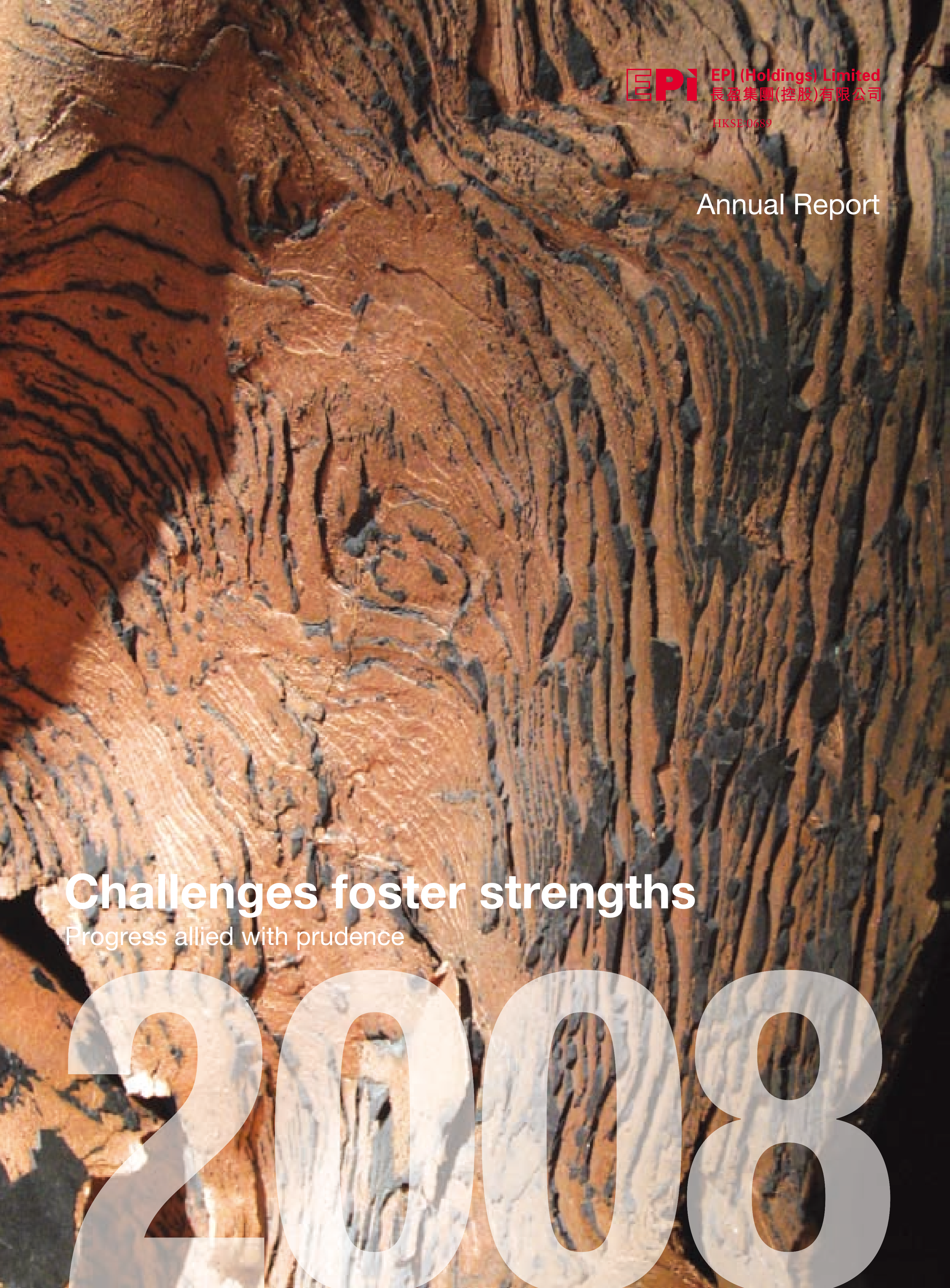


EPI (Holdings) Limited
長盈集團(控股)有限公司
HKSE 0689

Annual Report

Challenges foster strengths

Progress allied with prudence

2008

Corporate Profile

EPI is a high growth company that focuses on the non-ferrous metals and resource sector, with a business scope covering mining and resource investment, scrap metals sourcing, base metal trading and copper anode production. Through strategic mergers and acquisitions, the Group is accelerating its growth by providing Chinese state-owned enterprises with high quality services that add value to their operations and enterprise value. The Group also operates an OEM/ODM consumer electronics business supplying customers in the USA, Europe and Latin America. EPI's mission is to achieve sustainable and high returns for its shareholders and to become a leading player in non-ferrous metals and resources in Asia.

	2008 HK$'000	2007 HK$'000		Change
Turnover	**2,546,532**	2,053,000	▲	24%
Gross profit	**88,055**	125,811	▼	30%
Profit before taxation	**881**	78,067	▼	99%
Profit (Loss) attributable to equity holders of the Company	**(3,993)**	63,511	▼	106%
Earnings per share attributable to equity holders of the Company				
– Basic HK cents	**(0.10)**	1.64		
– Diluted HK cents	**N/A**	1.59		
Final dividend per ordinary share HK cents	**NIL**	0.25		

FINANCIAL POSITIONS

	Year Ended			
	2008 HK$'000	2007 HK$'000		Change
Cash and bank balances	**99,388**	145,047	▼	31%
Total assets	**1,286,483**	1,119,587	▲	15%
Short term borrowings	**472,116**	337,735	▲	40%
Long term borrowings	**NIL**	NIL		
Total equity	**814,367**	781,852	▲	4%

Contents

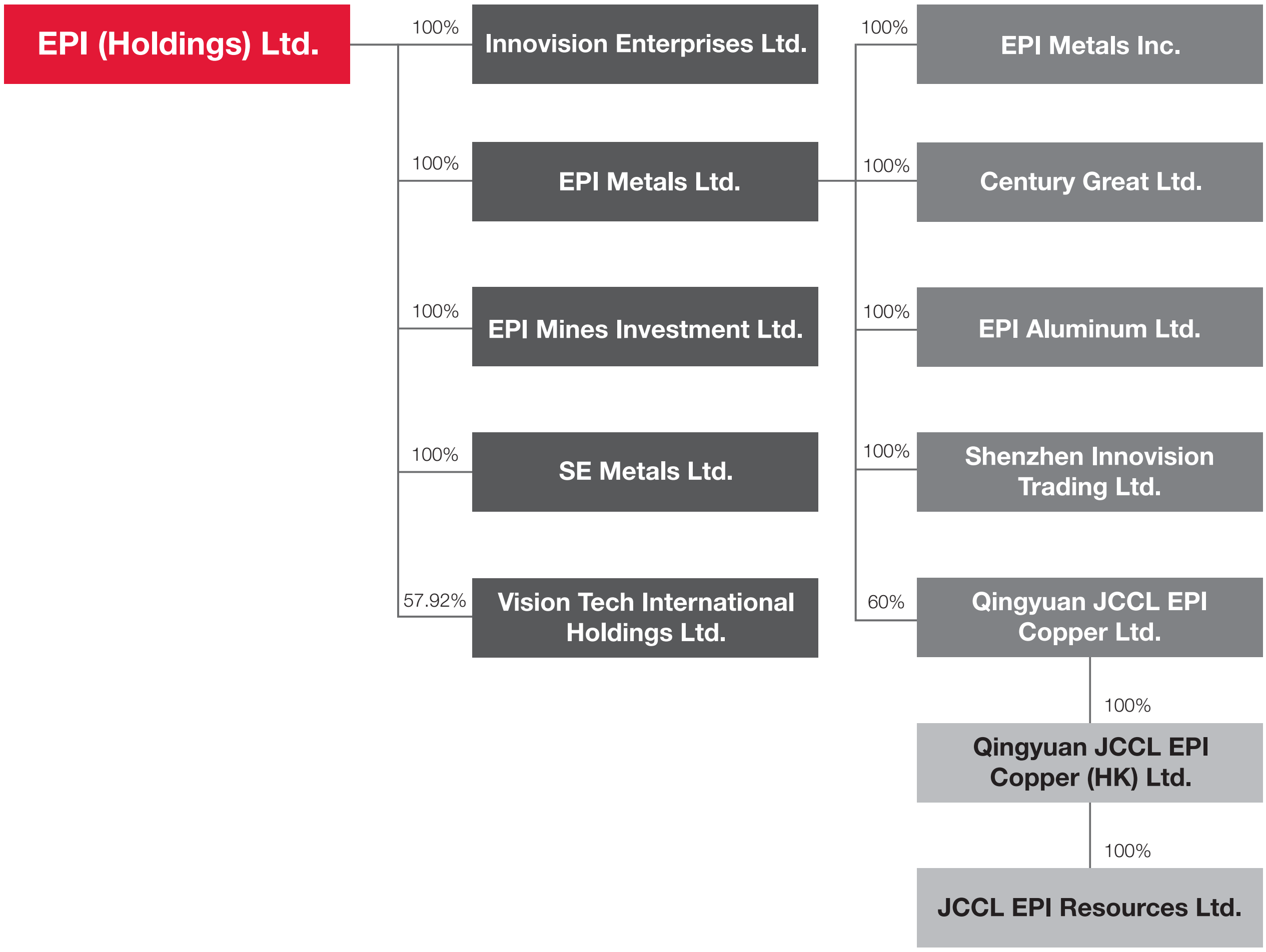
Cover photograph: The copper ore garden-Native copper
Inside page photographs: The copper ore garden-Copper ore

Vision and Mission

VISION Our vision is to become a leading player in metals mining and resource investment in Asia. We aim to achieve this by investing in first-class mining and resource projects while building a worldwide supply chain network covering scrap metals sourcing, copper anode production, scrap metals financing, logistics and warehousing.

MISSION Our mission is to develop strategic partnerships with major state-owned enterprises in China's mining, resource and non-ferrous metals sector, using our global sourcing and financing capabilities to provide them with high quality supply chain services. Leveraging on our financial restructuring skills, we aim to maximize value and invest in cost-competitive businesses to provide long-term and sustainable returns to shareholders.

Corporate Structure



Mr. Joseph Wong Chi Wing, Chairman and CEO

To the shareholders,

I am pleased to present this report on behalf of the board and EPI (Holdings) Limited.

2008 was a challenging year for EPI in a number of aspects that impacted our scrap metal business and our mining investments.

With our prudent management, we aim to negotiate the best terms for the Group from any investment perspective. All previously negotiated terms and pricing became meaningless during the economic turmoil. We had not made any investment commitments immediately prior to the meltdown of the financial markets and we decided to retain funds for prospective mining investments at a future date.

Our Group has a solid core business platform involving the sourcing, trading and smelting of scrap copper and base metals. Our business partnership with Jiangxi Copper Corporation ("Jiangxi Copper") is well anchored. Our Group is financially healthy with no medium to long-term debt or initial capital commitments. Even though the market remains full of challenges, we retain good purchasing power in both mining investments and in the scrap metal business.

FINANCIAL RESULT AND DIVIDEND

The turnover for the year ended 31 December 2008 was HK$ 2.547 billion. The Group achieved a profit before tax of HK$881,000. After providing the profit tax, the Group recorded a net loss of HK$7.8 million for the year.

The Board of Directors does not recommend the payment of a dividend.

THE COPPER AND COMMODITY MARKETS

The US sub-prime crisis unleashed a domino effect affecting the international financial markets that within just a few months starting from the second half of 2008 caused a global credit crunch whose immediate and medium-term implications have been and will be severe.

During the last quarter of 2008, the 3 month copper price quoted on the London Metal Exchange ("LME") dropped from a historical high of US$8,940 per tonne to US$ 2,996.10 per tonne, a drop of over 60%.

The financial market meltdown had a major impact on the copper industry, where the supply of copper concentrate and copper cathode was tight as many mining companies put their operating mines under care and maintenance to avoid operational losses. For suppliers of scrap copper, the fall in copper prices reduced incentives for scrap yard owners to offer higher discounts on scrap copper as their margin was squeezed. This resulted in narrower margins for our sourcing team makes profitable trading challenging.

Demand for copper in China remained strong, however, as companies with strong balance sheets took the opportunity to increase inventories as prices dropped substantially. The strong demand and lower supply within the industry squeezed the Group's margin and made it difficult to purchase scrap copper. This trend continues until the copper price bottom out in early March 2009.

OUR BUSINESS STRATEGY

As a part of the copper and commodity business, we experienced the worst market conditions in the last quarter of 2008 as commodity prices turned volatile and entered a downward cycle after seven years of robust growth. Our team has steered the Group with diligent and prudent hands while staying focused on minimizing possible risks posed by the rough weather that lies ahead.

