Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Directors consider Solartech International Holdings Limited ("Solartech"), also incorporated in Bermuda as an exempted company with limited liability and its shares being listed on the Stock Exchange, to be its ultimate holding company.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of copper rods, life-like plants and production, distribution and licensing of television programmes.

Following the completion of the reverse acquisition as detailed in note 2, to reflect the change in control and management of the Company and to provide for co-terminus accounting years throughout the group companies of Solartech, the name of the Company has been changed from FT Holdings International Limited to Hua Yi Copper Holdings Limited and the financial year end date of the Company changed from 31 December to 30 June.

As a result, the financial statements of the Company and its subsidiaries (the "Group") for the current period covered the 18 months period ended 30 June 2005 and may not be comparable to the comparative information. No further changes to reporting dates are anticipated.

2. BASIS OF PREPARATION

On 25 March 2004, the Company and Solartech entered into an acquisition agreement (the "Agreement"). Pursuant to the Agreement, the Company agreed to issue and allot 8,000,000,000 new ordinary shares of par value HK$0.01 each of the Company (the "New Shares") to Solartech to acquire Solartech's interests in certain companies (the "Copper Group") and other plant and machinery and land and buildings engaging in the business of manufacture and trading of copper rods and related products.

The business combination was accounted for as a reverse acquisition in accordance with Hong Kong Financial Reporting Standard 3 "Business Combinations" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") since the issuance of the New Shares resulted in Solartech becoming the controlling shareholder of the Company. For accounting purposes, the Copper Group was treated as the acquirer while the Company and its subsidiaries immediately before the issue of the New Shares (the "Former FT Group") were deemed to be acquired by the Copper Group. Accordingly, the consolidated financial statements have been prepared as a continuation of the Copper Group and the comparative information presented was also that of the Copper Group prepared on a combined basis which has not been audited.

In preparing the consolidated financial statements, the Copper Group has applied the purchase method to account for acquisition of the Former FT Group. A discount arising on acquisition of approximately HK$10,341,000 was recorded, being the excess of the Copper Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the Former FT Group over the cost of acquisition at the date of acquisition.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

HKICPA issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Directors resolved to early adopt the following new HKFRSs from 1 January 2004 onwards.

HKFRS 3	Business combinations
HKAS 36	Impairment of assets
HKAS 38	Intangible assets

In previous years, under Statement of Standard Accounting Practice ("SSAP") 30 "Business combination", goodwill was capitalised and amortised on a straight-line basis over its useful economic life and was assessed for an indication for impairment at each balance sheet date. Negative goodwill was recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets.

HKFRS 3 prohibits the amortisation of goodwill and requires goodwill to be tested for impairment annually and the excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition, after reassessment, to be recognised immediately in the income statement. HKFRS 3 prohibits the recognition of negative goodwill.

The first transaction to which HKFRS 3 has been applied is the reverse acquisition of the Copper Group as detailed in note 2. The major impact has been the recognition of the discount of approximately HK$10,341,000 arising from the reverse acquisition being credited directly to the income statement in the current period which would have been recognised as negative goodwill under SSAP 30. The adoption of HKAS 36 and HKAS 38 had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has commenced considering the potential impact of the new HKFRSs and has so far concluded that the adoption of HKAS 16 "Property, Plant and Equipment", HKAS 17 "Leases", HKAS 31 "Interests in Joint Ventures", HKAS 32 "Financial Instruments: Disclosure and Presentation", HKAS 39 "Financial Instruments: Recognition and Measurement" and HKFRS 2 "Share-based Payment" will have the following effects:

Property, plant and equipment

Property, plant and equipment will be stated at cost less accumulated depreciation and impairment, if any. The underlying leasehold land will be stated at cost and amortised over the lease term.

Interests in jointly controlled entities

HKAS 31 "Interests in Joint Ventures" permits entities to use either the equity method of accounting or proportionate consolidation to account for its interests in jointly controlled entities.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (continued)

Financial instruments

The Group will classify and measure its financial assets and financial liabilities (which were previously outside the scope of SSAP 24 "Accounting for Investments in Securities") in accordance with the requirements of HKAS 32 and HKAS 39. All derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments.

The Group has entered into certain financial derivatives during the period and will apply the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39. For derivatives that are not for hedging purposes, the Group will recognise the corresponding adjustments on changes in fair values in profit or loss for the period in which they arise.

Share-based payments

Equity-settled share-based payments in relation to share options granted to employees are measured at fair value at the date of grant.

In accordance with the transitional provisions of HKFRS 2, this standard does not apply to share options granted on or before 7 November 2002. However, for share options granted after 7 November 2002 and vested on or after 1 January 2005, such share options would be accounted for retrospectively in accordance with HKFRS 2.

