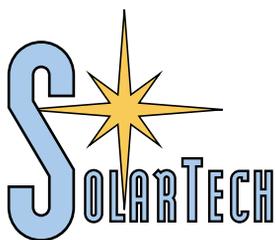


2004-2005

INTERIM REPORT

2004-2005



SOLARTECH INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

The Board of Directors (the "Directors") of Solartech International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2004, as follows:-

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2004

		For the six months ended 30 September	
		2004	2003
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
Turnover	3	827,725	540,074
Cost of sales		(748,838)	(476,339)
Gross profit		78,887	63,735
Other operating income		9,891	2,994
Interest income		3,211	3,712
General and administrative expenses		(43,444)	(41,196)
Selling and distribution expenses		(8,900)	(8,941)
Profit from operations	4	39,645	20,304
Finance costs		(10,711)	(6,748)
Impairment loss recognised in respect of goodwill	5	-	(63,653)
Share of results of associates		129	(4,108)
Profit (loss) before taxation		29,063	(54,205)
Taxation	6	(6,720)	(2,546)
Profit (loss) before minority interests		22,343	(56,751)
Minority interests		(2,074)	(128)
Profit (loss) for the period		20,269	(56,879)
Earnings (loss) per share			
- basic	8	6.73 cents	(29.61) cents

CONDENSED CONSOLIDATED BALANCE SHEET*At 30 September 2004*

		30 September 2004 HK\$'000 (Unaudited)	31 March 2004 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	9	528,313	458,715
Goodwill		16,087	–
Interests in associates		9,725	9,596
Notes receivable	10	55,000	55,000
Deferred tax assets		1,366	1,366
		610,491	524,677
Current assets			
Inventories		253,529	229,274
Television programmes and sub-licensing rights		1,927	–
Debtors, deposits and prepayments	11	381,155	344,585
Bills receivable		7,673	3,933
Pledged deposits		28,107	23,107
Bank balances and cash		155,450	143,630
		827,841	744,529
Current liabilities			
Creditors and accrued charges	12	139,371	114,760
Bills payable		16,014	20,596
Taxation		12,952	9,196
Obligations under finance leases		2,018	1,786
Borrowings	13	325,069	291,568
		495,424	437,906
Net current assets		332,417	306,623
Total assets less current liabilities		942,908	831,300

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)*At 30 September 2004*

	30 September 2004	31 March 2004
	HK\$'000	HK\$'000
Notes	(Unaudited)	(Audited)
Non-current liabilities		
Obligations under finance leases	2,141	2,087
Deferred tax liabilities	12,540	11,809
	14,681	13,896
Minority interests		
	92,063	14,026
	836,164	803,378
Capital and reserves		
Share capital	14 3,270	2,730
Reserves	832,894	800,648
	836,164	803,378

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2004

	Share capital	Share premium	Asset revaluation reserve	Goodwill reserve	Statutory reserve	Exchange reserve	Con- tributed surplus	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2003	1,896	-	14,190	(63,298)	4,474	(16,141)	587,012	244,705	772,838
Exchange differences on translation of financial statements of overseas operations not recognised in the income statement	-	-	-	-	-	45	-	-	45
Placement of new shares	379	18,571	-	-	-	-	-	-	18,950
Expenses incurred in relation to the placement of new shares	-	(426)	-	-	-	-	-	-	(426)
Realised on impairment of goodwill	-	-	-	63,653	-	-	-	-	63,653
Loss for the period	-	-	-	-	-	-	-	(56,879)	(56,879)
At 30 September 2003	2,275	18,145	14,190	355	4,474	(16,096)	587,012	187,826	798,181
Surplus on revaluation of leasehold land and buildings	-	-	7,708	-	-	-	-	-	7,708
Increase in opening deferred tax liability resulting from change in tax rate	-	-	(13)	-	-	-	-	-	(13)
Deferred tax liability arising on revaluation of properties	-	-	(1,557)	-	-	-	-	-	(1,557)
Exchange difference on translation of financial statements of overseas operations	-	-	-	-	-	398	-	-	398