We intend to streamline our operating business and lower administration costs. We will improve our liquidity by reducing account receivable days. We will constantly review our hedging policies and strengthen our hedging tools, such as by enabling the operating companies in Hong Kong to hedge using copper futures in Shanghai Future Exchange ("SHFE") and our joint venture company Qingyuan JCCL EPI Copper Limited to hedge using copper futures on LME, to mitigate the effect of sudden market events.

BUSINESS OUTLOOK

Although the market environment is tough, there are grounds at this point to be confidence that our core business will enjoy reasonable margins and hence are cautiously optimistic as we go into 2009.

Scrap Metal Sourcing and Trading Business

Whilst the sourcing of scrap copper remained difficult in the first quarter of 2009, our sourcing team has diversified its sourcing mix to copper cathodes and scrap aluminum, where the market offered a higher margin on our cost plus approach.

From April 2009, we began to expand our sourcing volume of scrap copper as the market has recovered and offers reasonable margins.

We will continue to allocate part of our resources for the sourcing and trading of other non-ferrous metals, including copper cathodes, scrap aluminum, zinc and nickel, in order to increase the overall margin of the Group.

Production of Copper Anode

Our joint venture smelting business has streamlined its operations and is working closer together with Jiangxi Copper to maximise its cost efficiency.

Stringent cost measure policies and cost reductions have been implemented at all management and operational levels.

Jiangxi Copper had set a high target for the supply of copper related materials for the joint venture company of as much as 100,000 tonnes if the latter could supply that amount. Since the margin on the production of copper anode is expected to remain narrow during 2009, the joint venture company plans to increase sales of scrap copper to Jiangxi Copper rather than processing more copper anode.

Mining Investment

Valuations of existing mining projects have been renegotiated following the decrease in commodity prices and the uncertain financial market conditions.

For the investment in Daye Non Ferrous Metals Company ("Daye"), we have re-evaluated all prospects and are in discussion with Daye regarding the termination of the project unless better terms can be obtained. An announcement will be made during 2009 as appropriate.

Our investment team is actively evaluating other mining projects currently on hand. As a result of the downturn in the commodity business, there are an increasing number of investment opportunities including assets and companies that could be acquired, and we see this as a valuable time to acquire assets at attractive valuations that can make a sustainable contribution to the Group in the future.

We are focusing on evaluating which investments could make an immediate contribution to revenue and profit and our target is to complete one or two mining investment projects within the year of 2009.

Our business focus is on the mining industry, where we think the cyclical low pricing in valuations will provide additional opportunities and upside return as long as we stay focused on the fundamental task of adding operational value to our investment and core businesses.

We are building a long-term profitable business by pursuing value creating projects while recognising and managing the full spectrum of risk. Our mission is to maximise shareholder value in a sustainable way.

BOARD CHANGES

Mr. Wu Xiaoke retired as an Independent Non Executive Director of the Company at the conclusion of the 2008 Annual General Meeting on 20 June 2008 and did not offer himself for re-election. On behalf of the Board of Directors, I would like to thank Mr. Wu for his dedication and contribution to the group in the past years. At the same time, I would like to welcome Mr. Qian Zhi Hui, who joined the Board as Independent Non Executive Director on 19 September 2008.

OUR PEOPLE

2008 was a challenging year for EPI but I believe the Group is strongly positioned to deliver value for the shareholders in the future. Managing major strategic initiatives places strong demands on management and they have responded with great resilience. I would like to express my gratitude to our joint venture partner, our business and financial partners, shareholders and investors for their patience, cooperation and support for the management in the challenging economic and financial situation. I also commend the commitment and effort shown by all board members, directors and staff during the past year.

Joseph Wong
Chairman and CEO, EPI (Holdings) Limited

Hong Kong, 23 April 2009

Management Discussion and Analysis

REVIEW OF COPPER MARKET IN 2008

At the beginning of the year, China's copper industry was impacted by snow storms and heavy rainfall yet demand from the electric power sector for refined copper was increasingly strong. 3-month copper prices quoted on the London Metal Exchange ("LME") and Shanghai Futures Exchange ("SHFE") were range-round at high levels from the beginning of the year to early July. During this period, LME copper futures reached a historical high of US$8,940 per tonne.

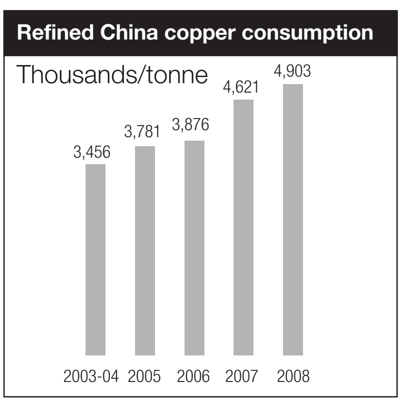
The LME and SHFE markets diverged during March and July. 3-month LME copper fluctuated at high levels and hit new highs, while copper prices did not advance accordingly in the China market due to increasing output and weakening demand. SHFE copper futures set a high record of RMB70,550 per tonne and then moved down ahead of the LME price.

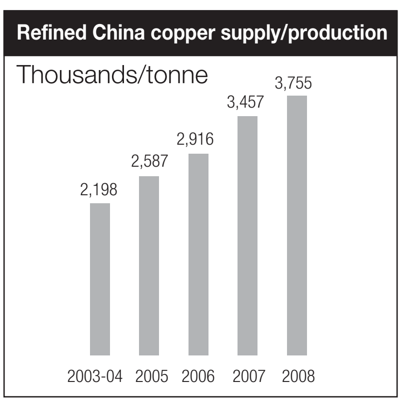
By the end of September, the US subprime mortgage crisis further deteriorated leading to a global economic downturn, which brought on a slump in both the capital markets and commodity markets. Copper consumption immediately contracted, leading to continuous price falls, with prices falling sharply in less than three months. Panic selling of copper futures on LME sent the price down by 40% in October, while copper futures on SHFE tumbled by their daily limits continuously. In the following two months, both markets maintained their weak trend, and prices fluctuated at low levels. By the end of the year, the closing price of copper futures on LME declined to US$2,996.10 per tonne and SHFE copper futures fell to RMB24,000 per tonne.

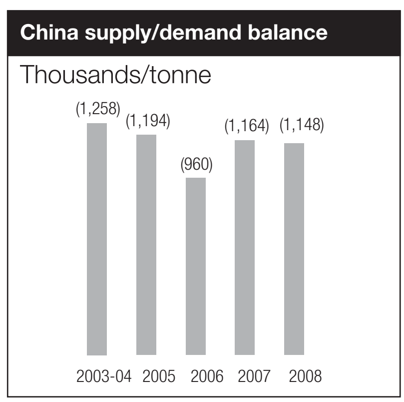
Many overseas scrap yard owners had been severely hit by the sudden collapse of copper price during the financial meltdown because the buyers failed to take delivery of orders whilst at the same time, banks withdrew credit. They accordingly had to liquidate the inventories on hand to meet their financing needs. The forced sales drove prices down further and towards the end of the year the prices of copper cathodes were at levels below the cost of production. The surviving scrap yard owners were reluctant to offer product at these levels.

FINANCIAL REVIEW

The turnover for the year ended 31 December 2008 was HK$2.547 billion, an increase of 24% from HK$2.053 billion for the year ended 31 December 2007. The increase of the turnover was mainly attributable to the first three quarters of 2008. The business activities of the Group were forced to slow down in the last quarter of 2008 when the copper prices were at low levels. During the time the supply chain for scrap copper broke down because the operation costs at each stage of supply were higher than the selling prices and the vendors were reluctant to give offers.







Source: CRU statistical data 2008

Despite the difficult business environment, the Group managed to achieve a profit before taxation of HK$881,000. After providing HK$8.7 million profit tax, the Group recorded a loss for the year of HK$7.8 million, comparable to a profit after taxation of HK$63.5 million for the previous year.

The main reasons for the drop in profit were:

1. The margin of the scrap copper trading business shrank during the year due to difficult business environment in 2008.

2. Copper anode production recorded a loss in the last quarter of 2008 as the extreme market volatility and the shortage in materials supply resulted in inefficient operations.

3. An increase in the share of administrative expenses after the acquisition of Vision Tech International Holdings Limited (HKSE Stock no. 0922) and a further acquisition of 9% equity interest in Qingyuan JCCL EPI Copper Limited, a joint venture company with Jiangxi Copper Limited.

4. An adjustment of HK$14.25 million impairment loss recognised in respect of goodwill.

OPERATIONS REVIEW

During the period under review, the Group's operations comprised the sourcing and trading of non-ferrous metals, production of copper anode and consumer electronics business.

Non-ferrous metals sourcing and trading

	2008 HK$'000	2007 HK$'000	**% change**
Turnover	**1,285,960**	1,188,933	+8.16%
Segment Profit	**96,972**	104,098	-6.85%

During 2008, the Group's trading business in Hong Kong sourced 23,474 tonnes of copper cathodes and scrap copper including No. 1 Copper (Copper Content Minimum 97%), No. 2 Copper (Copper Content 94%-96%) and Light Copper (Copper Content 88%-92%), 18,398 tonnes of low copper content copper reclaims and 8,386 tonnes other non-ferrous metals including aluminum ingot and scrap aluminum. The sourcing took place in China and in overseas markets including the United States, Europe and Asia.

The trading activities slowed down in the last quarter of 2008, when vendors were reluctant to offer the scrap copper at below cost following sudden collapse of copper prices in October.

Copper anode production

	2008 HK$'000	2007 HK$'000	% change
Turnover	881,514	749,133	+17.67%
Segment Profit/(Loss)	(37,686)	17,899	N/A

Our joint venture smelting plant in Qingyuan commenced full operations in June 2007 and the turnover for the same period last year was not on a comparable basis to the period under review. For the year ended 31 December 2007, the smelting plant produced 24,457 tonnes of copper anode.

The smelting plant produced and sold 17,242 tonnes of copper anode to Jiangxi Copper in the first half of 2008. The smelting plant did not run at full operating capacity during the period. Heavy snows in the northern part of China during the Lunar New Year affected the transportation of products. Flooding in Guangdong Province at the end of May 2008 affected the local supply of raw materials for production. Both incidents affected the smelting plant, causing it to slow production and during June 2008, the smelting plant scheduled an early shut down for maintenance over three weeks, coinciding with the time when the supply of local raw materials was tight.

The smelting plant gradually increased its production capacity following the maintenance shut down and by the end of third quarter was running at full production capacity, reaching approximately 5,000 tonnes a month.

The Group treated the smelting plant as an important platform of the partnership with Jiangxi Copper from which other cooperative ventures may develop in the future. To enhance the relationship with Jiangxi Copper, the Group acquired an additional 9% equity interest in the smelting plant. Following the completion of the transaction on 17 September 2008, the Group owned a 60% equity interest in the smelting plant.

The loss on copper anode production was mainly attributable to the fourth quarter for 2008. The plant had been forced to slow production due to the shortage of materials. The inefficient use of production capacity led to high product fault rate and the plant could not be run at a breakeven level.

For the year ended 31 December 2008, the smelting plant produced and sold 30,375 tonnes of copper anodes and 1,827 tonnes scrap copper to Jiangxi Copper.

Consumer electronics business

	2008 HK$'000	2007 HK$'000	% change
Turnover	379,058	114,934	+229.80%
Segment Profit	5,220	424	+1,131.13%

The Group sells DVD combo, home theatres, colour TVs and MP4 players to the United States, Latin America and European markets and outsources the production on an OEM and ODM basis to Chinese manufacturers.

The substantial growth in sales and segment profit was mainly attributable to the acquisition of Vision Tech International Holdings Limited (HKSE Stock no. 0922, "Vision Tech"), an electronics export trading company, during the year.

MAJOR INVESTMENTS IN 2008

On 18 May 2007, the Group entered into a Subscription Agreement conditionally agreeing to subscribe for 750,000,000 new shares at a price of HK$0.1 per new share in Vision Tech at a total consideration of HK$75 million. Upon completion on 3 March 2008, EPI held 57.92% of the enlarged issued share capital of the Vision Tech, which resumed trading on the Stock Exchange of Hong Kong Limited on 7 March 2008. Besides its core business, Vision Tech has been actively looking for opportunities to diversify her business since the resumption of trading.