The Group is in the process of making an assessment of the potential impact of the other new HKFRSs but is not yet in a position to determine the impact of these new HKFRSs on the results of operations and financial position of the Group. These new HKFRSs may result in changes in the future as to how the results and financial position of the Group are prepared and presented.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the balance sheet date.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Income from the licensing and sub-licensing of television programme is recognised, upon the delivery of master tapes.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

Property, plant and equipment

Property, plant and equipment, other than leasehold land and buildings, are stated at cost less depreciation, amortisation and accumulated impairment losses.

Leasehold land and buildings are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation and amortisation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Any revaluation increase arising on revaluation of leasehold land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the revaluation increase is credited to the income statement to the extent of the revaluation decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Leasehold land is depreciated on a straight line basis over the term of the relevant lease and buildings are depreciated over the shorter of the term of the lease or fifty years using the straight line method.

Depreciation is provided to write off the cost of other property, plant and equipment over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Leasehold improvements	10%
Equipment, furniture and fixtures	20% – 30%
Plant and machinery	6.67% – 20%
Motor vehicles	20% – 30%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Television programmes and sub-licensing rights

Television programmes ("TV programmes")

TV programmes produced by the Group are stated at the lower of cost and net realisable value. Costs represent the carrying amount transferred from TV programmes in progress upon completion.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the rentals are charged to the income statement on a straight line basis over the relevant lease term.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's exchange reserve. Such exchange differences are recognised as income or as expenses in the period in which the operation is disposed of.

Retirement benefits schemes

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

5. TURNOVER

Turnover represents the amounts received and receivable for goods sold to outside customers, net of returns and discounts, during the period/year.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

6. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is currently organised into two principal operating divisions - manufacture and trading of copper rods and life-like plants. These divisions are the bases on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

For the period from 1 January 2004 to 30 June 2005

	Copper rods *HK$'000*	Life-like plants *HK$'000*	Other *HK$'000*	Consolidated *HK$'000*
TURNOVER				
Sales to external customers	1,410,857	40,710	2,254	1,453,821
RESULT				
Segment result	54,954	2,303	(2,277)	54,980
Unallocated corporate income				141
Unallocated corporate expenses				(2,151)
Profit from operations				52,970
Finance costs	(23,583)	(146)	(3,312)	(27,041)
Discount arising on acquisition	–	10,341	–	10,341
Loss on disposal of subsidiaries				(7,502)
Profit before taxation				28,768
Taxation				(8,325)
Profit for the period				20,443

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

6. SEGMENTAL INFORMATION (continued)

Business segments (continued)

At 30 June 2005

	Copper rods *HK$'000*	Life-like plants *HK$'000*	Other *HK$'000*	Consolidated *HK$'000*
BALANCE SHEET				
Assets				
Segment assets	556,072	107,805	2,218	666,095
Unallocated corporate assets				18,281
Consolidated total assets				684,376
Liabilities				
Segment liabilities	304,720	20,405	23,829	348,954
Unallocated corporate liabilities				12,150
Consolidated total liabilities				361,104

OTHER INFORMATION

	Copper rods *HK$'000*	Life-like plants *HK$'000*	Other *HK$'000*	Consolidated *HK$'000*
Capital additions	120,101	1,222	–	121,323
Depreciation and amortisation	11,621	3,183	63	14,867
Allowance for doubtful debts	225	14	3,586	3,825

For the year ended 31 December 2003, the Group was principally engaged in manufacturing and trading of copper rods. Accordingly, no business segment information is presented.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

6. SEGMENTAL INFORMATION (continued)

Geographical segments

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC"), North 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:

	Turnover by geographical market	
	1.1.2004 to 30.6.2005	1.1.2003 to 31.12.2003
	HK$'000	*HK$'000*
PRC	**1,413,111**	535,666
North America	**34,569**	–
Europe	**3,894**	–
Hong Kong	**2,202**	–
Other Asian regions	**45**	–
	1,453,821	535,666

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	30.6.2005	31.12.2003	**1.1.2004 to 30.6.2005**	1.1.2003 to 31.12.2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**345,654**	147,038	**1,849**	1,611
Hong Kong	**338,722**	201,368	**119,474**	–
	684,376	348,406	**121,323**	1,611

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

7. PROFIT FROM OPERATIONS

	1.1.2004 to 30.6.2005	1.1.2003 to 31.12.2003
	HK$'000	*HK$'000*
Profit from operations has been arrived at after charging:		
Auditors' remuneration	**756**	47
Depreciation and amortisation		
Owned assets	**14,723**	4,149
Assets held under finance leases	**144**	–
	14,867	4,149
Operating lease rentals in respect of rented premises	**160**	–
Operating lease rentals in respect of rented plant and machinery	**1,265**	2,482
Staff costs including directors' emoluments	**19,364**	6,090
Exchange loss, net	**–**	381
and after crediting:		
Exchange gain net	**212**	–

8. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Particulars of the emoluments of the directors and the five highest paid individuals for the period/year were as follows:

	1.1.2004 to 30.6.2005	1.1.2003 to 31.12.2003
	HK$'000	*HK$'000*
Directors' fees:		
Executive directors	**–**	–
Independent non-executive directors	**77**	–
Other emoluments to executive directors:		
Salaries and other benefits	**1,546**	530
Contributions to retirement benefits schemes	**16**	3
	1,639	533

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

8. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

The emoluments of each of the directors were below HK$1,000,000 for the current period and prior year.

The five highest paid individuals of the Group include four (Year ended 31 December 2003: two) executive directors of the Company, details of whose emoluments are included above. The emoluments of the remaining (Year ended 31 December 2003: three) individual for the current period and prior year were as follows:

	1.1.2004 to 30.6.2005 ***HK$'000***	1.1.2003 to 31.12.2003 *HK$'000*
Salaries and other benefits	**265**	198
Contributions to retirement benefits schemes	**11**	1
	276	199

The emoluments of each of the five highest paid individuals were below HK$1,000,000 for the current period and prior year.

9. FINANCE COSTS

	1.1.2004 to 30.6.2005 ***HK$'000***	1.1.2003 to 31.12.2003 *HK$'000*
Interest on bank borrowings and other loans wholly repayable within five years	**27,000**	6,506
Interest on finance leases	**41**	–
	27,041	6,506

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

10. TAXATION

	1.1.2004 to 30.6.2005	1.1.2003 to 31.12.2003
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Overprovision in respect of prior years	**(306)**	–
Taxation in Mainland China		
Current year	**3,037**	2,267
Overprovision in respect of prior years	**(32)**	–
	2,699	2,267
Deferred taxation *(Note 22)*	**5,626**	1,654
	8,325	3,921

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

Pursuant to the approvals obtained from the relevant PRC tax authorities, Dongguan Hua Yi Brass Products Co., Ltd. ("Dongguan Hua Yi"), a subsidiary of the Company, is entitled to exemption from enterprise income tax for two years from its first profitable year of operations, followed by a 50% reduction for the next three years. The 50% tax relief expired on 31 December 2003 and Dongguan Hua Yi was subject to PRC enterprise income tax rate of 27% commencing from 1 January 2004.

Taxation in other jurisdictions is calculated at the rates applicable in the respective jurisdictions.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

10. TAXATION (continued)

The charge for the period/year can be reconciled to the profit before taxation per the income statement as follows:

	1.1.2004 to 30.6.2005	1.1.2003 to 31.12.2003
	HK$'000	*HK$'000*
Profit before taxation	**28,768**	11,165
Tax at the domestic income tax rate of 27% (31.12.2003: 27%)	**7,767**	3,015
Tax effect of expenses not deductible for tax purpose	**5,048**	2,386
Tax effect of income not taxable for tax purpose	**(3,281)**	(69)
Utilisation of tax losses previously not recognised	**(1,542)**	–
Tax effect of tax losses not recognised	**1,753**	609
Income tax on concessionary rate	**–**	(2,835)
Overprovision in respect of prior years	**(338)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,045)**	65
Others	**(37)**	750
Tax charge for the period/year	**8,325**	3,921

The domestic tax rate of principal subsidiaries in the PRC is used as it is where the operation of the Group is substantially based.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

11. EARNINGS PER SHARE

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

	1.1.2004 to 30.6.2005	1.1.2003 to 31.12.2003
	HK$'000	*HK$'000*
Results for the period/year and results for the purpose of basic earnings per share	**20,443**	7,244

	Number of shares	
	30.6.2005	31.12.2003
Weighted average number of ordinary shares for the purpose of basic earnings per share	**480,050,213**	400,000,000
Effect of dilutive potential ordinary shares: share options	**147,652**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**480,197,865**	400,000,000

The 8,000,000,000 ordinary shares issued by the Company to acquire the Copper Group as set out in note 2 are deemed to be in issue on 1 January 2003 and adjusted for share consolidation as described in note 23(b) for the purpose of computing earnings per share.

The weighted average number of ordinary shares for the purpose of computing earnings per share has been adjusted for the consolidation of shares as described in note 23(b).

