease payments for land		**(4,949)**	(1,800)
Gain on disposal of a subsidiary		**—**	41,944
Fair value adjustment on warrants classified as derivative financial instruments at issue date and change in fair value of derivative financial instruments, net	10	**18,222**	(18,043)
Change in fair value of financial assets at fair value through profit or loss	12	**(91,771)**	(13,775)
Change in fair value and gain on maturity of convertible note designated as at fair value through profit or loss	11	**35,083**	(3,983)
Loss before taxation		**(52,789)**	(46,205)
Taxation	6	**(308)**	(514)
Loss for the year	4	**(53,097)**	(46,719)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**2,108**	10,071
Total comprehensive income for the year		**(50,989)**	(36,648)
Loss per share:	8		
— Basic		**(1.77) HK cents**	(1.60) HK cents
— Diluted		**(1.77) HK cents**	(3.07) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**131,679**	149,440
Prepayments for acquisition of property, plant and equipment and exploration and evaluation asset		**7,650**	341
Prepaid lease payments for land		**9,934**	10,051
Total non-current assets		**149,263**	159,832
Current assets			
Inventories		**26,471**	28,345
Debtors, other receivables, deposits and prepayments	*9*	**49,241**	79,327
Bills receivable		**14,065**	16,173
Loans receivable		**19,338**	86,051
Derivative financial assets	*10*	**—**	68
Prepaid lease payments for land		**240**	237
Convertible note designated as at fair value through profit or loss	*11*	**—**	4,917
Financial assets at fair value through profit or loss	*12*	**134,045**	95,086
Bank balances and cash		**288,212**	307,678
Total current assets		**531,612**	617,882
Current liabilities			
Creditors, other advances and accruals	*13*	**25,818**	31,687
Borrowings		**62,195**	83,855
Taxation		**398**	650
Derivative financial liabilities	*10*	**2,948**	20,999
Total current liabilities		**91,359**	137,191

	2012	2011
	HK$'000	*HK$'000*
Net current assets	**440,253**	480,691
Total assets less current liabilities	**589,516**	640,523
Non-current liabilities		
Deferred tax liabilities	**724**	742
Total non-current liabilities	**724**	742
Net assets	**588,792**	639,781
EQUITY		
Capital and reserves		
Share capital	**149,771**	149,771
Reserves	**439,021**	490,010
Equity attributable to owners of the Company and total equity	**588,792**	639,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2012

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. The activities of the Company's subsidiaries are principally engaged in the businesses of (i) manufacture and trading of cable and wires; (ii) manufacture and trading of copper rods; and (iii) investments in listed securities.

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

(a) Adoption of new/revised HKFRSs — effective 1 July 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new/revised standards and interpretation has no significant impact on the Group's financial statements.

HKAS 24 (Revised) — Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationship of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) New/revised HKFRSs that have been issued but are not yet effective

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

Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[5]
Amendments to HKAS 32	Offsetting Financial Assets Financial Liabilities[4]
Amendments to HKFRS 10 and HKFRS 12	Consolidated Financial Statements and Disclosure of Interest in Other Entities: Transition Guidance[3]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[2]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 27 (2011)	Separate Financial Statements[3]
Annual Improvements Projects	Annual Improvement 2009–2011 Cycle[3]

Effective dates:

[1.] Annual periods beginning on or after 1 January 2012
[2.] Annual periods beginning on or after 1 July 2012
[3.] Annual periods beginning on or after 1 January 2013
[4.] Annual periods beginning on or after 1 January 2014
[5.] Annual periods beginning on or after 1 January 2015

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

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

3. TURNOVER AND SEGMENT REPORTING

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

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

(i) manufacture and trading of cable and wires;

(ii) manufacture and trading of copper rods; and

(iii) investments in listed securities.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision-makers for assessment of segment performance.