During the year, the Group increased its equity interest in the smelting business joint venture with Jiangxi Copper from 51% to 60% at a consideration of HK$25 million. The transaction was completed on 17 September 2008. Despite the plant having made an operating loss in last quarter of 2008, management is confident that the increase in shareholding is in line with the Group's medium to long term strategy in partnership with Jiangxi Copper and will yield a positive contribution to the Group in the long run.

FINANCIAL POSITION

As at 31 December 2008, the total assets and liabilities of the Group had increased to HK$1,286 million and HK$472 million respectively from HK$1,120 million and HK$338 million as a result of expansion via the acquisition of Vision Tech and the acquisition of a further 9% equity interest in Qingyuan JCCL EPI Copper Limited, a joint venture company with Jiangxi Copper Limited.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group recorded net current assets of HK$730.6 million, in which HK$99.3 million represented by cash on hand, a reduction of 31.5% from HK$145 million as at 31 December 2007.

During the year, the Company had applied HK$75,000,000 for the subscription of shares in Vision Tech and HK$25,000,000 for the Qingyuan JCCL EPI Copper Limited 9% equity interest acquisition.

Short-term bank borrowings of HK$307 million out of which HK$186 million was attributable to Qingyuan joint venture company represented 65% of the total current liabilities. The Group did not have any long-term debts.

CHARGE ON ASSETS

As at 31 December 2008, the Group had pledged assets with an aggregate carrying value of HK$46.4 million (2007: HK$57.1 million) to secure bank loan facilities extended to the Group.

CAPITAL COMMITMENTS

As at 31 December 2008, the future capital expenditure for which the Group had contracted but not provided for amounted to HK$0.6 million (2007: HK$13.5 million).

HEDGING AGAINST COMMODITIES PRICE FLUCTUATIONS

The year of 2008 demonstrated how volatile commodity prices can be over short periods of time. During the year, copper experienced both a bull and bear market. In view of this market risk, the Group continued to take a prudent approach to hedging its inventory position through appropriate copper forward contracts. Strict internal policies and procedures are in place to ensure the position is regularly reviewed and monitored to ensure that the Group is not exposed to any financial derivatives, undue market risk and the Group did not enter into any commodities futures contracts or any financial derivatives for speculation purposes.

The Group uses its future contracts traded on the LME and SHFE solely to hedge against fluctuations in copper price. For the year ended 31 December 2008, the Group recorded a gain on futures contracts of HK$49.6 million (2007: HK$53.3 million). The Group did not enter into any commodities futures contracts or any financial derivatives unrelated to business operations during the year.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. WONG Chi Wing, Joseph, Chairman and CEO of EPI, aged 48

Mr. Wong joined the Group in September 2006. He has over 20 years of investment banking experience in the Greater China region, including experience in Capital Markets, Corporate Finance, M&A, and Corporate Restructuring.

In 1990 Mr. Wong joined CEF Holdings, a financial investment group 50% owned by Canadian Imperial Bank of Commerce (CIBC) and 50% by Cheung Kong (Holdings) Limited. Initially appointed as Assistant Director of CEF Capital Limited, he was later made Managing Director in 1995. He was also a Director of CEF (Capital Markets) Limited, and a member of CEF Holding's Undertaking Committee responsible for credit risk management. In 2002, he left CEF Holdings to move to Canada.

In 2004, Mr. Wong returned to Hong Kong and assumed the role of a "White Knight", rescuing Great Wall Cybertech Limited (HKSE stock code: 689) by entering into an escrow and exclusivity agreement that saved the company from the threat of liquidation. On 26 September 2006, after Great Wall Cybertech Limited had completed its restructuring, trading of its shares resumed on the Stock Exchange of Hong Kong Limited, and Mr. Wong was appointed as Chairman and CEO of the Group. The Group was then renamed EPI (Holdings) Limited.

Mr. Wong holds a Bachelor's Degree in Social Science from the Chinese University of Hong Kong, with a major in Economics.

Mr. CHENG Hairong, Deputy Chairman and Executive Director of EPI, aged 49

Mr. Cheng joined the Group in September 2006. He has over 20 years of experience in establishing and managing listing companies in Hong Kong as an executive director and consultant. Mr. Cheng has extensive industry knowledge in China finance and investment in sectors such as life sciences, production of marine, biotech and herbal health products, energy saving, tourism, trading, finance and brokerage. Mr. Cheng brings extensive experience and wide China business connections to EPI (Holdings) Limited.

Mr Cheng was appointed as the Executive Director of Vision Tech International Holdings Limited (HKSE stock code: 922) on 3 March 2008. He is the founder and Managing Director of China Point Stock Brokers Limited and founder, shareholder and President of ChinaXue Ling Ltd.

Mr. CHU Kwok Chi, Robert, Executive Director, aged 58

Mr. Chu has been a Sales Director for the Group since August 2004 and was appointed Executive Director for the Group in September 2006 heading the consumer electronics business. Mr. Chu has over 30 years of experience in the international trade and the electronics industry. Mr. Chu has been responsible for the marketing, sales, trading and production of various private and listed consumer electronics companies in Hong Kong. He was the Managing Director of Eltic Electronics Company Limited, a subsidiary of Great Wall Cybertech Limited (former name of EPI (Holdings) Limited), from 1990 to 2000.

Mr. Chu was appointed as the Executive Director of Vision Tech International Holdings Limited (HKSE stock code: 922) on 3 March 2008. He holds a Bachelor's Degree in Business Administration.

NON-EXECUTIVE DIRECTOR

Mr. LEUNG Hon Chuen, David, aged 57

Mr. Leung joined the Group in October 2006 and is Chairman of the Remuneration Committee. Mr. Leung has had over 25 years of experience in the financial services industry in Canada and Asia. He worked for the Canadian Imperial Bank of Commerce in Canada and Asia for 15 years, where he held senior management positions in investment banking, retail & corporate banking, and private banking.

Mr. Leung has been appointed as the Independent Non-Executive Director of Maoye International Holdings Limited (HKSE stock code: 848) prior to her listing on the Stock Exchange of Hong Kong Limited on 5 May 2008. From 1994 to 1997, he was the Director & General Manager of Essential Enterprises Company Limited (HKSE code: 128). He is currently operating a financial and investment consultation company. He has a Bachelor of Arts degree with a major in Economics from the University of Western Ontario in Canada.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. POON Kwok Shin, Edmond, aged 56

Mr. Poon joined the Group in November 2005 and is the Chairman of the Audit Committee. Mr. Poon is a founder and Executive Director of Compass Technology Holdings Limited. He has over 30 years of experience in financial accounting and auditing. From 1990 to 1996 he served as an Executive Director of QPL International Holdings Limited, a Hong Kong-based manufacturer of lead frames and provider of semiconductor assembly and test services. Prior to this position he worked for 14 years with Kwan Wong Tan & Fong, which merged with Deloitte & Touche to form Deloitte Touche & Tohmatsu, an international accounting firm, and was a partner of that firm when he left.

Mr. Poon received a Higher Diploma in Electronic Engineering from Hong Kong Polytechnic University in 1976, and subsequently worked for international accounting firm Touche Ross & Co. while obtaining his professional qualifications in accounting and auditing. He is a Fellow Member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants.

Mr. QIAN Zhi Hui, aged 46

Mr. Qian joined the Group in September 2008. He joined China National Native Produce & Animal By-Products Import & Export Corporation, Guangdong Province, as chief legal advisor in 1988. He joined Guangzhou King Pound Law Firm as lawyer in 1993 and is currently a partner of Guangdong Justwin Law Firm.

From 2006 to 2008, he was the Independent Non-Executive Director of New Times Group Holdings Limited (HKSE stock code: 166). He has a Master degree in Procedural Law from Southwest University of Political Science and Law.

Dr. XU Mingshe, aged 53

Dr. Xu joined the Group in October 2006. He has served as Deputy Executive Officer of ICEA Finance Holdings Limited, General Manager of the International Business Department of the Industrial and Commercial Bank of China Head Office, and President of its Shenzhen Branch, as well as holding other significant positions. He has extensive experience in banking, economy, finance and public listing. He has participated in public listing issues in Hong Kong for more than 20 PRC enterprises, with total finance raised amounting to HK$ 85 billion. He has also been engaged in project financing, syndicated loans, debt restructuring and acquisitions.

Dr. Xu is currently the Independent Non-Executive Director of New Ocean Energy Holdings Limited (HKSE stock code: 342). Dr. Xu obtained a doctoral degree in economics from Xiamen University and a bachelor's degree in English from the Guangzhou Institute of Foreign Languages. He is currently a senior economist. He has studied economics at the Institute of the International Monetary Fund in the United States and at the Beijing Institute of Economics and Management, where he also pursued his study of International Trade and International Law.

MANAGEMENT PROFILE

Mr. HONG Kin Choy, Bryan, Chief Financial Officer & Company Secretary, aged 44

Mr. Hong joined the Group in October 2005. Mr. Hong oversees the Group's financials and carries out the role of Company Secretary. He is a practising certified public accountant in Hong Kong and a Fellow Member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Hong has over 20 years of experience in the fields of audit, accountancy, business advisory services and corporate finance. Mr. Hong received a Professional Diploma in Accountancy from Hong Kong Polytechnic University in 1987, and subsequently worked for international accounting firm Deloitte Touche Tohmatsu for 5 years, where he had extensive experience in accountancy, auditing and taxation.

Mr. Hong has wide experience in the commercial sector and has held Financial Controller and General Manager positions for more than 10 years. Prior to joining the Group, Mr. Hong runs a CPA firm in his own name.

Mr. CHAN Hon Wah, Joseph, Vice President, Operations, aged 57

Mr. Chan joined the Group as Vice President in August, 2007. In his present position, Mr. Chan oversees the Group's business operation, logistic and human resources management. Mr. Chan is a qualified accountant with associate membership of the Certified General Accountants of Canada, and holder of a MBA degree in Finance and Investment from the University of Hull, UK. Mr. Chan has over 30 years banking experience, working in Asia and Canada, with substantial expertise in operations, finance and human resources management.

Prior to joining the Group, Mr. Chan held an executive level position at The Bank of Nova Scotia, where he was the Vice President of its Pacific Regional Office in Hong Kong. In this role he directed the Bank's overall operational and administrative functions in the Asia-Pacific Region covering 10 countries and 26 branches and operating units in Asia. Mr. Chan also served as director of the Bank's subsidiaries in Hong Kong and Singapore.

Miss CHEUNG Siu Yuen, Rose, Vice President, aged 44

Miss Cheung joined the Group as Vice President in October 2006. She oversees for the Group's corporate development and capital markets.

Miss Cheung has over 20 years of experience in business and investment strategy, marketing and sales for listed companies involved in consumer electronics, telecommunications, and in financial institutions, in Asia Pacific and China markets. Prior to joining EPI (Holdings) Limited, Miss Cheung held executive positions as the Director of Corporate Development for FE Global China Limited, General Manager of Investor Relations for Skyworth Digital Holdings Limited, and Director of Asia-Pacific Regional Marketing, Beenz, which oversees 9 countries in Asia-Pacific Region.

Miss Cheung graduated from York University in Toronto, Canada with a Bachelor of Arts degree in Mass Communication and Psychology. She was educated at Harvard University, Massachusetts, USA, gaining graduate credits in Banking, Finance and the Eurodollar.

Corporate Governance Report

The Board recognizes the importance of incorporating elements of good corporate governance into the management structure and the internal control procedures of the Group so as to ensure that all business activities of the Group and the decision making process are properly regulated.

During the year under review, the Company has applied the principles and has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") with deviations from the code provision A.2.1 and A.4.1 of the CG Code as summarized below.

The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wong Chi Wing Joseph is the Chairman and Chief Executive Officer of the company. The Company recognizes the importance of segregating the duties of the Chairman the Chief Executive Officer and had tried the best in the past year to identify a high caliber executive to take up either one of these roles. Suitable candidate has not yet been identified but the Company would continue to look for the right person for the posts.

The code provision A.4.1 of the CG Code stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. Currently the Non-executive Directors are not appointed for a specific term. However, all Non-executive Directors are subject to retirement and can offer themselves for re-election in accordance with the Company's Bye-laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct rules (the "Model Code") regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with the Model Code throughout the year.

BOARD OF DIRECTORS

The overall management of the Group's business is vested in the Board.

The Board is responsible for the promotion of the success of the Company by directing and guiding its affairs in an accountable and effective manner. Board members have a duty to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The types of decisions that are to be taken by the Board include:

1. Setting the Company's mission and values
2. Formulating strategic directions of the Company
3. Reviewing and guiding corporate strategy; setting performance objectives and monitoring implementation and corporate performance
4. Monitoring and managing potential conflicts of interest of management and Board members; and
5. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law.