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 September 2004

	Share capital	Share premium	Asset revaluation reserve	Goodwill reserve	Statutory reserve	Exchange reserve	Con- tributed surplus	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net gains not recognised in the income statement	-	-	6,138	-	-	398	-	-	6,536
Placement of new shares	455	24,565	-	-	-	-	-	-	25,020
Expenses incurred in relation to the placement of new shares	-	(539)	-	-	-	-	-	-	(539)
Minority share of reserve	-	-	2,486	-	-	-	-	-	2,486
Loss for the period	-	-	-	-	-	-	-	(28,306)	(28,306)
At 31 March 2004	2,730	42,171	22,814	355	4,474	(15,698)	587,012	159,520	803,378
Exchange differences on translation of financial statements of overseas operations not recognised in the income statement	-	-	-	-	-	(86)	-	-	(86)
Placement of new shares	540	14,040	-	-	-	-	-	-	14,580
Expenses incurred in relation to the placement of new shares	-	(1,977)	-	-	-	-	-	-	(1,977)
Transfer upon partial disposal of a subsidiary	-	-	(1,164)	-	-	-	-	1,164	-
Profit for the period	-	-	-	-	-	-	-	20,269	20,269
At 30 September 2004	3,270	54,234	21,650	355	4,474	(15,784)	587,012	180,953	836,164

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 September 2004*

	For the six months ended 30 September	
	2004	2003
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in) from operating activities	(1,618)	14,243
Net cash used in investing activities	(8,433)	(11,432)
Net cash from financing activities	20,681	86,293
Net increase in cash and cash equivalents	10,630	89,104
Cash and cash equivalents at beginning of the period	143,455	107,378
Cash and cash equivalents at end of the period	154,085	196,482
Being:		
Bank balances and cash	155,450	196,482
Bank overdrafts	(1,365)	–
	154,085	196,482

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2004

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of leasehold properties.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2004 except that the Group has adopted a new accounting policy in respect of television programmes and sub-licensing rights arising from its acquisition of FT Holdings International Limited (“FT Holdings”; subsequently the name was changed to Hua Yi Copper Holdings Limited pursuant to a special resolution passed on 17 September 2004) in August 2004.

TELEVISION PROGRAMMES AND SUB-LICENSING RIGHTS

(i) Television programmes (“TV programmes”)

TV programmes produced by the Group are stated at cost less amortisation and any identified impairment losses. Costs represent the carrying amount transferred from TV programmes in progress upon completion and are amortised at rates calculated to write off these costs in proportion to the expected revenues from the distribution and the licensing of video and other broadcasting of these TV programmes following their release.

(ii) Sub-licensing rights

Licence fees paid to acquire the rights for the sub-licensing of TV programmes produced by third parties in specified geographical areas and time periods are accounted for as sub-licensing rights. Upon the lease of these purchased TV programmes, the relevant portion of the licence fees are charged to the income statement on a systematic basis, with reference to the projected revenue and the underlying licence periods.

3. SEGMENT INFORMATION

The Group reports its primary segment information based on product categories. Two new segments, life-like plants and television programmes production, distribution and licensing, arising from the acquisition of FT Holdings in August 2004, is presented in the current period. Turnover and profit from operations for the six months ended 30 September 2004 and 2003, analysed by product category, are as follows:

	For the six months ended 30 September 2004				For the six months ended 30 September 2003			
	Turnover		Profit		Turnover		Profit	
	External sales	Inter-segment sales	Total operations	(loss) from operations	External sales	Inter-segment sales	Total operations	(loss) from operations
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cables and wires	354,639	6,698	361,337	13,344	309,476	3,988	313,464	13,050
Copper rods	381,566	101,167	482,733	19,551	180,679	74,393	255,072	4,066
Connectors and terminals	64,394	281	64,675	6,306	45,787	238	46,025	4,384
Life like plants	19,658	-	19,658	2,374	-	-	-	-
Television programmes production, distribution and licensing	1,205	-	1,205	(1,040)	-	-	-	-
Other	6,263	-	6,263	(2,213)	4,132	-	4,132	(1,743)
	827,725	108,146	935,871	38,322	540,074	78,619	618,693	19,757
Elimination	-	(108,146)	(108,146)		-	(78,619)	(78,619)	
	827,725	-	827,725		540,074	-	540,074	
Unallocated corporate income				2,622				2,055
Unallocated corporate expenses				(1,299)				(1,508)
Profit from operations				39,645				20,304

Inter-segment sales are charged at prevailing market rates.