(b) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 30 June 2012

	Cable and Wires *HK$'000*	**Copper Rods** *HK$'000*	**Investments in Listed Securities** *HK$'000*	**Consolidated** *HK$'000*
Turnover	**175,380**	**136,326**	**166**	**311,872**
Segments profit/(loss)	**1,993**	**(8,773)**	**(91,481)**	**(98,261)**
Unallocated corporate income				**1,860**
Unallocated corporate expense				**(5,679)**
Interest income				**10,981**
Finance costs				**(4,641)**
Impairment loss on loan receivable				**(10,226)**
Fair value adjustment on warrants classified as derivative financial instruments				**18,094**
Change in fair value of convertible note designated as at fair value through profit or loss				**35,083**
Loss before taxation				**(52,789)**

For the year ended 30 June 2011

	Cable and Wires *HK$'000*	Copper Rods *HK$'000*	Investments in Listed Securities *HK$'000*	Consolidated *HK$'000*
Turnover	221,767	156,524	796	379,087
Segments profit/(loss)	2,745	(3,317)	(13,977)	(14,549)
Unallocated corporate income				1,578
Unallocated corporate expenses				(3,878)
Interest income				9,532
Finance costs				(6,504)
Share-based payments				(16,491)
Fair value adjustment on warrants classified as derivative financial instruments at issue date and change in fair value of derivative financial instruments, net				(18,004)
Impairment loss on other receivable				(35,850)
Gain on disposal of a subsidiary				41,944
Change in fair value of convertible note designated as at fair value through profit or loss				(3,983)
Loss before taxation				(46,205)

(c) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2012	2011
	HK$'000	*HK$'000*
Segment assets		
Cable and Wires	**165,299**	196,842
Copper Rods	**91,562**	96,837
Investments in Listed Securities	**134,954**	95,888
Total segment assets	**391,815**	389,567
Unallocated bank balances and cash	**267,211**	295,221
Unallocated other receivables	**—**	135
Unallocated loans receivable	**19,338**	84,901
Convertible note designated as at fair value through profit or loss	**—**	4,917
Unallocated corporate assets	**2,511**	2,973
Consolidated total assets	**680,875**	777,714

	2012	2011
	HK$'000	*HK$'000*
Segment liabilities		
Cable and Wires	**74,231**	76,628
Copper Rods	**10,210**	28,749
Investments in Listed Securities	**138**	528
Total segment liabilities	**84,579**	105,905
Taxation	**398**	650
Deferred tax liabilities	**724**	742
Unallocated derivative financial instruments	**2,905**	20,999
Unallocated corporate liabilities	**3,477**	9,637
Consolidated total liabilities	**92,083**	137,933

(d) Other segment information

For the year ended 30 June 2012

	Cable and Wires *HK$'000*	Copper Rods *HK$'000*	Investments in Listed Securities *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets	(780)	(3)	—	—	(783)
Amortisation of prepaid lease payments for land	(169)	(71)	—	—	(240)
Depreciation of property, plant and equipment	(9,643)	(4,881)	—	(577)	(15,101)
Impairment on loan receivable	—	—	—	(10,226)	(10,226)
Impairment losses on property, plant and equipment	—	(4,949)	—	—	(4,949)
Fair value adjustment on warrants classified as derivative financial instruments and change in fair value of derivative financial instruments	128	—	—	18,094	18,222
Change in fair value of financial assets at fair value through profit or loss	—	—	(91,771)	—	(91,771)
Interest income on convertible note designated as at fair value through profit or loss	—	—	—	1,582	1,582
Interest income on loans receivable	—	—	—	4,879	4,879
Bank interest income	—	50	87	4,520	4,657
Amounts regularly provided to the chief operating decision-makers but not included in the measure of segment profit or loss:					
Income tax charge	(170)	(138)	—	—	(308)
Finance costs	(3,591)	(1,050)	—	—	(4,641)