The Board gives clear directions as to the powers delegated to the management for the management and administration functions of the Group, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board will review these arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

For the year ended 31 December 2008, the Board:-

1. reviewed and approved the annual results of the Group for the year ended 31 December 2007 and the interim results of the Group for the period ended 30 June 2008

2. reviewed and approved the general mandates to issue and repurchase shares of the Company

3. reviewed and approved the shares repurchase by the Company

4. reviewed the internal controls of the Group

5. reviewed the performance of the Group and formulated the business strategy of the Group.

6. reviewed and approved the subscription of 750,000,000 new shares at a price of HK$0.10 per share in Vision Tech International Holdings Limited (HKSE Stock no. 0922).

7. reviewed and approved the further acquisition of 9% equity interest in Qingyuan JCCL EPI Copper Limited

8. reviewed and approved the cooperation agreement with Shenzhen Jiangtong Southern Company Limited for the development of overseas scrap copper procurement business

9. reviewed and approved the price-sensitive transactions

Regular Board meetings are scheduled in advance to give all Directors an opportunity to attend. All Directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. Directors shall have full access to information on the Group and are able to obtain independent professional advice whenever deemed necessary by the Directors. No request was made by any Director for such independent professional advice in 2008. The Company Secretary shall prepare minutes and keep records of matters discussed and decisions resolved at all Board meetings, which will be available for inspection by Directors upon request.

BOARD COMPOSITION

The Board currently comprises three Executive Directors, one Non-executive Director and three independent Non-executive Directors, whose biographical details are set out in the section headed "Directors and Senior Management Profile" on page 14. The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business operation and development of the Group.

All Directors are aware of their collective and individual responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, contributing to the successful performance of the Group.

BOARD MEETING RECORDS

There were seven meetings held for the year ended 31 December 2008. The following is an attendance record of the Board Meetings held by the Board during the year:

Name of Directors	Number of Board meetings attended in 2008
Mr. Wong Chi Wing Joseph	7/7
Mr. Cheng Hairong	4/7
Mr. Chu Kwok Chi Robert	7/7
Mr. Leung Hon Chuen	6/7
Mr. Poon Kwok Shin Edmond	6/7
Mr. Xu Mingshe	5/7
Mr. Wu Xioake (retired on 20 June 2008)	2/7
Mr. Qian Zhi Hui (appointed on 19 September 2008)	1/7

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman's responsibility is to provide leadership to the Board and formulate the Group's business strategies. The Chief Executive Officer is responsible for the day-today operation of the Company and implementation of the development strategy adopted by the Board. Mr. Wong Chi Wing Joseph is the Chairman and Chief Executive Officer of the Company. The Company recognizes the importance of segregating the duties of the Chairman and the Chief Executive Officer and when a capable executive can be identified, he will be invited to take up either one of these roles in the forthcoming year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors serve the relevant function of bringing independent judgment on the development, performance and risk management of the Group. The Group's Independent non-executive Directors have been appointed to hold office until the next Annual General Meeting and shall retire and offer themselves for re-election according to the Company's Bye-laws.

All Independent Non-executive Directors are financially independent from the Company and any of its subsidiaries.

Each of the Independent Non-executive Directors has given a written confirmation to the Company confirming that he has met the criteria set out in Rule 3.13 of the Listing Rules regarding the guidelines for the assessment of the independence of directors.

BOARD COMMITTEES

The Board has also established the following committees with defined terms of reference:-

1. Audit Committee
2. Remuneration Committee
3. Nomination Committee

Each Board Committee makes decisions on matters within its term of reference and applicable limit of authority. The terms of reference as well as the structure and membership of each committee will be reviewed from time to time.

1) Audit Committee

a) Composition of Audit Committee members

Mr. Poon Kwok Shin Edmond *(Chairman)*
Mr. Leung Hon Chuen
Mr. Xu Mingshe

b) Role and function

The Audit Committee is mainly responsible for:

i. reviewing the financial statements and reports and considering any significant or unusual items raised by the qualified accountant or external auditors before submission to the Board.

ii. reviewing the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and making recommendations to the Board on the appointment, re-appointment and removal of external auditors.

iii. reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control and risk management system and associated procedures.

c) Meeting records

Two meetings were held for the year ended 31 December 2008 and the attendance of each committee member is set out as follows:

Name of Committee Members	Number of Committee meetings attended in 2008
Mr. Poon Kwok Shin Edmond	2/2
Mr. Leung Hon Chuen	2/2
Mr. Xu Mingshe	2/2

During the meeting, the Audit Committee discussed the following matters:-

i. Financial Reporting

The Audit Committee reviewed with the Chief Executive Officer, the Company Secretary and the Financial Controller of the Company the Final Results for the year ended 31 December 2007 and the Interim Results for the period ended 30 June 2008.

ii. External Auditors

The Audit Committee reviewed the audit fee for the year ended 31 December 2007 and recommended it to the Board.

The Audit Committee reviewed the Audit Committee Report prepared by Deloitte Touche Tohmatsu for the year ended 31 December 2007.

2) Remuneration Committee

a) Composition of Remuneration Committee members

Mr. Leung Hon Chuen *(Chairman)*
Mr. Poon Kwok Shin Edmond
Mr. Xu Mingshe

b) Role and function

The Remuneration Committee is mainly responsible for:

i. reviewing any significant changes in human resources policies and structure made in line with prevailing trends and business developments.

ii. making recommendations to the Board on the Company's policy and the structure of all remuneration of Directors and senior management as well as on the establishment of formal and transparent procedures for developing policy on such remuneration;

iii. reviewing and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; and

iv. ensuring that no Director or any of his associates is involved in deciding his or her own remuneration.

c) Meeting Records

One meeting was held for the year ended 31 December 2008 and the attendance of each committee member is set out as follows:

Name of Committee Members	Number of Committee meetings attended in 2008
Mr. Leung Hon Chuen	1/1
Mr. Poon Kwok Shin Edmond	1/1
Mr. Xu Mingshe	1/1

During the year under review, the Remuneration Committee reviewed the policies for the remuneration of Directors and senior management of the Group, the staff costs and headcount of the Group. The Remuneration Committee also reviewed the remuneration package of the Directors and the senior management to ensure they are in line with the market

3) Nomination Committee

a) Composition of Nomination Committee members

Mr. Wong Chi Wing Joseph *(Chairman)*
Mr. Leung Hon Chuen
Mr. Poon Kwok Shin Edmond
Mr. Xu Mingshe
Mr. Wu Xiaoke (retired on 20 June 2008)

b) Role and function

The Nomination Committee is mainly responsible for:

i. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and making recommendations to the Board regarding any proposed changes;

ii. identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for Directorships;

iii. assessing the independence of Independent Non-executive Directors; and

iv. making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

c) Meeting Records

One meeting was held for the year ended 31 December 2008 and the attendance of each committee member is set out as follows:

Name of Committee Members	Number of Committee meetings attended in 2008
Mr. Wong Chi Wing Joseph *(Chairman)*	1/1
Mr. Leung Hon Chuen	1/1
Mr. Poon Kwok Shin Edmond	1/1
Mr. Xu Mingshe	1/1
Mr. Wu Xiaoke	0/1

During the meeting, the Nomination Committee discussed for the need of segregating the duties of Chairman and the Chief Executive Officer and unanimously agreed to identify a high caliber executive to take up either one of the roles. Suitable candidate has not yet been identified but the Nomination Committee members would continue to look for the right person for the posts and recommend to the Board.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for preparing the accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Directors also ensure that the financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting policies.

In preparing the financial statements, the Directors consider that the financial statements of the Group are prepared on a going concern basis and appropriate accounting policies have been consistently applied. The Directors have also made judgments and estimates that are prudent and reasonable in the preparation of the financial statements.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on page 34 to 35.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's system of internal control so as to maintain sound and effective controls to safeguard the shareholders' investment and the assets of the Group.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process includes continuous updating of the internal control system of the Group in response to the changing business environment and regulatory requirements. The Board is also conducting a review of the internal controls of the Group to ensure that the policies and procedures in place are adequate.

EXTERNAL AUDITORS

The Board acknowledges its responsibility for preparing the financial statements of the Group. In preparing the financial statements, the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants have been adopted. The principal accounting policies adopted for the preparation of financial statements of the Group, which have been consistently applied to all the years, are set out in note 3 to the financial statements.

It is the auditors' responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. They do not assume responsibility towards or accept liability to any other person for the contents of the auditors' report.

During the year under review, the remuneration paid to the Company's external auditors, Messrs Deloitte Touche Tohmatsu was as follows:

Nature of services	Fee paid/payable HK$'000
Audit services	2,050
	2,050

COMMUNICATION WITH SHAREHOLDERS

The Company uses various communication methods to ensure its Shareholders are kept well informed of key business imperatives. These include general meetings, annual report, various notices, announcements and circulars. The poll voting procedures and the rights of Shareholders to demand a poll were included in all circulars accompanying notices convening general meeting and the detailed procedures for conducting a poll had been read out by the Company Secretary at general meetings.

The annual general meeting provides a useful forum for Shareholders to exchange views with the Board. The Chairman, Directors, Board Committees" Chairman/ Members and external auditor are available to answer questions at the meeting.

To ensure all Shareholders timely access to important corporate information, the Company utilizes its corporate website to disseminate to the Shareholder information such as announcements, circulars, annual and interim reports.

Report of the Directors

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are sourcing and trading of non-ferrous metals and consumer electronics products. The principal activity of the Group's jointly controlled entity is the provision of copper smelting and production of copper anode. Particulars of the Company's principal subsidiaries are set out in note 43 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2008 (the "Year") are set out in the consolidated income statement on page 36.

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2008.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 93.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movement during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements.

PURCHASE, SALES AND REDEMPTION OF SHARES

During the year, the Company repurchased and redeemed the shares as follows:

Date	Number of Shares repurchased	Method of Shares repurchase	Prices per Share Highest HK$	Prices per Share Lowest HK$
17 January 2008	4,980,000	On the Exchange	0.315	0.290
18 January 2008	2,700,000	On the Exchange	0.375	0.305
	7,680,000			

RESERVES

Movements in reserves of the Group during the year are set out in on page 38 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors:

Mr. Wong Chi Wing Joseph
Mr. Cheng Hairong
Mr. Chu Kwok Chi Robert

Non-executive Director:

Mr. Leung Hon Chuen

Independent Non-executive Directors:

Mr. Poon Kwok Shin Edmond
Mr. Qian Zhi Hui (Appointed on 19 September 2008)
Mr. Xu Mingshe
Mr. Wu Xiaoke (Retired on 20 June 2008)

Biographical details of Directors of the Company are set out on pages 14 to 17 under the section titled "Directors and senior management profile".

In accordance with Article 99(A) of the Company's Bye laws, all Directors, except the Managing Director, shall retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company in accordance with the Company's Bye laws.

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Company considers such Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company, or any of its subsidiaries, its holding company, or any subsidiaries of its holding company 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 year or at any time during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company and the Group was entered into or existed during the year.

COMPETING INTEREST

None of the Director or their respective associates (as defined in the Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2008, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Director	Beneficial owner	Number of Shares Controlled corporation (note 1)	Equity derivatives (note 2)	Total interests	Approximate percentage of the issued share capital of the company
Wong Chi Wing, Joseph	9,000,000	1,708,146,000	24,380,000	1,741,526,000	42.15%
Cheng Hairong	–	–	24,380,000	24,380,000	0.59%
Chu Kwok Chi Robert	2,000,000	–	2,000,000	4,000,000	0.10%
Leung Hon Chuen	–	–	2,380,000	2,380,000	0.06%
Xu Mingshe	–	–	2,000,000	2,000,000	0.05%
Poon Kwok Shin, Edmond	1,200,000	–	2,380,000	3,580,000	0.09%

Notes

1. The Shares are held by Climax Associates Limited, which is a company incorporated in the British Virgin Islands and owned as to 51% by Rich Concept Worldwide Limited (a company beneficially wholly-owned by Mr. Wong Chi Wing Joseph), 29% by Mr. Cheng Hairong and 20% by Mr. Chu Kwok Chi Robert.

2. These interests represent the interests in underlying shares in respect of share options granted by the Company. The details of which are set out in the Section "Details of options granted by the Company" below.