3. SEGMENT INFORMATION (CONTINUED)

The Group's turnover for the six months ended 30 September 2004 and 2003, analysed by geographical market, is as follows:

	For the six months ended 30 September 2004 Turnover			For the six months ended 30 September 2003 Turnover		
	External sales HK\$'000	Inter- segment sales HK\$'000	Total HK\$'000	External sales HK\$'000	Inter- segment sales HK\$'000	Total HK\$'000
Mainland China	566,062	101,448	667,510	320,576	74,631	395,207
North America	118,585	-	118,585	115,708	-	115,708
Europe	17,048	-	17,048	21,241	-	21,241
Hong Kong	41,426	-	41,426	17,401	-	17,401
Other Asian regions	84,604	6,698	91,302	65,148	3,988	69,136
	827,725	108,146	935,871	540,074	78,619	618,693
Elimination	-	(108,146)	(108,146)	-	(78,619)	(78,619)
	827,725	-	827,725	540,074	-	540,074

Inter-segment sales are charged at prevailing market rates.

4. PROFIT FROM OPERATIONS

	For the six months ended 30 September 2004	2003
	HK\$'000	HK\$'000

Profit from operations has been arrived at after charging:

Depreciation of property, plant and equipment	18,209	19,363
Amortisation of goodwill included in general and administrative expenses	125	-

5. IMPAIRMENT LOSS RECOGNISED IN RESPECT OF GOODWILL

At 30 September 2003, the directors cautiously reviewed the business of an associate of the Group which was engaged in the manufacture and trading of optical fiber cables and related products. Based on expected cash flows, the directors considered that the related goodwill of this investment was impaired and, accordingly, impairment loss was recognised in the income statement.

6. TAXATION

	For the six months ended 30 September	
	2004	2003
	HK\$'000	HK\$'000
Hong Kong Profits Tax	3,000	26
Taxation in other jurisdictions	2,990	1,614
Deferred tax	730	906
	<u>6,720</u>	<u>2,546</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the period.

Taxation in other jurisdictions, including Mainland China and overseas, is calculated at the rates applicable in the respective jurisdictions.

7. DIVIDEND

No dividend was paid during the six months ended 30 September 2004 (Six months ended 30 September 2003: Nil). The directors do not recommend the payment of any interim dividend.

8. EARNINGS (LOSS) PER SHARE

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

	For the six months ended 30 September	
	2004	2003
	HK\$'000	HK\$'000
Results for the period and results for the purpose of basic earnings (loss) per share	<u>20,269</u>	<u>(56,879)</u>
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<u>301,007,149</u>	<u>192,069,608</u>

As there is no potential dilutive ordinary shares in the current period and the exercise of potential dilutive ordinary shares in prior period would result in a reduction in the loss per share in that period, no diluted earning (loss) per share has been presented for both periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2004, the Group spent HK\$12,167,000 on acquisition of property, plant and equipment.

The net book value of property, plant and equipment of the Group as at 30 September 2004 includes an amount of HK\$5,574,000 in respect of assets held under finance leases.

At 30 September 2004, the directors considered the carrying amount of the Group's leasehold land and buildings carried at revalued amounts and estimated that the carrying amounts did not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit was recognised in the current period.

10. NOTES RECEIVABLE

The notes are secured by assets owned by the note issuer, carry interest at commercial rates and are wholly repayable in 2007.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

At 30 September 2004, included in the balance are trade debtors of HK\$303,983,000 (31 March 2004: HK\$269,426,000). The Group allows a credit period of 30 days to 90 days to its trade customers.

The aged analysis of trade debtors is as follows:

	30 September 2004 HK\$'000 (Unaudited)	31 March 2004 HK\$'000 (Audited)
Within 30 days	147,966	134,510
31 – 60 days	80,922	69,655
61 – 90 days	46,333	27,706
Over 90 days	28,762	37,555
	<u>303,983</u>	<u>269,426</u>

15. ACQUISITION OF SUBSIDIARIES

In August 2004, the Company subscribed for 8,000,000,000 ordinary shares of HK\$0.01 each of FT Holdings. The consideration was satisfied by injection of the Group's interest in certain companies and other plant and machinery and land and buildings engaging in manufacture and trading of copper rods and related products (the "Copper Group"). Immediately followed by the completion of this transaction, the Group's interest in the Copper Group was reduced by 24.5%. Net assets of FT Holdings acquired at date of acquisition were as follows:

	HK\$'000
Property, plant and equipment	74,623
Television programmes and sub-licensing rights	3,509
Inventories	18,163
Debtors, deposits and prepayments	8,328
Pledged deposits	5,000
Bank balances and cash	41,546
Creditors and accrued charges	(19,780)
Bills payable	(7,769)
Taxation	(460)
Obligations under finance leases	(309)
Borrowings	(14,472)
Minority interests	(26,553)
	<hr/>
	81,826
Goodwill	16,212
	<hr/>
Total consideration	<u>98,038</u>

15. ACQUISITION OF SUBSIDIARIES (CONTINUED)

HK\$'000

Satisfied by:

Disposal of partial interests in the Copper Group	47,900
Cash paid for expenses related to acquisition	36,904
Expenses payable related to acquisition	13,234

 98,038

Net cash inflow arising on acquisition:

Cash paid for expenses related to acquisition	(36,904)
Bank balances and cash acquired	41,546

 Net inflow of cash and cash equivalents in respect of the acquisition 4,642

The subsidiaries acquired during the period contributed HK\$20.8 million to the Group's turnover and HK\$1.3 million to the Group's profit from operations.

16. CONTINGENT LIABILITIES

At 30 September 2004, the Company has issued guarantees to the extent of HK\$423,187,000 (31 March 2004: HK\$389,718,000) to bankers to secure general banking facilities granted to certain subsidiaries, of which, HK\$313,543,000 (31 March 2004: HK\$229,890,000) was utilised.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Directors are pleased to announce that for the six months ended 30 September 2004, the total turnover of the Group amounted to HK\$827,725,000, representing an increase of approximately 53.3% over HK\$540,074,000 for the corresponding period last year. Profit from operations was approximately HK\$39,645,000, representing an increase of approximately 95.3% over HK\$20,304,000 for the corresponding period last year. Profit attributable to shareholders and earnings per share were approximately HK\$20,269,000 and HK6.73 cents respectively, compared to a loss of HK\$56,879,000 and a loss per share of HK29.61 cents for the corresponding period last year.

Interim dividend

The Directors resolved not to pay any interim dividend for the six months ended 30 September 2004 (2003: Nil).

Business review

During the period under review, the Group continued to implement its established strategies and development plans and successfully increased its production capacity, expanded its operations and enhanced marketing. Detailed business developments are as follows:

For the six months ended 30 September 2004, the Group's total turnover was HK\$827,725,000, of which HK\$354,639,000 was from the sales of cable and wire products, HK\$381,566,000 from the sales of copper rods and HK\$64,394,000 from the sales of connectors and terminals. Turnover of chemical products was HK\$6,263,000. Turnover of life-like plants and multi-media businesses acquired totalled to approximately HK\$20,863,000.

During the period under review, total turnover and profit from operations recorded a year-on-year increase of 53.3% and 95.3% respectively as compared to the corresponding period last year, while profit from operations increased by approximately 27% from 3.76% to 4.79%, which was mainly due to the Group's effective strategy on cutting down operating expenses. In terms of geographical breakdown, sales from major markets continued to record satisfactory growth during the period. The PRC market in particular demonstrated the most outstanding performance. In terms of recorded figures, the PRC market achieved the most significant results with an aggregate net growth of HK\$245,486,000, which was mainly driven by the growth of sales of the Group's overseas customers in the PRC. Accordingly, turnover of the PRC market increased by 76.6% during the period, while North America and Asia Pacific markets together recorded a total growth in net turnover of over HK\$46,358,000.

Cable and wire products and connectors and terminals

Turnover for cable and wire products as well as connectors and terminals in most of the Group's prominent markets were on the upswing during the period under review. Despite decreases recorded in the European market, performances of the Greater China and North American regions were encouraging. This was primarily due to the growth in turnover and market share resulted from our aggressive efforts in securing new customers. Nevertheless, competition in the cable and wire industry remains fierce and the high material costs continue to affect the profit margin of cable and wire products. Due to the strong market demand, prices of primary materials such as copper and plastic surged towards the end of last year and respective costs remains on relatively high level. Increased costs continued to affect the Group's gross profit to a certain extent, coupled with the extremely intense competition from other manufacturers, the Group had not been able to transfer all of such costs to our customers during the period.