The effect of share options was excluded from the calculation of diluted earnings per share in prior year because the exercise price of the Company's share options was higher than the average market price of ordinary shares for year 2003.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

12. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Leasehold land and buildings	Leasehold improve-ments	Equipment, furniture and fixtures	Plant and machinery	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP							
COST OR VALUATION							
At 1 January 2004	–	–	–	3,428	52,500	1,891	57,819
Additions	5,416	75,262	10	1,308	38,372	955	121,323
Acquired on acquisition of subsidiaries	–	64,340	–	2,023	8,088	172	74,623
Disposed on disposal of subsidiaries	–	(18,618)	–	(300)	–	–	(18,918)
Adjustment on valuation	–	2,416	–	–	–	–	2,416
At 30 June 2005	**5,416**	**123,400**	**10**	**6,459**	**98,960**	**3,018**	**237,263**
Comprising:							
At cost	5,416	–	10	6,459	98,960	3,018	113,863
At valuation – 2005	–	123,400	–	–	–	–	123,400
	5,416	123,400	10	6,459	98,960	3,018	237,263
DEPRECIATION AND AMORTISATION							
At 1 January 2004	–	–	–	1,865	17,816	858	20,539
Provided for the period	–	3,530	–	1,293	9,454	590	14,867
Eliminated on disposal of subsidiaries	–	(322)	–	(146)	–	–	(468)
Adjustment on valuation	–	(3,208)	–	–	–	–	(3,208)
At 30 June 2005	**–**	**–**	**–**	**3,012**	**27,270**	**1,448**	**31,730**
NET BOOK VALUES							
At 30 June 2005	**5,416**	**123,400**	**10**	**3,447**	**71,690**	**1,570**	**205,533**
At 31 December 2003	–	–	–	1,563	34,684	1,033	37,280

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The land and buildings of the Group were revalued on 30 June 2005 at their open market value on an existing use basis by LCH (Asia-Pacific) Surveyors Limited and Chung, Chan & Associates, both being independent firms of professional property valuers, as follows:

	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Properties situated in the PRC held under medium term leases	**123,400**	–

The net surplus arising on revaluation of HK$5,624,000 (31.12.2003: Nil) has been credited to the asset revaluation reserve.

If leasehold land and buildings had not been revalued, they would have been included on a historical cost basis at the following amounts:

	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Cost	**120,984**	–
Accumulated depreciation	**(3,037)**	–
Net book value	**117,947**	–

At 30 June 2005, the net book value of property, plant and equipment of the Group includes motor vehicles of HK$712,000 (31.12.2003: Nil) in respect of assets held under finance leases.

13. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Unlisted shares, at cost *(note)*	**1**	73,218
Amounts due from subsidiaries	**317,167**	135,569
Less: Impairment losses recognised	**(35,350)**	(126,000)
	281,818	82,787

Note: The reduction in investment cost was resulted from the transfer of the Company's interests in subsidiaries of the Former FT Group to a new direct subsidiary at cost during the period.

The amounts due from subsidiaries are unsecured and interest free. In the opinion of the directors, no repayment will be demanded within the next twelve months. Accordingly, the amounts are classified as non-current assets.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

13. INTERESTS IN SUBSIDIARIES (continued)

The following list contains only the particulars of the subsidiaries at 30 June 2005 which principally affect the results, assets or liabilities of the Group as the directors are of the opinion that a full list of all the subsidiaries would be of excessive length.

Name of company	Place of incorporation or registration/ operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital or registered capital held by the Group	Principal activities
Hua Yi Copper (BVI) Company Limited	British Virgin Islands	US$1	100%	Investment holding
Wah Yeung Capital Resources Limited	British Virgin Islands	US$1	100%	Investment holding
Hua Yi Copper Products Company Limited	Hong Kong	HK$5,000,000	100%	Manufacture and trading of copper products
東莞華藝銅業有限公司 Dongguan Hua Yi Brass Products Co., Ltd. #	PRC	US$9,850,000 *(Note 1)*	100%	Manufacture and trading of copper products
昆山華藝銅業有限公司 Kunshan Hua Yi Copper Products Company Limited #	PRC	US$1,650,000	100%	Manufacture and trading of copper products
Brightpower Assets Management Limited	British Virgin Islands	US$1	100%	Investment holding
FT Far East Limited	Hong Kong	HK$2	100%	Trading of life-like decorative plants
FT China Limited	Hong Kong	HK$2	100%	Manufacture of life-like decorative plants

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

13. INTERESTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation or registration/ operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital or registered capital held by the Group	Principal activities
東莞聯藝塑膠製品有限公司 Dongguan United Art Plastic Products Limited	PRC	HK$49,000,000 *(Note 2)*	100%	Manufacture of life-like Christmas trees
FT Multi-Media Limited	British Virgin Islands/PRC	US$10,000	60%	Production, acquisition and distribution of television programmes and provision of related multi-media services

\# *Wholly foreign owned enterprise*

Notes:

1. Prior to January 2004, Dongguan Hua Yi was an equity joint venture with a registered capital of US$9,850,000. The Group has solely contributed all the registered capital of Dongguan Hua Yi. No contribution was made by the PRC joint venture partner and accordingly the Group was entitled to the entire profit or loss of Dongguan Hua Yi. Pursuant to a supplemental agreement dated 5 August 2003, the PRC joint venture partner agreed to surrender its ownership in Dongguan Hua Yi to the Group at no consideration. The transfer has been approved by the PRC relevant authority and Dongguan Hua Yi became a wholly foreign owned enterprise since January 2004.