3. The calculation of percentages is based on 4,131,348,570 Shares of the Company in issue as at 31 December 2008.

Save as disclosed above, as at 31 December 2008, no Directors or Chief Executive have any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required in the Listing Rules pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2008, according to the register of interests maintained by the Company pursuant to section 336 of the Securities and Futures Ordinance ("SFO") and so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, the following persons, other than the Directors and the chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital were as follows:

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Climax Associates Limited (Note 1)	Beneficial owner	1,708,146,000	41.35%
Rich Concept Worldwide Limited (Note 2)	Interest of a controlled corporation	1,708,146,000	41.35%

Notes

1. Climax Associates Limited is 51% owned by Rich Concept Worldwide Limited.

2. Rich Concept Worldwide Limited is beneficially wholly-owned by Mr. Wong Chi Wing, Joseph, a Director and Chairman of the Company.

3. The calculation of percentages is based on 4,131,348,570 Shares of the Company in issue as at 31 December 2008.

Saved as disclosed above, as at 31 December 2008, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, no persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or has any options in respect of such capital.

EMOLUMENT POLICY

The emolument of the employees of the Group is set up by the human resources department and seeks to provide remuneration packages on the basis of the merit, qualifications and competence of the employees. The emoluments of the Directors and senior management of the Company will be reviewed by the Remuneration Committee, having regard to factors including the Group's operating results, responsibilities of the Directors and senior management and comparable market statistics.

RETIREMENT BENEFITS SCHEME

Particulars of the retirement benefits schemes of the Group are set out in note 39 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted for a period of 10 years commencing 6 November 2006 pursuant to an Ordinary Resolution passed at the Special General Meeting of the Shareholders held on 6 November 2006 for the purpose of providing incentives or rewards to selected employees and directors for their contribution to the Group.

Under the Scheme, the Company may grant options to selected employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to eligible vendors, customers, advisors and consultants to the Company and its subsidiaries at the discretion of the Board of Directors.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, Independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholders, Independent non-executive directors, or any of their respective associates) in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be also approved by the Company's shareholders.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the sate of the offer of the share options which must be a business day; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

As at 31 December 2008, options to subscribe for an aggregate of 210,060,000 shares of the Company granted to the Directors and certain employees pursuant to the

Scheme remained outstanding, details of which were as follows:

Name of Director	Number of share options: At 1 January 2008	Grant during the year	Exercised during the year	Cancelled/ Lapsed during the year	Outstanding as at 31 December 2008	Date of Grant	Exercisable period (both dates inclusive)	Exercise price	Closing price immediately before the date of grant
Mr. Wong Chi Wing Joseph	8,380,000	–	–	–	8,380,000	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	8,000,000	–	–	–	8,000,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	8,000,000	–	–	–	8,000,000	31 January 2007	1 January 2009 to 31 December 2009	0.205	0.205
Mr. Cheng Hairong	8,380,000	–	–	–	8,380,000	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	8,000,000	–	–	–	8,000,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	8,000,000	–	–	–	8,000,000	31 January 2007	1 January 2009 to 31 December 2009	0.205	0.205
Mr. Chu Kwok Chi Robert	1,340,000	–	(1,340,000)	–	–	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	660,000	–	(660,000)	–	–	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	680,000	–	–	–	680,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	1,320,000	–	–	–	1,320,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
Mr. Leung Hon Chuen	800,000	–	–	–	800,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	400,000	–	–	–	400,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	1,180,000	–	–	–	1,180,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
Mr. Poon Kwok Shin, Edmond	800,000	–	–	–	800,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	400,000	–	–	–	400,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	1,180,000	–	–	–	1,180,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
Mr. Xu Mingshe	680,000	–	–	–	680,000	21 February 2007	28 February 2007 to 31 December 2009	0.30	0.27
	660,000	–	–	–	660,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	660,000	–	–	–	660,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
Employees	55,500,000	–	(1,000,000)	(10,060,000)	44,440,000	31 January 2007	21 February 2007 to 31 December 2009	0.205	0.205
	57,500,000	–	–	(10,060,000)	47,440,000	31 January 2007	1 January 2008 to 31 December 2009	0.205	0.205
	55,320,000	–	–	(10,060,000)	45,260,000	31 January 2007	1 January 2009 to 31 December 2009	0.205	0.205
	7,200,000	–	(1,000,000)	(1,500,000)	4,700,000	21 February 2007	1 January 2008 to 31 December 2009	0.30	0.27
	9,200,000	–	–	(1,500,000)	7,700,000	21 February 2007	1 January 2009 to 31 December 2009	0.30	0.27
	1,000,000	–	–	–	1,000,000	15 August 2007	15 August 2008 to 15 August 2011	0.642	0.64
	1,000,000	–	–	–	1,000,000	15 August 2007	15 August 2009 to 15 August 2011	0.642	0.64
	1,000,000	–	–	–	1,000,000	15 August 2007	15 August 2010 to 15 August 2011	0.642	0.64
Total	247,240,000	–	(4,000,000)	(33,180,000)	210,060,000				

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	35%
– five largest customers combined	80%
Purchases	
– the largest supplier	18%
– five largest suppliers combined	37%

None of the Directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers as noted above.

CONTINUING CONNECTED TRANSACTIONS

On 22 May 2007, Qingyuan JCCL EPI Copper Limited ("JCCL EPI"), a 51% indirectly owned subsidiary of the Company, entered into (i) the Supply Framework Agreement with Jiangxi Copper Limited ("JCCL), pursuant to which JCCL EPI conditionally agreed to sell and JCCL conditionally agreed to purchase all the Copper Materials produced/processed by JCCL EPI during the three years ending 31 December 2009; and (ii) the Logistics Services Agreement, pursuant to which JCCL EPI has the right, but not the obligation to use the Logistics Services to be provided by JCC Logistics Limited ("JCC Logistics") for the three years ending 31 December 2009.

By virtue of JCCL's interest in 40% of JCCL EPI's registered capital, JCCL and JCC Logistics (being 64% owned indirect subsidiary of JCCL) are connected persons of the group and the transactions contemplated under the Supply Framework Agreement and Logistics Services Agreement therefore constitute continuing connected transactions for the Group under Chapter 14A of the Listing Rules.

During the year, JCCL EPI sold a total of RMB1,556 million copper materials to JCCL. The copper materials annual cap for the sales of copper materials by JCCL EPI to JCCL under the Supply Framework Agreement is set at RMB$3,150 million, RMB$6,300 million and RMB$7,560 million for the three years ending 31 December 2007, 2008 and 2009 respectively. If the amount to be paid by JCCL exceeds the said cap, independent shareholders' approval would be required. The total sales to JCCL for the year were within the annual cap of RMB6,300 million as stipulated in the Company's announcement on 12 June 2007.

During the year, JCCL EPI paid a total of RMB0.93 million copper materials to logistics Services fees to JCC Logistics. The logistics Services fees annual cap for the use of logistic services of JCC Logistics by JCCL EPI under the Logistics Services Agreement is set at RMB$11.5 million, RMB$23 million and RMB$27.6 million for the three years ending 31 December 2007, 2008 and 2009 respectively. If the amount to be paid by JCCL EPI exceeds the said cap, independent shareholders' approval would be required. The total logistics services fee paid to JCC Logistics during the year of RMB0.93 million was within the annual cap of RMB23 million as stipulated in the Company's announcement on 12 June 2007.

Save as disclosed above and in note 40 to the consolidated financial statements, there were no other connected transactions, which were discloseable under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EMPLOYEES

As at 31 December 2008, the Group had a total of about 40 employees in Hong Kong and 150 in PRC. Employee's cost (excluding directors' emoluments) amounted to approximately HK$27.7 million (2007: HK$26.7 million). The Group ensures that the pay levels of its employees are competitive according to market trend and its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the Public as of the date of this report.

CONTINGENT LIABILITIES

At 31 December 2008, the Group had no material contingent liabilities.

AUDITORS

The financial statements of the Company for the year ended 31 December 2006 was audited by Messrs. Ting Ho Kwan & Chan, Certified Public Accountants (Practising), while those for the year ended 31 December 2007 and 2008 were audited by Messrs. Deloitte Touche Tohmatsu.

A resolution will be submitted to the annual general meeting to reappoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board
Wong Chi Wong Joseph
Chairman

23 April 2009

Deloitte.
德勤

TO THE MEMBERS OF EPI (HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of EPI (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 92, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 April 2009

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	5	**2,546,532**	2,053,000
Cost of sales	6	**(2,458,477)**	(1,927,189)
Gross profit		**88,055**	125,811
Other income	7	**62,785**	65,126
Distribution and selling expenses		**(37,097)**	(35,071)
Administrative expenses		**(84,399)**	(63,183)
Other expenses	8	**(20,475)**	(11,079)
Finance costs	9	**(7,988)**	(3,537)
Profit before taxation		**881**	78,067
Taxation	10	**(8,714)**	(14,556)
(Loss) profit for the year	11	**(7,833)**	63,511
Attributable to:			
Equity holders of the Company		**(3,993)**	63,511
Minority interests		**(3,840)**	–
		(7,833)	63,511
(Loss) earnings per share			
– basic	15	**(0.1) HK cent**	1.64 HK cents
– diluted	15	**N/A**	1.59 HK cents

Consolidated Balance Sheet

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	16	**43,334**	30,541
Goodwill	17	**14,996**	–
Deposit for acquisition of property, plant and equipment		**–**	815
Prepaid lease payments	18	**22,729**	18,674
Loan receivables	21	**–**	24,933
Financial assets at fair value through profit or loss	19	**2,684**	2,340
		83,743	77,303
Current assets			
Inventories	20	**47,785**	146,064
Loan receivables	21	**30,000**	24,000
Trade and other receivables	22	**930,253**	671,102
Trade receivable from a joint venture partner	23	**1,024**	17,057
Held-for-trading investments	24	**24,836**	9,673
Derivative financial instruments	25	**25,205**	1,999
Prepaid lease payments	18	**538**	424
Pledged bank deposits	26	**43,711**	26,918
Bank balances and cash	26	**99,388**	145,047
		1,202,740	1,042,284
Current liabilities			
Trade and other payables	27	**140,940**	106,420
Derivative financial instruments	25	**22**	1,126
Bank borrowings	28	**307,338**	214,291
Taxation payable		**23,816**	15,898
		472,116	337,735
Net current assets		**730,624**	704,549
Total assets less current liabilities		**814,367**	781,852
Capital and reserves			
Share capital	29	**41,313**	41,350
Reserves		**731,062**	740,502
Equity attributable to equity holders of the Company		**772,375**	781,852
Share options reserve of a subsidiary		**2,238**	–
Minority interests		**39,754**	–
Total equity		**814,367**	781,852

The consolidated financial statements on pages 36 to 92 were approved and authorised for issue by the Board of Directors on 23 April 2009 and are signed on its behalf by:

Wong Chi Wing Joseph
Chairman

Cheng Hairong
Deputy-chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Contributed surplus reserve (Note) HK$'000	Translation reserve HK$'000	Share options reserve HK$'000	Warrants reserve HK$'000	Accumulated profits HK$'000	Sub-total HK$'000	Share options reserve of a subsidiary HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2007	36,082	160,707	60,322	–	–	–	8,537	265,648	–	–	265,648
Exchange differences arising on translation, representing total income recognised directly in equity	–	–	–	3,552	–	–	–	3,552	–	–	3,552
Profit for the year	–	–	–	–	–	–	63,511	63,511	–	–	63,511
Total recognised income for the year	–	–	–	3,552	–	–	63,511	67,063	–	–	67,063
Shares issued	5,735	458,832	–	–	–	–	–	464,567	–	–	464,567
Transaction cost attributable to issue of shares	–	(12,632)	–	–	–	–	–	(12,632)	–	–	(12,632)
Shares repurchased and cancelled	(591)	(24,275)	–	–	–	–	–	(24,866)	–	–	(24,866)
Issue of share options as share-based payment	–	–	–	–	12,540	–	–	12,540	–	–	12,540
Exercise of share options	44	1,105	–	–	(247)	–	–	902	–	–	902
Issue of warrants	–	–	–	–	–	11,470	–	11,470	–	–	11,470
Exercise of warrants	80	8,056	–	–	–	(638)	–	7,498	–	–	7,498
Dividend paid	–	–	–	–	–	–	(10,338)	(10,338)	–	–	(10,338)
At 31 December 2007 and 1 January 2008	41,350	591,793	60,322	3,552	12,293	10,832	61,710	781,852	–	–	781,852
Exchange differences arising on translation, representing total income recognised directly in equity	–	–	–	3,011	–	–	–	3,011	–	–	3,011
Loss for the year	–	–	–	–	–	–	(3,993)	(3,993)	–	(3,840)	(7,833)
Total recognised income and expenses for the year	–	–	–	3,011	–	–	(3,993)	(982)	–	(3,840)	(4,822)
Shares repurchased and cancelled	(77)	(2,361)	–	–	–	–	–	(2,438)	–	–	(2,438)
Recognition of share-based payment expense	–	–	–	–	3,356	–	–	3,356	2,238	–	5,594
Exercise of share options	40	1,115	–	–	(240)	–	–	915	–	–	915
Lapse of warrants	–	–	–	–	–	(10,832)	10,832	–	–	–	–
Dividend paid	–	–	–	–	–	–	(10,328)	(10,328)	–	–	(10,328)
Acquired on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	43,594	43,594
At 31 December 2008	**41,313**	**590,547**	**60,322**	**6,563**	**15,409**	**–**	**58,221**	**772,375**	**2,238**	**39,754**	**814,367**

Note: The contributed surplus reserve represents the credit arising from the capital reduction in 2006.