The Group believes that China, leveraging on her role as the world factory and a member of the World Trade Organisation, will gain further momentum in the domestic manufacturing industry, and the Yangtze River Delta has gradually become a preferred base for companies seeking to tap into the Eastern China and overseas markets. Given our increasingly strong customer base, the Group established an additional production line for connectors and terminals in Qingdao, Shandong, the PRC in June 2004. Moreover, we aim to capture the vast opportunities in domestic and export sales emerged in the Yangtze River Delta by constructing a new plant in Kunshan, Jiangsu, the PRC, which is scheduled to be completed in the first quarter of 2005. It is expected that the annual production value would reach RMB200 million. The plant will increase the Group's turnover when it is put into full operation by the end of next year.

Copper rod business

During the period under review, turnover of the copper rod business recorded a significant growth of approximately 111.2% over the corresponding period last year, accounting for approximately 46.1% of the Group's total turnover, compared to 33.5% of that for the corresponding period last year. The copper rod business has been performing well with remarkable growth in recent years. Despite the slight impacts of the continuously high copper prices on the finance costs of Hua Yi Copper, due to the fact that the Group is mainly engaged in the processing business, not only could the costs resulted from the high copper prices be transferred to our customers, the Group will also have better bargaining power in light of the undersupply, and will be well poised to seek for higher gross profit margin, so as to enhance profits on the whole.

Over the past few years, the Group's copper rod products have established a sound reputation in the industry for their stable quality. In view of the insufficient supply of copper raw materials and related products in the PRC, the Group has finalised the construction of a new plant in Kunshan, Jiangsu, the PRC to expand into the copper wire processing market in the Yangtze River Delta region. Annual production capacity of the new plant is expected to reach 10,000 tons of copper wires of different specifications, and will mainly produce high-value downstream products including annealed copper wires, tin-coated copper wires, stranded copper wires and enamelled copper wires. The new plant is scheduled to be completed and commence operation in early 2005.

In order to further focus resources on the development of copper wire processing business, the Group announced at the end of March 2004 the injection of its copper rod business into FT Holdings International Limited (HKEx stock code: 559), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which was originally principally engaged in the sales of life-like plants and multi-media businesses. The transaction was completed in mid August 2004. Details were set out in the circular dated 14 June 2004 in relation to major transaction of the Group. The listed company has been formally renamed to Hua Yi Copper Holdings Limited ("Hua Yi Copper") on 23 September 2004. The Group holds 74.99% shareholdings of Hua Yi Copper upon completion of the transaction.

Looking forward, Hua Yi Copper will not only reinforce its existing processing business, but will also proactively look for opportunities to develop upstream businesses, so as to stabilise the supply of copper cathodes and further expand its operation scale to bring higher returns to our shareholders.

Life-like plants

The former FT Holdings International Limited was principally engaged in the design, manufacture and sales of life-like plants. Prices of major raw materials of its products have been increasing since the end of 2003 with an average increment of 20-25%. Profit margin was squeezed as the Group was not able to transfer the cost increments to customers who had already received price quotations for their relevant orders. Even though the management has taken up certain measures to sustain business volume and profit margin of its products, results of these measures had not been satisfactory. The management will adopt other measures to reduce the impact on the Group. Nevertheless, the Directors of the Company consider that the operating environment will continue to be difficult in the second half of the year. The Group will continue to explore development opportunities and the possibilities of further co-operations with other manufacturers to enhance and support the Group's development of new products with higher profit margins.

Prospects

Looking forward, the Group continues to adopt a prudent approach for its short term business environment, and competition amongst manufacturers are expected to remain intense. Nevertheless, we believe that the industry is currently under a consolidation period and only those with strong financial standing will survive. The Group will continue to implement cost control measures, including applying new technologies to product design and the enhancement of vertical integration, and increase productivity by establishing new production lines, step up the supervision on the Group's supply chain, and further improve on our production efficiency, including the enhancement of the production capacity of the Group's PRC plants. Meanwhile, the Group will also persist with its ongoing mission to proactively look for more potential target customers on all fronts and continuously expand its business to other areas with high growth potentials to reduce reliance on its established businesses. The Group will continue to focus on the expansion of its market and customer base, so as to generate better returns for shareholders.

The Group believes that it is in a sound financial position, with extensive experience and outstanding goodwill. Leveraging on its long term relationship with its customers and its high quality products, through upgrades, research and development for its existing and new products, implementation of effective cost control measures and focusing on its core business, the Group is confident that it will overcome its future challenges and improve future performance.