2. Pursuant to a joint venture agreement dated 8 September 1993 (the "Joint Venture Agreement") entered into between FT China Limited and a party in PRC, FT China Limited held a 75% equity interest in Dongguan United Art Plastic Products Limited ("DUAP").

   On 28 March 1996, the relevant PRC authorities approved the increase of the equity interest held by FT China Limited in DUAP from 75% to 90%, pursuant to an agreement signed between FT China Limited and the PRC joint venture partner on 22 March 1996. Following the approval of this agreement, the PRC joint venture partner is entitled to a 10% share of the assets and liabilities of DUAP.

   Pursuant to the Joint Venture Agreement, the PRC joint venture partner agreed to waive its entitlement to share in the profits and losses of DUAP in return for an annual management fee of HK$55,556. Pursuant to a supplemental agreement to the Joint Venture Agreement, all of the assets of DUAP will be assigned to FT China Limited upon the expiry of the Joint Venture Agreement. Accordingly, all assets, liabilities and the operating results of DUAP are consolidated into these financial statements as if it is a wholly-owned subsidiary of the Group.

3. Except for Hua Yi Copper (BVI) Company Limited, all the subsidiaries are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the period.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

14. INVENTORIES

	THE GROUP	
	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Raw materials	**46,735**	34,617
Work in progress	**10,216**	–
Finished goods	**104,007**	32,684
	160,958	67,301

All inventories are stated at cost.

15. TELEVISION PROGRAMMES AND SUB-LICENSING RIGHTS

	THE GROUP	
	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Television programmes	**386**	–
Sub-licensing rights	**577**	–
	963	–

16. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the Group's debtors, deposits and prepayments were trade debtors of HK$85,759,000 (31.12.2003: HK$60,080,000). The Group allows an average credit period of 30 days to 90 days to its trade customers.

The aging analysis of trade debtors is as follows:

	THE GROUP	
	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Within 30 days	**56,826**	34,780
31 – 60 days	**16,964**	13,579
61 – 90 days	**6,429**	5,905
Over 90 days	**5,540**	5,816
	85,759	60,080

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

17. BILLS RECEIVABLE

The aged analysis of bills receivables as at 30 June 2005 and 31 December 2003 are within 90 days.

18. CREDITORS AND ACCRUED CHARGES

Included in the Group's creditors and accrued charges were trade creditors of HK$22,731,000 (31.12.2003: HK$6,847,000).

The aging analysis of trade creditors is as follows:

	THE GROUP	
	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Within 30 days	**13,712**	3,730
31 – 60 days	**7,527**	2,097
61 – 90 days	**900**	815
Over 90 days	**592**	205
	22,731	6,847

19. BILLS PAYABLE

The aged analysis of bills payables as at 30 June 2005 and 31 December 2003 are within 90 days.

20. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		**Present value of minimum lease payments**	
	30.6.2005	31.12.2003	**30.6.2005**	31.12.2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases				
Within one year	**363**	–	**340**	–
In the second to fifth year inclusive	**445**	–	**429**	–
	808	–	**769**	–
Less: Future finance charges	**(39)**	–		
Present value of lease obligations	**769**	–	**–**	–
Less: Amount due within one year			**(340)**	–
Amount due after one year			**429**	–

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

20. OBLIGATIONS UNDER FINANCE LEASES (continued)

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 4 years. For the period from 1 January 2004 to 30 June 2005, the average effective borrowing rate was 4.9% (31.12.2003: Nil) per annum. Interest rates were fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

21. BORROWINGS

	THE GROUP	
	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Borrowings are analysed as follows:		
Bank overdrafts	**1,180**	–
Bank loans	**32,742**	–
Trust receipt loans	**214,392**	150,059
Invoice financing loans	**27,257**	43,204
Other loans *(note)*	**14,279**	–
	289,850	193,263
Secured	**179,948**	19,513
Unsecured	**109,902**	173,750
	289,850	193,263

Note: Other loans bear interest at commercial rates.