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Operating activities			
Profit before taxation		**881**	78,067
Adjustments for:			
Depreciation of property, plant and equipment		**3,747**	1,204
Loss on disposal of property, plant and equipment		**85**	–
Impairment loss recognised in respect of property, plant and equipment		**715**	–
Impairment loss recognised in respect of goodwill		**14,251**	–
Loss on disposal of a subsidiary		**289**	–
Share-based payment expense		**5,594**	12,540
Amortisation of prepaid lease payments		**570**	212
Write-down of inventories		**3,116**	1,479
Gain on fair value change of index-linked note		**(344)**	–
Interest income		**(4,246)**	(7,091)
Interest expenses		**7,988**	3,537
Operating cash flows before movements in working capital		**32,646**	89,948
Decrease (increase) in inventories		**109,706**	(147,543)
Increase in trade and other receivables		**(219,867)**	(597,088)
Decrease (increase) in trade receivable from a joint venture partner		**17,227**	(17,057)
Increase in investments of held-for-trading financial assets		**(15,163)**	(9,673)
(Decrease) increase in trade and other payables		**(26,665)**	178,384
Increase in derivative financial instruments		**(24,310)**	(873)
Cash used in operations		**(126,426)**	(503,902)
Hong Kong Profits Tax paid		**(2,277)**	(696)
Net cash used in operating activities		**(128,703)**	(504,598)
Investing activities			
Purchases of property, plant and equipment		**(9,108)**	(30,966)
Proceeds from disposal of property, plant and equipment		**3**	–
Interest received		**2,982**	7,091
Purchase of index-linked note		**–**	(2,340)
Deposit paid for acquisition of property, plant and equipment		**–**	(815)
Additions of prepaid lease payments		**–**	(19,310)
Acquisition of subsidiaries	33	**53,358**	–
Acquisition of additional interest in a jointly controlled entity through purchase of a subsidiary	34	**(20,818)**	–
Disposal of a subsidiary	35	**(6)**	–
Loan advanced		**(26,000)**	(28,000)
Receipts from repayment of loan receivables		**44,933**	–
Increase in pledged bank deposits		**(16,793)**	(21,918)
Net cash from (used in) investing activities		**28,551**	(96,258)

	Notes	2008 HK$'000	2007 HK$'000
Financing activities			
New bank borrowings raised		**532,320**	369,925
Proceeds from issue of shares upon exercise of share options		**915**	902
Repayment of bank borrowings		**(459,931)**	(243,430)
Dividend paid		**(10,328)**	(10,338)
Interest paid		**(7,988)**	(3,537)
Payment on repurchase of shares		**(2,438)**	(24,866)
Proceeds from issue of shares		**–**	464,567
Proceeds from issue of warrants		**–**	11,470
Proceeds from issue of shares upon exercise of warrants		**–**	7,498
Expenses on issue of shares		**–**	(12,632)
Net cash from financing activities		**52,550**	559,559
Net decrease in cash and cash equivalents		**(47,602)**	(41,297)
Cash and cash equivalents at beginning of the year		**145,047**	186,344
Effect of foreign exchange rate changes		**1,943**	–
Cash and cash equivalents at end of the year, representing bank balances and cash		**99,388**	145,047

1. GENERAL

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of the principal place of business of the Company is Suite 6303-4 on 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sourcing and trading of non-ferrous metals and consumer electronics products. The principal activities of the Group's jointly controlled entity are the provision of copper smelting and production of copper anode.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC)-INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC)-INT 12	Service concession arrangements
HK(IFRIC)-INT 14	HKAS 19-The limit on a defined benefit asset, minimum funding requirements and their interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of financial statements [2]
HKAS 23 (Revised)	Borrowing costs [2]
HKAS 27 (Revised)	Consolidated and separate financial statements [3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [2]
HKAS 39 (Amendment)	Eligible hedged items [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [2]
HKFRS 3 (Revised)	Business combinations [3]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments [2]
HKFRS 8	Operating segments [2]
HK(IFRIC)-INT 9 & HKAS 39 (Amendments)	Embedded derivatives [4]
HK(IFRIC)-INT 13	Customer loyalty programmes [5]
HK(IFRIC)-INT 15	Agreements for the construction of real estate [2]
HK(IFRIC)-INT 16	Hedges of a net investment in a foreign operation [6]
HK(IFRIC)-INT 17	Distribution of non-cash assets to owners [3]
HK(IFRIC)-INT 18	Transfers of assets from customers [7]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods ending on or after 30 June 2009.
5 Effective for annual periods beginning on or after 1 July 2008.
6 Effective for annual periods beginning on or after 1 October 2008.
7 Effective for transfers on or after 1 July 2009.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")- CONTINUED

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses 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 "Business combinations" are recognised at their fair values at the acquisition date.

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.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Goodwill

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Joint ventures

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group recognises its interests in jointly controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar line items, line by line, in the consolidated financial statements.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

On acquisition of additional interest in a jointly controlled entity which do not fall within the definition of business combination under HKFRS 3, goodwill arising on the purchase of the additional interest is calculated as the difference between the additional cost of the interest acquired and the increase in the Group's interest, based on the carrying amount of all identifiable assets and liabilities of the jointly controlled entity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives after taking into account their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Prepaid lease payments

Payments for obtaining land use rights is considered as operating lease payment and charged to profit or loss over the period of land use right using the straight-line method.

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Financial instruments-continued

Financial assets

The Group's financial assets comprise of financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss, of which interest income is excluded from net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Index-linked note is a hybrid instrument that contains embedded derivatives. The Group has designated the index-linked note as "financial assets at fair value through profit or loss" upon initial recognition in accordance with HKAS 39. The notes are carried at fair value, with changes in fair value recognised in profit or loss.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Financial instruments-continued

Financial assets-continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including loan receivables, trade and other receivables, trade receivable from a joint venture partner, pledged bank deposits, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Financial instruments-continued

Financial liabilities and equity-continued

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivative when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Other financial liabilities

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company, including warrants which will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments, are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or receivable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Share-based payment transactions-continued

Equity-settled share-based payment transactions-continued

Share options granted to other suppliers of goods and services

Share options issued in exchange for goods or services are measured at the fair value of the goods or services received, unless the fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair value of the goods or services are recognised as expenses with a corresponding increase in equity, when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

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 year. Taxable profit differs from profit as reported in the consolidated 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 recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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, and interests in joint ventures, 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 profits 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 profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and Mandatory Provident Fund Schemes ("MPF Schemes") are charged as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements in Hong Kong dollars, the assets and liabilities of the group entities are translated into Hong Kong dollars using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Translation differences relating to a foreign operation are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, additional impairment loss may arise. As at 31 December 2008, the carrying amount of goodwill was HK$14,996,000 (net of impairment of HK$14,251,000) (2007: nil). Details of the recoverable amount calculation are disclosed in note 17.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY-CONTINUED

Estimated impairment of trade and other receivables

Allowance for trade and other receivables is made based on the evaluation of collectability and ageing analysis of accounts. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2008, the carrying amount of trade and other receivables is HK$930,253,000 (2007: HK$671,102,000).

Useful lives of property, plant and equipment

The management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It may also change significantly as a result of technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

5. REVENUE AND SEGMENTS INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to customers, less return, discounts and sales related taxes. An analysis of the Group's revenue, by business segments, is as follows:

(a) Business segments

For management purposes, the Group is currently organised into three operating divisions namely metals sourcing and trading, production of copper anode and consumer electronics. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Metals sourcing and trading	–	sourcing and trading of non-ferrous metals
Production of copper anode	–	manufacturing of copper anode
Consumer electronics	–	sourcing and trading of consumer electronics business

Segment information about these businesses is presented below.

5. REVENUE AND SEGMENTS INFORMATION-CONTINUED

(a) Business segments-continued

Year ended 31 December 2008

Consolidated income statement

	Metals sourcing and trading HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Elimination HK$'000	Total HK$'000
Revenue					
External sales	1,285,960	881,514	379,058	–	2,546,532
Inter-segment sales	30,436	–	–	(30,436)	–
Total	1,316,396	881,514	379,058	(30,436)	2,546,532
Inter-segment sales are charged at prevailing market price.					
Result					
Segment results	96,972	(37,686)	5,220	–	64,506
Unallocated income					11,646
Unallocated corporate expenses					(75,271)
Profit before taxation					881
Taxation					(8,714)
Loss for the year					(7,833)

Consolidated balance sheet

	Metals sourcing and trading HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Elimination HK$'000	Total HK$'000
ASSETS					
Segment assets	792,189	218,169	30,743		1,041,101
Unallocated corporate assets					245,382
Consolidated total assets					1,286,483
LIABILITIES					
Segment liabilities	140,780	67,893	9,091		217,764
Unallocated corporate liabilities					254,352
Consolidated total liabilities					472,116

5. REVENUE AND SEGMENTS INFORMATION-CONTINUED

(a) Business segments-continued

Other information

	Metals sourcing and trading HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Unallocated HK$'000	Total HK$'000
Write-down of inventories	–	3,116	–	–	3,116
Amortisation of prepaid lease payments	–	570	–	–	570
Capital additions	55	2,093	22	7,753	9,923
Depreciation	96	1,783	183	1,685	3,747
Impairment loss recognised in respect of goodwill	–	14,251	–	–	14,251
Impairment loss recognised in respect of property, plant and equipment	–	–	–	715	715

Year ended 31 December 2007

Consolidated income statement

	Metals sourcing and trading HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Elimination HK$'000	Total HK$'000
Revenue					
External sales	1,188,933	749,133	114,934	–	2,053,000
Inter-segment sales	79,583	–	–	(79,583)	–
Total	1,268,516	749,133	114,934	(79,583)	2,053,000
Inter-segment sales are charged at prevailing market price.					
Result					
Segment results	104,098	17,899	424	–	122,421
Unallocated income					11,780
Unallocated corporate expenses					(56,134)
Profit before taxation					78,067
Taxation					(14,556)
Profit for the year					63,511

5. REVENUE AND SEGMENTS INFORMATION-CONTINUED

(a) Business segments-continued

Consolidated balance sheet

	Metals sourcing and trading HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Elimination HK$'000	Total HK$'000
ASSETS					
Segment assets	630,594	238,286	26,227		895,107
Unallocated corporate assets					224,480
Consolidated total assets					1,119,587
LIABILITIES					
Segment liabilities	94,168	90,166	6,492		190,826
Unallocated corporate liabilities					146,909
Consolidated total liabilities					337,735

Other information

	Metals sourcing and trading HK$'000	Production of copper anode HK$'000	Consumer electronics HK$'000	Unallocated HK$'000	Total HK$'000
Additions of prepaid lease payments	–	19,310	–	–	19,310
Write-down of inventories	–	1,479	–	–	1,479
Amortisation of prepaid lease payments	–	212	–	–	212
Capital additions	347	25,102	37	5,480	30,966
Depreciation	40	441	196	527	1,204

(b) Geographical segments

All the Group's segment assets and capital expenditure incurred during the year are located in the People's Republic of China (the "PRC") (including Hong Kong), which is considered as one geographical location in an economic environment with similar risks and returns. In addition, over 90% of the Group's revenue by geographical market based on location of customers are also located in the PRC. Accordingly, no geographical segment analysis is presented.

6. COST OF SALES

Cost of sales during both years represented cost of inventories recognised as expenses.