For the year ended 30 June 2011

	Cable and Wires *HK$'000*	Copper Rods *HK$'000*	Investments in Listed Securities *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets	1,880	2	—	2,922	4,804
Amortisation of prepaid lease payments for land	(164)	(68)	—	—	(232)
Depreciation of property, plant and equipment	(8,477)	(5,152)	—	(348)	(13,977)
Impairment losses on property, plant and equipment and prepaid lease payments for land	—	(1,800)	—	—	(1,800)
Fair value adjustment on warrants classified as derivative financial instruments at issue date and change in fair value of derivative financial instruments, net	(39)	—	—	(18,004)	(18,043)
Change in fair value of financial assets at fair value through profit or loss	—	—	(13,775)	—	(13,775)
Interest income on convertible note designated as at fair value through profit or loss	—	—	—	1,600	1,600
Notional interest income of discounted other receivable	—	—	—	1,255	1,255
Interest income on loans receivable	—	—	—	3,176	3,176
Bank interest income	—	70	2	3,501	3,573
Amounts regularly provided to the chief operating decision-makers but not included in the measure of segment profit or loss:					
Income tax charge	(489)	—	—	(25)	(514)
Finance costs	(2,905)	(1,330)	(2,269)	—	(6,504)

(e) Geographic information

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

The Group's revenue from external customers and information about its non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets") by geographical markets are detailed as below:

	Revenue from external customers		**Specified non-current assets**	
	2012 *HK$'000*	2011 *HK$'000*	**2012** *HK$'000*	2011 *HK$'000*
Hong Kong (place of domicile)	**166**	796	**1,997**	2,914
PRC	**311,706**	378,291	**139,616**	156,918
Other Asian region	**—**	—	**7,650**	—
	311,872	379,087	**149,263**	159,832

(f) Major customers

During the year, two customers, each of them contributed revenue of HK$32,164,000 and HK$25,984,000 respectively, to the Group's cable and wires segment and three customers, each of them contributed revenue of HK$30,376,000, HK$18,804,000 and HK$14,239,000 respectively to the Group's copper rods segment.

During the prior year, three customers, each of them contributed revenue of HK$51,122,000, HK$34,920,000, and HK$25,898,000 respectively, to the Group's cable and wires segment and a customer contributed revenue of HK$25,760,000 to the Group's copper rods segment.

4. LOSS FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
This is arrived at after charging/(crediting):		
Auditor's remuneration	**650**	530
Depreciation of property, plant and equipment	**15,101**	13,977
Cost of inventories *(Note)*	**297,630**	363,295
Charge of prepaid lease payments for land	**240**	232
(Reversal of allowance for doubtful debts)/impairment loss on trade debtors, net	**(1,090)**	1,179
Wages, salaries and pension contributions including directors' remuneration	**23,254**	18,425
Share-based payments expense	**—**	16,491
Operating lease rentals in respect of:		
Office premise	**336**	309
Motor vehicles	**2,645**	1,276
Exchange gains, net	**(1,211)**	(2,427)
Sale of scrapped materials	**(59)**	(454)
Interest income on convertible note designated as at fair value through profit or loss	**(1,582)**	(1,600)
Notional interest income of discounted other receivable	**—**	(1,255)
Interest income on loans receivable	**(4,879)**	(3,176)
Bank interest income	**(4,657)**	(3,573)
Loss on disposal of property, plant and equipment	**291**	—

Note: Cost of inventories includes HK$33,080,000 (2011: HK$31,191,000) relating to staff costs and depreciation of property, plant and equipment for which the amounts are also included in the respective total amounts disclosed separately above.

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans and other loan wholly repayable within five years	**4,641**	6,504

6. TAXATION

	2012	2011
	HK$'000	*HK$'000*
Taxation charged in the consolidated statement of comprehensive income represents:		
Current taxation — Hong Kong profits tax		
— Under-provision for the prior years	**—**	24
Current taxation — PRC corporate income tax ("CIT")		
— tax for the year	**337**	516
	337	540
Deferred taxation	**(29)**	(26)
	308	514

No Hong Kong profits tax has been provided as the Group has no estimated assessable profit arising in Hong Kong during the current and prior years. 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. The standard CIT rate for enterprises in the PRC is 25%, which is also the Group's applicable CIT rate for the years ended 30 June 2011 and 2012.

7. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 30 June 2012 (2011: HK$Nil).