All the above borrowings are repayable on demand or within one year.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

22. DEFERRED TAXATION

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
THE GROUP			
At 1 January 2003	121	(1)	120
Charge (credit) to income statement for the year	1,773	(119)	1,654
At 31 December 2003	1,894	(120)	1,774
Charge (credit) to income statement for the period	9,838	(4,212)	5,626
Charge to equity for the period	1,291	–	1,291
At 30 June 2005	**13,023**	**(4,332)**	**8,691**

At 30 June 2005, the Group has unused tax losses of HK$57,386,000 (31.12.2003: HK$2,943,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$24,755,000 (31.12.2003: HK$685,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. The tax losses of HK$57,386,000 may be carried forward indefinitely.

The Company had no significant unprovided deferred tax assets or liabilities at the balance sheet date.

23. SHARE CAPITAL

	THE COMPANY	
	Number of shares	Amount *HK$'000*
As at 1 January 2004	2,591,250,000	25,913
Issued on reverse acquisition *(Note a)*	8,000,000,000	80,000
Share consolidation *(Note b)*	(10,061,687,500)	–
Placements of new shares *(Note c)*	25,912,000	5,182
As at 30 June 2005	**555,474,500**	**111,095**

Notes:

(a) Through a reverse acquisition as detailed in the Company's circular to the shareholders dated 14 June 2004, the Company issued 8,000,000,000 new ordinary shares of HK$0.01 each as consideration for the acquisition of the Copper Group.

(b) Pursuant to the share consolidation scheme of the Company effective on 30 December 2004, every 20 existing issued ordinary shares of HK$0.01 each of the Company were consolidated into one new ordinary share of HK$0.20 each. Accordingly, 529,562,500 shares of HK$0.20 each were in issue after the consolidation.

(c) During the period, pursuant to the subscription agreement entered into between the Company and Skywalk Assets Management Limited ("Skywalk"), a wholly owned subsidiary of Solartech, 25,912,000 ordinary shares of HK$0.2 each in the Company were issued at a price of HK$0.93 per share. All the new shares issued rank pari passu in all respects with the then existing shares.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

24. RESERVES

	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
THE COMPANY				
At 1 January 2003	59,306	73,018	(59,146)	73,178
Placement of new shares	64,781	–	–	64,781
Expenses incurred in relation to the placement of new shares	(6,961)	–	–	(6,961)
Reduction of capital	–	38,869	–	38,869
Reduction of contributed surplus transferred to accumulated losses	–	(38,869)	38,869	–
Loss for the year	–	–	(65,768)	(65,768)
At 31 December 2003	117,126	73,018	(86,045)	104,099
Issue of ordinary shares for reverse acquisition	67,194	–	–	67,194
Placement of new shares	18,916	–	–	18,916
Expenses incurred in relation to the reverse acquisition and placement of new shares	(12,740)	–	–	(12,740)
Loss for the period	–	–	(1,836)	(1,836)
At 30 June 2005	**190,496**	**73,018**	**(87,881)**	**175,633**

The contributed surplus of the Company represents the difference between the consolidated net asset value of FT Holdings Limited on 31 October 1996, when its entire issued share capital was acquired by the Company pursuant to the reorganisation, over the nominal value of the Company's shares issued in exchange therefor.

In addition to the retained profits, under the Companies Act 1981 of Bermuda, contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company did not have reserve available for distribution to shareholders as at 30 June 2005 and 31 December 2003.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

25. BUSINESS COMBINATION

As referred to in note 2, the Former FT Group were deemed to be acquired by the Copper Group. The fair value of the net assets of the Former FT Group acquired at the date of acquisition were as follows:

	Acquiree's carrying amount before combination *HK$'000*	Fair value adjustments *HK$'000*	Fair value *HK$'000*
Property, plant and equipment	74,623	–	74,623
Television programmes and sub-licensing rights	3,509	–	3,509
Inventories	18,363	(200)	18,163
Debtors, deposits and prepayments	8,328	–	8,328
Pledged deposits	5,000	–	5,000
Bank balances and cash	41,546	–	41,546
Creditors and accrued charges	(19,780)	–	(19,780)
Bills payable	(7,769)	–	(7,769)
Taxation	(460)	–	(460)
Obligations under finance leases	(309)	–	(309)
Borrowings	(14,472)	–	(14,472)
	108,579	(200)	108,379
Discount arising on acquisition			(10,341)
Total consideration			98,038
Satisfied by:			
Disposal of 24.5% 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 reverse acquisition:			
Cash paid for expenses related to the acquisition			(1,142)
Bank balances and cash acquired			41,546
			40,404

After reassessment, the Copper Group's interest in the net fair value of the Former FT Group's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the discount arising on acquisition is recognised immediately in the income statement.

The subsidiaries acquired during the period contributed HK$42,964,000 to the Group's turnover and HK$26,000 to the Group's profit from operation after the acquisition.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

25. BUSINESS COMBINATION (continued)

If the acquisition had been completed on 1 January 2004, the Group's turnover for the period and loss for the period would have been HK$2,079,000,000 and HK$79,763,000 respectively. The financial information is for illustrative purposes only and is not necessarily an indicative revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2004, nor is it intended to be a projection of future results.