7. OTHER INCOME

	2008 HK$'000	2007 HK$'000
Bank interest income	**1,398**	4,613
Interest income from loan receivables	**2,848**	2,478
Total interest income	**4,246**	7,091
Change in fair value of financial assets classified as		
– held-for-trading	**4,355**	825
– derivative financial instruments	**49,601**	53,346
– designated as at FVTPL	**344**	–
	54,300	54,171
Others	**4,239**	3,864
	62,785	65,126

8. OTHER EXPENSES

	2008 HK$'000	2007 HK$'000
Impairment loss recognised in respect of goodwill	**14,251**	–
Impairment loss recognised in respect of property, plant and equipment	**715**	–
Loss on disposal of property, plant and equipment	**85**	–
Loss on disposal of a subsidiary	**289**	–
Expenses incurred in exploring potential investment opportunities	**5,135**	11,079
	20,475	11,079

9. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on bank borrowings wholly repayable within five years	**7,988**	3,537

10. TAXATION

	2008 HK$'000	2007 HK$'000
Current tax:		
Hong Kong Profits Tax		
– Current year	**10,301**	14,556
– Overprovision in prior years	**(1,587)**	–
	8,714	14,556

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

The Group's jointly controlled entity is subject to taxation arising in other jurisdictions which is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changed the tax rate of the Group's jointly controlled entity to 25% from 1 January 2008 onwards.

The Group's jointly controlled entity is exempted from PRC Enterprise Income Tax for the first two profitable years starting from the year ended 31 December 2007 and a 50% reduction for the following three years. Under the New Law, the jointly controlled entity continues to enjoy such treatment until the fixed term expires, but not beyond 2012.

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

	2008 HK$'000	2007 HK$'000
Profit before taxation	**881**	78,067
Tax at the applicable rates of 16.5% (2007: 17.5%)	**145**	13,662
Tax effect of income not taxable for tax purpose	**(1,817)**	(766)
Tax effect of expenses not deductible for tax purpose	**3,863**	3,983
Tax effect of tax losses not recognised as deferred tax asset	**8,525**	–
Tax effect of utilisation of tax losses previously not recognised as deferred tax asset	**–**	(122)
Effect of tax exemption granted to a PRC jointly controlled entity	**–**	(2,151)
Overprovision in prior years	**(1,587)**	–
Others	**(415)**	(50)
Tax charge for the year	**8,714**	14,556

10. TAXATION-CONTINUED

At 31 December 2008, the Group had unused tax losses of HK$44,499,000 (2007: nil) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit. Included in the unrecognised tax losses are losses of HK$37,348,000 (2007: nil) that will expire in 2013. Other losses may be carried forward indefinitely.

11. (LOSS) PROFIT FOR THE YEAR

	2008	2007
	HK$'000	HK$'000
(Loss) profit for the year has been arrived at after charging:		
Directors' remuneration (note 12)	**8,215**	9,494
Other staff's retirement benefits costs	**565**	552
Other staff share-based payment expense	**4,254**	8,702
Other staff costs	**22,857**	17,486
Total staff costs	**35,891**	36,234
Amortisation of prepaid lease payments	**570**	212
Auditor's remuneration	**2,050**	1,600
Depreciation of property, plant and equipment	**3,747**	1,204
Exchange loss, net	**1,008**	1,959
Minimum lease payments under operating leases in respect of		
– office properties and buildings	**7,186**	3,307
– machinery	**560**	–
Write-down of inventories	**3,116**	1,479

12. DIRECTORS' EMOLUMENTS

	2008 HK$'000	2007 HK$'000
Fees	**488**	450
Other emoluments		
– Salaries and other benefits	**7,671**	9,005
– Retirement benefits scheme contributions	**56**	39
	8,215	9,494

The emoluments paid or payable to each of seven (2007: six) directors were as follows:

2008

		Other emoluments			
Name	**Fees HK$'000**	**Salaries, and other benefits HK$'000**	**Share-based payment HK$'000**	**Retirement benefits scheme contributions HK$'000**	**Total HK$'000**
Executive directors					
Wong Chi Wing, Joseph	**–**	**2,190**	**277**	**12**	**2,479**
Chu Kwok Chi, Robert	**–**	**1,210**	**172**	**22**	**1,404**
Cheng Hai Rong	**–**	**2,931**	**768**	**22**	**3,721**
Non-executive director					
Leung Hon Chuen	**150**	**–**	**48**	**–**	**198**
Independent non-executive directors					
Poon Kwok Shin	**150**	**–**	**48**	**–**	**198**
Qian Zhi Hui (note)	**38**	**–**	**–**	**–**	**38**
Xu Mingshe	**150**	**–**	**27**	**–**	**177**
Total emoluments	**488**	**6,331**	**1,340**	**56**	**8,215**

Note: Appointed on 19 September 2008.

12. DIRECTORS' EMOLUMENTS-CONTINUED

2007

		Other emoluments			
Name	Fees HK$'000	Salaries, and other benefits HK$'000	Share-based payment HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors					
Wong Chi Wing, Joseph	–	2,306	1,485	13	3,804
Chu Kwok Chi, Robert	–	910	263	13	1,186
Cheng Hai Rong	–	1,951	1,485	13	3,449
Non-executive director					
Leung Hon Chuen	150	–	233	–	383
Independent non-executive directors					
Poon Kwok Shin	150	–	233	–	383
Xu Mingshe	150	–	139	–	289
Total emoluments	450	5,167	3,838	39	9,494

There was no arrangement under which a director waived or agreed to waive remuneration during both years. In addition, no remuneration was paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as compensation for loss of office.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2007: three) were directors of the Company whose emoluments are included in the disclosures in note 12. The emoluments of the remaining three (2007: two) individuals were as follows:

	2008 HK$'000	2007 HK$'000
Salaries and other benefits	**5,072**	4,342
Retirement benefits scheme contributions	**36**	26
	5,108	4,368

Their emoluments were within the following bands:

	2008 No. of employee	2007 No. of employee
HK$nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,500,001 to HK$3,000,000	**–**	1

14. DIVIDENDS

Dividend recognised as distribution during the year:

	2008 HK$'000	2007 HK$'000
2007 final dividend-HK0.25 cents per share (2007: 2007 interim dividend-HK0.25 cents per share)	**10,328**	10,338

No dividend was proposed during 2008, nor has any dividend been proposed since the balance sheet date (2007: final dividend for 2007 of HK0.25 cents).

15. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008 HK$'000	2007 HK$'000
(Loss) earnings		
(Loss) earnings for the purposes of basic (loss) earnings per share	**(3,993)**	63,511

	2008 '000	2007 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	**4,130,188**	3,872,418
Effect of dilutive potential ordinary shares:		
Options		133,630
Weighted average number of ordinary shares for the purpose of diluted earnings per share		4,006,048

The diluted loss per share for the year ended 31 December 2008 was not presented as the exercise of the share options would result in a decrease in loss per share.

The computation of diluted earnings per share for the year ended 31 December 2007 did not assume the exercise of the Company's outstanding warrants and certain of the Company's share options as the exercise price of those warrants/options is higher than the average market price for shares for the period in which the warrants/options were outstanding.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor Vehicles	Furture, fixtures and equipment	Plant and machinery	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1 January 2007	–	485	379	–	–	864
Additions	7,683	2,916	4,212	8,935	7,220	30,966
Transfer	–	–	–	645	(645)	–
At 31 December 2007	7,683	3,401	4,591	9,580	6,575	31,830
Exchange realignment	598	99	250	830	257	2,034
Acquired on acquisition of subsidiaries	–	–	735	–	–	735
Acquired on acquisition of additional interest in a jointly controlled entity	1,799	145	59	2,566	221	4,790
Disposal of a subsidiary	–	–	(735)	–	–	(735)
Additions	564	3,068	3,431	909	1,951	9,923
Transfer	2,032	–	–	4,693	(6,725)	–
Disposals	–	–	(95)	–	–	(95)
At 31 December 2008	12,676	6,713	8,236	18,578	2,279	48,482
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2007	–	24	61	–	–	85
Provided for the year	78	438	424	264	–	1,204
At 31 December 2007	78	462	485	264	–	1,289
Exchange realignment	18	16	43	62	–	139
Provided for the year	371	759	1,398	1,219	–	3,747
Impairment loss recognised	–	–	715	–	–	715
Disposal of a subsidiary	–	–	(735)	–	–	(735)
Eliminated on disposals	–	–	(7)	–	–	(7)
At 31 December 2008	467	1,237	1,899	1,545	–	5,148
CARRYING VALUES						
At 31 December 2008	12,209	5,476	6,337	17,033	2,279	43,334
At 31 December 2007	7,605	2,939	4,106	9,316	6,575	30,541

The above items of property, plant and equipment are depreciated on a straight-line basis, and after taking into account of their estimated residual value, as follow:

16. PROPERTY, PLANT AND EQUIPMENT-CONTINUED

Buildings	Over the shorter of the term of the lease or 45 years
Motor vehicles	20%
Furniture, fixtures and equipment	20%-33$^1/_3$%
Plant and machinery	12$^1/_2$%

During the year, certain furniture, fixtures and equipment were impaired due to physical damage as a result of relocation of office by a subsidiary. Accordingly, impairment loss of HK$715,000 was recognised.

At 31 December 2007, the Group has pledged certain plant and machinery and buildings having a carrying amount of HK$2,777,000 and HK$5,986,000 respectively to secure short term bank borrowings. During the year ended 31 December 2008, the legal charge was released upon settlement of the relevant bank loans.

17. GOODWILL

	HK$'000
COST	
At 1 January 2007 and 31 December 2007	–
Acquired on acquisition of subsidiaries	14,996
Acquired on acquisition of additional interest in a jointly controlled entity	14,251
At 31 December 2008	29,247
IMPAIRMENT	
At 1 January 2007 and 31 December 2007	–
Impairment loss recognised	14,251
At 31 December 2008	14,251
CARRYING AMOUNTS	
At 31 December 2008	14,996
At 31 December 2007	–

Impairment testing of goodwill

The Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill set out above has been allocated to two individual cash-generating units ("CGU"s), including (a) Vision Tech International Holdings Limited ("Vision Tech") in the consumer electronics segment, and (b) one jointly controlled entity in the production of copper anode segment.

17. GOODWILL-CONTINUED

Impairment testing of goodwill-continued

The carrying amount of goodwill (net of accumulated impairment losses) as at 31 December 2008 allocated to these CGUs is as follows:

	2008 HK$'000
Consumer electronics-Vision Tech ("CGU A")	**14,996**
Production of copper anode-Qingyuan JCCL EPI Copper Limited ("CGU B")	**–**
	14,996

During the year ended 31 December 2008, management of the Group determines that there is no impairment of goodwill allocated to CGU A and the Group recognised an impairment loss of HK$14,251,000 in relation to goodwill arising on acquisition of additional interest in a jointly controlled entity. The impairment loss recognised is due to the prolong and substantial decline in the price of copper anode since the last quarter of 2008 which resulted in the production cost of copper anode being higher than the selling price. No write-down of the carrying amounts of other assets in CGU B was necessary.

The bases of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

CGU A

The recoverable amount of this unit has been determined based on a value in use calculation. The calculation is based on financial budgets approved by management covering a five-year period and CGU A's cash flows beyond the five-year period are extrapolated using a stable growth rate of 2%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. A key assumption for the value in use calculation is that the budgeted growth rate decreased by 10% in the first year, increased by 5% each year for the next two years and increased by 2% from the forth years onwards. Other key assumptions for the value in use calculation relate to the estimation of cash inflow and outflows which include budgeted sales and gross margin which is determined based on past performance and management's expectations for the market development. The discount rate applied to the cash flow projection is 7% and it reflects specific risks relating to the relevant operating unit. Management believes that any reasonably possible change in any of these assumptions will not cause the aggregate carrying amount of CGU A to exceed the aggregate recoverable amount of CGU A. If the discount rate applied in the impairment review for goodwill had been 2% higher, the value in use calculated by using the revised discount rate would still be higher than the carrying amount of CGU A, and there would be no impairment for CGU A.

17. GOODWILL-CONTINUED

CGU B

The recoverable amount of this unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management and cash flows beyond the five-year period are extrapolated using a growth rate of 5% which is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. A key assumption for the value in use calculation is that the budgeted growth rate increase by 5% for the next five years. The discount rate applied to cash flow projections is 8%.

Other key assumptions used in the value in use calculation of CGU B for 31 December 2008 are as follows:

Raw materials price inflation

The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year. The values assigned to key assumptions are consistent with external information sources.