EMPLOYEES

As at 30 September 2004, the Group had approximately 5,000 employees in Hong Kong, the PRC and overseas. 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 PRC.

LIQUIDITY AND FINANCIAL RESOURCES

During the period, the Group has implemented sound financial management policy. As at 30 September 2004, the Group had cash and bank balances (including pledged bank deposits) amounted to approximately HK\$183 million and net current assets value being over HK\$332 million. The Group's gearing ratios as at 30 September 2004 was 0.39, being a ratio of total bank borrowings of approximately HK\$329 million to shareholders' funds of approximately HK\$836 million.

As at 30 September 2004, the Group pledged certain property, plant and machinery, fixed deposits and trade debtors with an aggregate net book value of HK\$196 million to secure general banking facilities granted to the Group.

As at 30 September 2004, the Company has guaranteed the banking facilities granted to its subsidiaries amounting to approximately HK\$313 million.

The transactions of the Group are mostly denominated in HK\$, US\$ and RMB. As the exchange rates of these currencies have been relatively stable, the Group was therefore not exposed to any significant exchange risk.

PLACING OF EXISTING SHARES AND SUBSCRIPTIONS OF NEW SHARES

Pursuant to the placing and subscription agreements dated 17 June 2004, Chau's Family 1996 Limited placed 54,000,000 ordinary shares of HK\$0.01 each in the capital of the Company to independent investors at a price of HK\$0.27 per share and subscribed for 54,000,000 new ordinary shares of HK\$0.01 each in the capital in the Company at a price of HK\$0.27 per share. The Group had applied the net proceeds of approximately HK\$14.2 million from the subscription for purchasing raw materials (including copper cathodes and PVC resin) for production of cables and wires.

CHANGE OF FINANCIAL YEAR END DATE

On 20 August 2004, the Directors resolved to change the Group's financial year end date from 31 March to 30 June. Accordingly, the next financial year end date of the Group will be 30 June 2005.

DIRECTORS' INTERESTS IN SECURITIES**1. Shares**

As at 30 September 2004, the interests of the directors and their associates in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position in the shares of the Company

Name of director	Number of issued ordinary shares beneficially held	Percentage of the issued share capital of the Company
Mr. Chau Lai Him	55,752,000 (Note)	17.05%

Note: These shares are held by Chau's Family 1996 Limited which is wholly owned by the Chau's Family 1996 Trust, a discretionary trust of which Mr. Chau Lai Him is a discretionary object.

Long position in the shares of Hua Yi Copper, an associated corporation of the Company

Name of director	Number of issued ordinary shares beneficially held	Percentage of the issued share capital of Hua Yi Copper
Mr. Chau Lai Him	1,000,000	0.01%

2. Share options

On 16 September 2002, the Company adopted a New Share Option Scheme (the "New Share Option Scheme") which replaced the Company's old share option scheme adopted in 1996 (the "Old Share Option Scheme").

No options were granted under the New Share Option Scheme since its adoption.

As at 30 September 2004, there were no outstanding share options under the Old Share Option Scheme.

Other than as disclosed above, as at 30 September 2004, none of the directors, nor their associates had any interests or short position in the securities of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than as disclosed above, none of the directors or their associates had any right to subscribe for securities of the Company, or had exercised any such right during the period, and at no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the six month ended 30 September 2004 (the "period") or at any time during the period.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed under the heading "Directors' Interests in Securities" above, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no other person as having an interest of 5% or more in the issued share capital of the Company as at 30 September 2004.

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 six months ended 30 September 2004.

CORPORATE GOVERNANCE

Audit Committee

The Audit Committee has reviewed with management and the external auditors the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the unaudited interim financial statements.

Compliance with the Code of Best Practice

In the opinion of the directors, the Company has complied throughout the six months ended 30 September 2004 with the Code of Best Practice as set out in Appendix 14 of The Rules Governing the Listing of Securities of the Stock Exchange except that the independent non-executive directors are not appointed for a specific term.

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

Hong Kong SAR, 23 December 2004

As at the date of this report, the executive Directors are Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Lau Man Tak, Mr. Liu Jin Rong and the independent non-executive Directors are Mr. Lo Kao Cheng, Mr. Lo Wai Ming and Mr. Chung Kam Kwong.