26. DISPOSAL OF SUBSIDIARIES

In April 2005, the Group disposed of its entire equity interests in FT Holdings Limited and FT Properties Limited. The net assets of these subsidiaries at the date of disposal were as follows:

	HK$'000
NET ASSETS DISPOSED OF	
Property, plant and equipment	18,450
Debtors, deposits and prepayments	70
Bank balances and cash	15
Creditors and accrued charges	(10)
Taxation	(23)
	18,502
Loss on disposal	(7,502)
Total consideration	11,000
SATISFIED BY	
Cash consideration	11,000
Net cash inflow arising on disposal:	
Cash consideration	11,000
Bank balances and cash disposed of	(15)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	10,985

The subsidiaries disposed of in the current period did not have any significant impact on the Group's cash flows or operating results.

27. MAJOR NON-CASH TRANSACTIONS

The Copper Group had transferred land and buildings of HK$74,513,000 to the Former FT Group as part of the consideration for the business combination as detailed in note 2. In addition, the Group acquired plant and machinery of HK$32,233,000 from a fellow subsidiary by setting off the amounts due from fellow subsidiaries.

During the period, the Group entered into finance leases in respect of assets with a total capital value at the inception of the leases amounted to HK$829,000 (Year ended 31 December 2003: Nil).

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

28. CAPITAL COMMITMENTS

	THE GROUP	
	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of:		
Land use right	**–**	6,535
Leasehold improvements	**9,219**	–
Plant and machinery	**3,550**	–
	12,769	6,535

At 30 June 2005, a subsidiary of the Company was committed to invest HK$26,097,000 (31.12.2003: HK$35,055,000) for the injection of registered capital of a subsidiary within two years.

The Company did not have any capital commitment as at 30 June 2005 and 31 December 2003.

29. LEASE COMMITMENTS

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	THE GROUP	
	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Within one year	**802**	–
In the second to fifth year inclusive	**545**	–
	1,347	–

Leases are negotiated for an average term of three years and rentals are fixed for an average of three years.

The Company did not have any operating lease commitment as at 30 June 2005 and 31 December 2003.

30. CONTINGENT LIABILITIES

At 30 June 2005, the Company has given guarantees to the extent of HK$311,795,000 (31.12.2003: Nil) to bankers to secure general banking facilities granted to certain subsidiaries, of which, HK$196,022,000 (31.12.2003: Nil) was utilised.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

31. PLEDGE OF ASSETS

At 30 June 2005, the Group has pledged certain of its assets with a net book value of HK$78,701,000 (31.12.2003: HK$57,000,000) to secure general banking facilities granted to the Group. The net book value of these assets are analysed as follows:

	THE GROUP	
	30.6.2005	31.12.2003
	HK$'000	*HK$'000*
Property, plant and equipment	**46,900**	47,000
Bank deposits	**31,801**	10,000
	78,701	57,000

32. SHARE OPTION SCHEMES

On 4 December 2003, 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"). The Old Share Option Scheme will remain in force until it expires on 2 January 2007.

Under the New Share Option Scheme, the directors may, at their discretion, grant to full-time employees and executive directors of the Group, the right to take up options to subscribe for shares of the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for services provided to the Company. The New Share Option Scheme, unless otherwise cancelled or amended, will expire on 3 December 2013. The subscription price of options is subject to a minimum which is the higher of the nominal value of a share, the closing price of the shares on the Stock Exchange on the date of grant and the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the grant date of the options.

The maximum number of unexercised share options permitted to be granted under the New Share Option Scheme must not exceed 10% of the shares of the Company in issue at any time. No option may be granted to any person which, if exercised in full, would result in the total number of shares already issued and issuable to him under the New Share Option Scheme exceeding 30% of the aggregate number of shares subject to the New Share Option Scheme, at the time it is proposed to grant the relevant option to such person.

The acceptance of an option, if accepted, must be made within 21 days from the date of the offer of the grant with a non-refundable payment of HK$1 from the grantee to the Company.

The total number of shares issued and to be issued upon exercise of options granted to each participant (including exercised, cancelled and outstanding options) in 12-month period must not exceed 1% of the shares in issue from time to time unless the same is approved by the shareholders.