8. LOSS PER SHARE

The calculation of basic loss per share amount is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted loss per share amount is based on the loss for the year attributable to owners of the Company adjusted to reflect the change in fair value of warrants included in derivative financial liabilities. 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 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.

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

	2012	2011
	HK$'000	*HK$'000*
Loss for the purpose of basic loss per share	**(53,097)**	(46,719)
Effect of dilutive ordinary shares:		
Change in fair value of warrants included in derivative financial liabilities#	**—**	(45,107)
Loss for the purpose of diluted loss per share	**(53,097)**	(91,826)

	Number of shares 2012	2011
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,995,413,900**	2,927,426,338
Effect of dilutive potential shares:		
Warrants#	**—**	67,925,017
Weight average number of ordinary shares for the purpose of diluted loss per share	**2,995,413,900**	2,995,351,355

As warrants outstanding during the year ended 30 June 2012 had an anti-dilutive effect on the basic loss per share, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share.

As share options outstanding during the prior and current years had an anti-dilutive effect on the basic loss per share for both years, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share.

9. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the Group's debtors, other receivables, deposits and prepayments were trade debtors with outsiders of HK$44,608,000 (2011: HK$73,814,000). The Group allows an average credit period of 0 to 90 days to its trade debtors with outsiders.

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

	2012 *HK$'000*	2011 *HK$'000*
Within 30 days	**22,816**	38,139
31–60 days	**10,924**	20,787
61–90 days	**10,793**	14,769
Over 90 days	**75**	119
	44,608	73,814

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2012		2011	
	Assets *HK$'000*	**Liabilities** *HK$'000*	Assets *HK$'000*	Liabilities *HK$'000*
Copper futures contracts	**—**	**43**	68	—
Warrants	**—**	**2,905**	—	20,999
	—	**2,948**	68	20,999

Copper futures contracts

The major terms of the outstanding copper futures contracts of the Group which have not been designated as hedging instruments were as follows:

	As at 30 June 2012	As at 30 June 2011
Quantities *(in tonnes)*	**55**	20
Average price per tonne *(in RMB)*	**54,945**	69,590
Delivery period	**From September 2012 to October 2012**	From June 2011 to November 2011
Fair value of copper futures contracts recognised as current (liabilities)/assets *(in HK$'000)*	**(43)**	68

The above derivatives were measured at fair value at the end of each reporting period and were with financial institutions. The fair value of copper futures contracts was determined based on the quoted market prices at the end of reporting period. The gain on change in fair value of derivative financial instruments of HK$128,000 (2011: loss on change in fair value of HK$39,000) has been recognised in the profit or loss during the year.

Warrants

During the year ended 30 June 2011, the Company issued 599,000,000 non-listed warrants at subscription proceeds of HK$2,995,000, each entitled the holder thereof to subscribe for one share of the Company at the subscription price of HK$0.19 per share, subject to anti-dilutive adjustments, at any time during a period of two years commencing from the date of issue of the warrants. Further details are set out in the Company's announcements dated 29 November 2010 and 13 December 2010.

The fair value of the warrants classified as derivative financial instruments were determined taking into account the valuation performed by Grant Sherman Appraisals Limited, an independent firm of professionally qualified valuers, using the Black-Scholes option pricing model. The key inputs into the model at the end of the reporting period were as follows:

	30 June 2012	30 June 2011
Share price	**HK$0.099**	HK$0.164
Exercise price	**HK$0.190**	HK$0.190
Expected volatility	**90.16%**	65.03%
Time to maturity	**0.45 years**	1.45 years
Risk-free rate	**0.11%**	0.22%
Expected dividend yield	**Nil**	Nil

During the year ended 30 June 2012, a gain on change in fair value of HK$18,094,000 (2011: a loss on fair value adjustment on warrants classified as derivative financial instruments at issue date of HK$63,111,000 and a gain on change in fair value of HK$45,107,000) was recognised in profit or loss.