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

32. SHARE OPTION SCHEMES (continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following table discloses movements in the Company's New Share Option Scheme during the period:

For the period 1 January 2004 to 30 June 2005

Capacity	Date of grant	Exercisable period	Exercise price HK$	Number of share options: Outstanding at 1.1.2004	Granted during the period	Outstanding at 30.6.2005	Number of share options exercisable for the period: 1.4.2005 to 31.3.2006	1.4.2006 to 31.3.2007	1.4.2007 to 31.3.2008
Employees	1 April 2005	1 April 2005 to 31 March 2008	0.87	–	1,600,000	1,600,000	1,200,000	1,400,000	1,600,000
Employees	1 April 2005	1 April 2005 to 31 March 2007	0.87	–	1,500,000	1,500,000	750,000	1,500,000	1,500,000
Others	1 April 2005	1 April 2005 to 31 March 2008	0.87	–	9,856,000	9,856,000	9,856,000	9,856,000	9,856,000
Total				–	12,956,000	12,956,000	11,806,000	12,756,000	12,956,000

No options were granted under the New Share Option Scheme in the prior year. Total consideration received during the period for taking up the options granted amounted to HK$10 (Year ended 31 December 2003: Nil).

The following table discloses movements in the Company's Old Share Option Scheme during the current period and prior year:

For the period 1 January 2004 to 30 June 2005

Capacity	Date of grant	Exercisable period	Exercise price HK$	Number of share options: Outstanding at 1.1.2004	Lapsed during the period	Adjustment during the period (Note)	Outstanding at 30.6.2005
Employees	7 March 1997	7 March 1997 to 6 March 2007	0.7056	9,500,000	(5,500,000)	(4,000,000)	–
			14.1120	–	–	200,000	200,000
Total				9,500,000	(5,500,000)	(3,800,000)	200,000

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

32. SHARE OPTION SCHEMES (continued)

For the year ended 31 December 2003

				Number of share options			
Capacity	**Date of grant**	**Exercisable period**	**Exercise price**	**Outstanding at 1.1.2003**	**Lapsed during the year**	**Reclassified during the year**	**Outstanding at 31.12.2003**
			HK$				
Directors	7 March 1997	7 March 1997 to 6 March 2007	0.7056	8,000,000	(4,000,000)	(4,000,000)	–
Employees	7 March 1997	7 March 1997 to 6 March 2007	0.7056	6,000,000	(500,000)	4,000,000	9,500,000
Total				14,000,000	(4,500,000)	–	9,500,000

Note: The Company undertook a share consolidation on 30 December 2004. The then outstanding number of share options and their subscription prices had been adjusted accordingly.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

33. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees.

Pursuant to the PRC Government regulations, the Group is required to contribute to a central pension scheme in respect of certain of the Group's employees in the PRC based on a certain percentage of the salaries of those employees and there is no forfeited contributions under the central pension scheme.

The retirement benefits cost charged to income statement represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

During the period, the Group made retirement benefits schemes contributions of HK$647,000 (Year ended 31 December 2003: HK$110,000).

Notes to the Financial Statements

For the period from 1 January 2004 to 30 June 2005

34. RELATED PARTY TRANSACTION

During the period, the Group entered into the following transactions with fellow subsidiaries:

	1.1.2004 to 30.6.2005	1.1.2003 to 31.12.2003
	HK$'000	*HK$'000*
Sales of goods	**254,621**	162,134
Rental of office premises	**160**	–
Rental of plant and machinery	**–**	2,842

The sales of goods were carried out at market price and the rental of office premises and plant and machinery were determined on the terms agreed by both parties.

In addition, Solartech and the Company had entered into an indemnity agreement pursuant to which Solartech will indemnify the Company and hold the Company harmless in relation to the continued provision of the joint and several corporate guarantees by the remaining Solartech Group and the Copper Group to their bankers for banking facilities granted to both of them.

A director of the Group has provided personal guarantee to the extent of HK$16,000,000 (31.12.2003: HK$16,000,000) to banks for credit facilities granted to certain subsidiaries of the Company.

35. POST BALANCE SHEET EVENTS

(i) On 4 July 2005, Skywalk entered into agreements to place and subscribe for new shares in the Company. Pursuant to the agreements, Skywalk has agreed to place 111,000,000 ordinary shares of HK$0.2 each in the Company to independent investors at a price of HK$0.88 per share and to subscribe for 111,000,000 new ordinary shares of HK$0.2 each in the Company at a price of HK$0.88 per share. The net proceeds from the placement of shares amounted to approximately HK$92.7 million.

(ii) On 8 September 2005, the Group entered into an agreement with Fujian Zijin Investment Co., Ltd. and Minxi Xinghang State-owned Assets Investment Co., Ltd. under which the parties have agreed to jointly establish a limited liability joint venture company ("JV") in Fujian Province, the PRC to mainly engage in copper pipes production and sales in Shanghang, Fujian. Pursuant to the agreement, the proposed registered capital of the JV is RMB40.5 million, of which RMB18.2 million, representing a 45% equity interest in the JV, will be contributed by the Group in cash.