Expected volatility was determined by using the historical volatility of the Company's share price over the expected life of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

11. CONVERTIBLE NOTE DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 16 December 2008, the Group disposed of its business of manufacture and trading of life-like plants (the "Life-like Plants Operation") to a subsidiary of Kong Sun Holdings Limited ("Kong Sun"). Kong Sun's shares are listed on Main Board of the Stock Exchange. Kong Sun and its subsidiaries are collectively referred to as the Kong Sun Group.

A convertible note with principal amount of HK$40,000,000 which carried coupon interest at 4% per annum with maturity date on 15 December 2011 (the "Maturity Date") was issued by the Kong Sun Group to the Group as part of consideration for the Group's disposal of the Life-like Plants Operation.

The Group had the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the convertible note into conversion shares; and the right, at any time during the period between 20 months after the issue of the convertible note and before the Maturity Date, to redeem, the whole or part of the outstanding principal amount of the convertible note. On the other hand, the Kong Sun Group had the right, at any time during the period commencing from the date immediately following the date of issue of the convertible note up to the day immediately prior to and exclusive of the Maturity Date, to mandatorily convert the whole of the outstanding principal amount of the convertible note registered in the name of noteholder into conversion shares at the then applicable conversion price of HK$0.1 per conversion share that subject to adjustment clauses in the convertible note agreement, or redeem any convertible note remaining outstanding at the Maturity Date at its nominal value. The convertible note could be transferred to any person but should not be assigned or transferred to a connected person of the issuer without the prior written consent of the issuer.

Upon initial recognition, the Group had designated the convertible note as a financial asset at fair value through profit or loss and was carried at fair value as the directors considered that it was more relevant to evaluate the convertible note on a fair value basis in accordance with the Group's risk management policy.

During the year ended 30 June 2011, 239,654,173 new ordinary shares of Kong Sun were issued under an open offer, resulting in adjustments to the number of Kong Sun's shares upon conversion and the conversion price of the convertible note to 23,529,411 shares and HK$1.70 respectively. Details of Kong Sun's open offer and the adjustments to the convertible note were set out in Kong Sun's announcement dated 26 October 2010.

At 30 June 2011, the fair value of the convertible note was HK$4,917,000, based on the professional valuation performed by Kovas Magni Appraisal Limited, an independent firm of professionally qualified valuers. The fair value was calculated using the Binomial Options Pricing Model. The key inputs into the model were as follows:

	30 June 2011
Stock price of Kong Sun	HK$0.209
Conversion price	HK$1.700
Number of issued shares of Kong Sun	718,962,519
Quantities of shares upon conversion	23,529,411
Dilution effect	1.23
Expected life	0.5 year
Coupon rate	4%

During the year, the principal amount of HK$40,000,000 was fully settled by the Kong Sun Group on the Maturity Date. Accordingly, a change in fair value and gain on maturity of convertible note of HK$35,083,000 (2011: loss on change in fair value of HK$3,983,000) was recognised in profit or loss.

During the year ended 30 June 2012, interest income of HK$1,582,000(2011: HK$1,600,000) arising from the convertible note was recognised in profit or loss.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 HK$'000	2011 HK$'000
Hong Kong-listed equity investments, at fair value	**134,045**	95,086

The above equity investments are classified as held for trading. The fair values of listed securities are based on quoted market prices. During the current year, a loss on change in fair value of financial assets at fair value through profit or loss of HK$91,771,000 (2011:HK$13,775,000) was recognised in profit or loss.

13. CREDITORS, OTHER ADVANCES AND ACCRUALS

Included in the Group's creditors, other advances and accruals were trade creditors of HK$10,760,000 (2011: HK$16,094,000) with independent suppliers.

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

	2012 HK$'000	2011 HK$'000
Within 30 days	**2,149**	4,122
31–60 days	**4,715**	2,180
61–90 days	**3,052**	5,407
Over 90 days	**844**	4,385
	10,760	16,094

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 30 June 2012, the Group recorded a turnover of approximately HK$312 million, representing a decrease of 18% over the HK$379 million for the corresponding period last year. Loss attributable to shareholders was approximately HK$53 million (2011: HK$47 million). Basic loss per share was approximately HK1.77 cents (2011: HK1.60 cents).

BUSINESS REVIEW

During the year under review, the Group was principally engaged in three segments, (i) cable and wires business; (ii) copper rods business and (iii) investment in listed securities. Each of the cable and wires business, copper rods business and listed securities investments contributed 56.2%, 43.7% and 0.1% of the Group's total turnover respectively. The loss for the year has been enlarged as compared with that of last year. It was mainly due to the absence of the one-off gain on disposal of a subsidiary in last year; and the loss in fair value of listed securities as a result from the recent less favorable conditions of the global market.

Cable and Wires Business

The cable and wires business is the largest business segment of the Group. The major customers are primarily manufacturers of domestic appliances and electronic appliances. Due to the recent deterioration in the global macro economic environment and the decline in domestic demands in China, the consumer confidence and the entire domestic appliances industry were significantly impacted. For the year 2012, the turnover decreased by 21% to HK$175 million. The segment profit of was reduced from approximately HK$2.7 million in the year 2011 to approximately HK$2.0 million in the year 2012.

Copper Rods Business

The copper rods business covers the manufacturing and trading of copper rods and copper wires used primarily in producing copper wires and cables for electrical products and infrastructure facilities. In view of the downward trend in copper prices in the international market during the current year under review, this business segment recorded a 13% decrease in turnover to approximately HK$136 million. Also, considering that certain equipment, furniture and fixtures items and plant and machinery items were under-utilised and damaged, which were not cost-effective to incur additional repair and maintenance costs. Provision for impairment loss of approximately HK$4.9 million (2011: HK$1.8 million) was recognised in the current year, and thus the segment loss enlarged to HK$8.8 million as compared to that of HK$3.3 million last year.

Listed Securities Investments

Starting from year 2011, the Group has diversified its business into securities market. As at 30 June 2012, the Group managed a portfolio of listed securities with fair value of approximately HK$134 million. The global equity market is unstable throughout the financial year. Accordingly, the trading securities recorded a revaluation loss of approximately HK$92 million in current year.

PROSPECTS

Looking ahead, the global economy remains sluggish and the business environment is full of challenges and uncertainties, it is expected that the global market will remain volatile in 2012. The Group will deploy appropriate operation strategies to meet the challenges posed by the increasingly intricate market conditions. At this stage, the Group will continue to focus on manufacturing and trading of cables and wire and copper rod products in the domestic market. Meanwhile, the Group will strive to implement the business diversification strategy to broaden income sources with an aim to maximise the returns for shareholders. During the year, the Group has obtained the money lender license and may anticipate in this business sector so as to diversify the business.

FINAL DIVIDEND

The Board of the Company resolved not to pay any final dividend for the year ended 30 June 2012 (2011: HK$Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group had cash and bank balances amounting to approximately HK$288 million (2011: HK$308 million) and net current assets value was approximately HK$440 million (2011: HK$481 million). The Group's gearing ratio as at 30 June 2012 was 0.11 (2011: 0.16), being a ration of total debts, including the borrowings and the warrants under derivative financial liabilities of approximately HK$65 million (2011: HK$105 million) to the shareholders' fund of approximately HK$589 million (2011: HK$640 million).

As at 30 June 2012, the Group had pledged certain property, plant and equipment and prepaid lease payments for land with aggregate carrying value of approximately HK$62 million (2011: HK$64 million) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2012, the Group had no significant contingent liabilities.

FOREIGN CURRENCY RISK

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group had approximately 500 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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 30 June 2012, the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of securities on the Stock Exchange (the "Listing Rules") except for the deviation from code provision A.4.1 of the CG Code which is explained below.

Code provision A.4.1

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The existing independent non-executive Directors were not appointed for a specific term as required under code provision A.4.1 of the CG 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.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 30 June 2012.

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 2012 and agreed with the accounting treatment adopted. The Audit Committee is satisfied with the Group's internal control procedures and financial reporting disclosures.

SCOPE OF WORK OF AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2012 have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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
Wong Hin Shek
Chairman and Executive Director

Hong Kong, 25 September 2012

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Chi Chi Hung, Kenneth; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.