Commodity price inflation

The basis used to determine the value assigned to commodity price inflation is the expectations of future changes in the market. The values assigned to key assumptions are based on external information sources.

18. PREPAID LEASE PAYMENTS

	2008 **HK$'000**	2007 HK$'000
CARRYING AMOUNT		
At beginning of the year	**19,098**	–
Exchange realignment	**1,229**	–
Additions	**–**	19,310
Acquired on acquisition of additional interest in a jointly controlled entity	**3,510**	–
Charged to consolidated income statement	**(570)**	(212)
At end of the year	**23,267**	19,098

	2008 **HK$'000**	2007 HK$'000
Analysed as:		
Current	**538**	424
Non-current	**22,729**	18,674
	23,267	19,098

18. PREPAID LEASE PAYMENTS-CONTINUED

The prepaid lease payments represent leasehold interest in the PRC with rights to use the land under medium term leases and are amortised over 45 years on a straight-line basis.

At 31 December 2007, the Group has pledged the land use rights having a carrying amount of HK$19,098,000 to secure short term bank borrowings. During the year ended 31 December 2008, the legal charge released upon settlement of the relevant bank loans.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2008	2007
	HK$'000	HK$'000
Index-linked note	**2,684**	2,340

The index-linked note is denominated in United States dollars ("USD") with principal amount of USD300,000. The note does not bear any interest and the Group is entitled to a 100% principal protection level ("Principal Protection Clause") if the note is not redeemed before its maturity date. The Group has an option to redeem the note on or before maturity, settled at the valuation amount provided by the counterparty bank which will be determined based on the exchange rate movements on certain specified currencies at the redemption date. Early redemption is not covered by the Principal Protection Clause.

The index-linked note is designated as financial asset at fair value through profit or loss upon initial recognition as it contains an embedded derivative. The maturity date of the index-linked note is July 2012 and the index-linked note is therefore classified as non-current. At 31 December 2008 and 2007, the fair value of the index-linked note was determined based on the exchange rate movements on certain specified currencies as valuation amount provided by the counterparty bank.

The index-linked note has been pledged to secure banking facilities granted to the Group.

20. INVENTORIES

	2008 HK$'000	2007 HK$'000
Raw materials and consumables	**33,123**	77,559
Work in progress	**9,650**	8,721
Finished goods	**5,012**	59,784
	47,785	146,064

21. LOAN RECEIVABLES

	2008 HK$'000	2007 HK$'000
Loan receivables comprise:		
Interest-bearing loan receivable (note a)	**30,000**	24,000
Non-interest bearing loan receivable (note b)	**–**	7,500
Interest-bearing loan receivable from a joint venture partner (note c)	**–**	17,433
	30,000	48,933
Analysed as:		
Current	**30,000**	24,000
Non-current	**–**	24,933
	30,000	48,933

Notes:

(a) The loan represents the amount drawn down and remained outstanding as at 31 December 2008 and 2007 from a HK$30 million facility granted by the Group to an independent third party ("ITP") during the year ended 31 December 2007. The loan is secured and bears interest at the Hong Kong prime rate offered by The Hong Kong and Shanghai Banking Corporation plus 5% and is originally repayable after 6 months from the loan agreement date of 3 December 2007. During the year ended 31 December 2008, the Group entered into two extension agreements with the ITP and the maturity date of the facility is extended to 28 May 2009. As at 31 December 2008, the HK$30 million loan receivables would otherwise be past due if the facility was not renegotiated. The Group has assessed the ITP's credit quality and the balance is not past due in accordance with the extension agreements at the balance sheet date. Accordingly, no impairment loss is required to be recognised in the consolidated financial statements. The loan continues to be secured by certain equity securities listed on the Stock Exchange held by the ITP. In addition, as a result of the extension of the facility and increase in the drawdown amount, the Group obtained a note of convertible bond issued by a company on the Stock Exchange held by the ITP as additional securities during the year ended 31 December 2008.

(b) The amount at 31 December 2007 represented a loan advanced to a wholly owned subsidiary of Vision Tech. Vision Tech is a listed company on the Stock Exchange and the Company became a controlling shareholder of Vision Tech during the year ended 31 December 2008. The amount was unsecured and interest free. The balance was settled in full during the year ended 31 December 2008.

(c) The amount at 31 December 2007 represented advance to a joint venture partner made during the year ended 31 December 2006. The amount was unsecured and bore interest at 10% per annum. During the year ended 31 December 2008, the balance was settled in full.

22. TRADE AND OTHER RECEIVABLES

	2008 HK$'000	2007 HK$'000
Trade receivables	**738,299**	502,304
Bills receivables	**30,912**	28,756
	769,211	531,060
Other tax recoverable	**9,185**	–
Prepayments to an associated company of a joint venture partner (note a)	**67,129**	–
Prepayments to other suppliers	**35,140**	72,755
Margin deposits to financial institutions	**34,468**	20,353
Other receivables and deposits (note b)	**15,120**	46,934
Total trade and other receivables	**930,253**	671,102

Notes:

(a) As at 31 December 2008, prepayment to an associated company of a joint venture partner represents the prepayment for purchase of scrap copper.

(b) As at 31 December 2007, other receivables included balances of HK$14,890,000 receivable from independent third parties. The amounts were unsecured and interest free and were fully repaid during the year ended 31 December 2008. In addition, as at 31 December 2007, a balance of HK$23,173,000 was receivable from a bank in respect of commodity forward trading settlement balance. This amount was settled in full during the year ended 31 December 2008.

The Group allows on average credit period of 90 days to its trade customers. At the discretion of the directors, several major customers are allowed to settle their balances beyond the normal credit terms up to 180 days. The following is an aged analysis of trade and bills receivables at the reporting date:

	2008 HK$'000	2007 HK$'000
0-30 days	**204,854**	321,239
31-60 days	**105,298**	106,572
61-90 days	**165,497**	103,249
91-120 days	**293,562**	–
	769,211	531,060

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit quality attributed to customers are reviewed regularly. Management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality based on the good payment history of the related debtors from historical experience. No allowance has been made for each of the years ended 31 December 2008 and 2007.

Included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of HK$10,915,000 (2007: nil) which are past due at the reporting date for which the Group had not provided for impairment loss, as there has not been significant changes in credit quality and the amounts are still considered recoverable based on the relationship and repayment history from the debtors. The Group does not hold any collateral over these balances. The average age of these receivables is 103 days in 2008 (2007: n/a).

22. TRADE AND OTHER RECEIVABLES-CONTINUED

Ageing of trade and bills receivables which are past due but not impaired

	2008 HK$'000	2007 HK$'000
91-120 days	**10,915**	–

Included in trade and bills receivables are the following amount denominated in currency other than functional currency of the relevant group entities:

	2008 HK$'000 Equivalent	2007 HK$'000 Equivalent
USD	**231,882**	275,646

23. TRADE RECEIVABLE FROM A JOINT VENTURE PARTNER

Trade receivable from a joint venture partner is unsecured, interest-free and aged within 90 days (2007: 90 days).

The balance was not past due at the reporting date and the Group does not hold any collateral over this balance.

The management closely monitors the credit quality of the balance and considers the balance that is neither past due nor impaired to be of a good credit quality.

24. HELD-FOR-TRADING INVESTMENTS

	2008 HK$'000	2007 HK$'000
Held-for-trading investments include:		
Listed securities		
-Equity securities listed in Hong Kong	**24,836**	9,673

The investments represent investments in listed equity securities in Hong Kong which present the Group with opportunity for return through dividend income and trading gain. The fair value of these securities at 31 December 2008 and 2007 is based on bid prices quoted in active market.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2008 HK$'000	2007 HK$'000
Commodity forward contracts-Copper cathode (note a)		
– Derivative financial assets	**25,205**	1,999
– Derivative financial liabilities	**(22)**	(1,126)
Foreign currency swap contracts not under hedge accounting (note b)	**–**	–
	25,183	873

Notes:

(a) The Group utilises commodity forward contracts to hedge forecasted purchase and sale of copper concentrate and/or related materials. These arrangements are designed to address significant fluctuation in the price of copper concentrate and/or related materials which move in line with the price of copper cathode. However, the Group does not designate these forward contracts as hedging instruments according to HKAS 39 "Financial instruments: recognition and measurement". Accordingly, they are treated as financial assets or financial liabilities held for trading and included in fair value through profit or loss. The respective unrealised gain/loss is recognised in the consolidated income statement and the respective balance is recognised under current assets and current liabilities.

As at 31 December 2008, the fair value of commodity forward contracts of the Group which are not designated as hedging instruments amounting to HK$25,205,000 (2007: HK$1,999,000) and HK$22,000 (2007: HK$1,126,000) were recognised as current assets and current liabilities respectively in the consolidated balance sheet. Fair values of commodity forward contracts were determined by reference to the market forward price of related metals quoted from the London Metal Exchange and the Shanghai Futures Exchange as at year end.

The major terms of these contracts (with net settlement option) at 31 December 2008 and 2007 were as follows:

	2008	2007
Position: Sell forward contracts quantities (in tonnes)	**5,857**	3,030
Price per tonne (HK$)	**22,331-36,504**	51,920-62,092
Delivery period	**Jan 2009-Nov 2009**	Jan 2008-Mar 2008
Position: Buy forward contracts quantities (in tonnes)	**4,880**	N/A
Price per tonne (HK$)	**23,821-40,279**	N/A
Delivery period	**Jan 2009-Nov 2009**	N/A

(b) The Group has no foreign currency swap contracts as at 31 December 2007. Major terms of the foreign currency swap contracts with net settlement option at 31 December 2008 are as follows:

Notional amount	Maturity date	Swaps
USD1,000,000/ USD3,000,000	January 2009 to January 2010	(i) the Group will receive USD1,000,000 while paying HK$ at forward rate of 7.7490 if the expiry reference rate* is greater than or equal to 7.7490. (ii) the Group will receive USD3,000,000 while paying HK$ at forward rate of 7.7490 if the expiry reference rate* is less than 7.7490.

* Expiry reference rate is determined by the counterparty bank by reference to the USD/HK$ mid rate which is publicly available on the expiry date.

As at 31 December 2008, the fair value of the foreign currency swap contracts which is estimated using valuation provided by the counterparty bank was insignificant.

26. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

	2008	2007
	HK$'000	HK$'000
Cash at banks and in hand	**99,388**	145,047
Pledged bank deposits	**43,711**	26,918
	143,099	171,965

Bank balances carry interest at market rates which range from 0.4% to 1% (2007: 1% to 1.5%) per annum. The pledged deposits carry fixed interest at rate of 0.6% to 4% (2007: 3% to 4%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$43,711,000 (2007: HK$26,918,000) have been pledged to secure short term trade financing from banks and are therefore classified as current assets.

Included in pledge bank deposits and cash at banks of HK$8,983,000 (2007: HK$2,424,000) and HK$14,375,000 (2007: HK$15,016,000) respectively are kept in banks registered in the PRC and Renminbi is not a freely convertible currency.

In addition, included in the bank balances and cash are the following amount denominated in currency other than the functional currency of the relevant group entities:

	2008	2007
	HK$'000	HK$'000
	Equivalent	Equivalent
USD	**44,523**	39,766

27. TRADE AND OTHER PAYABLES

	2008 HK$'000	2007 HK$'000
Trade payables	**41,972**	79,390
Bills payables	**44,916**	12,005
	86,888	91,395
Deposits received from a jointly controlled entity (note)	**40,561**	–
Other payables and accruals	**13,491**	15,025
	140,940	106,420

Note: As at 31 December 2008, deposits received from a jointly controlled entity represents the deposits for sales of scrap copper.

The following is an aged analysis of trade and bills payables at the balance sheet date:

	2008 HK$'000	2007 HK$'000
0-30 days	**35,280**	89,601
31-60 days	**–**	1,794
61-90 days	**4,439**	–
91-180 days	**44,916**	–
Over 180 days	**2,253**	–
	86,888	91,395

The average credit period on purchases of goods is 30 days.

Included in bills payables at 31 December 2008 is an amount of HK$17,100,000 (2007: nil) which is for settlement of a trade payable due to an associated company of a joint venture partner.

All of the other payables are unsecured, interest free and expected to be settled within one year.

Included in trade and bills payables are the following amount denominated in currency other than the functional currency of the relevant group entities.

	2008 HK$'000 Equivalent	2007 HK$'000 Equivalent
USD	**21,104**	6,745

28. BANK BORROWINGS

	2008 HK$'000	2007 HK$'000
Borrowing which are repayable within one year comprise the following:		
Bank loans (note)	**213,753**	126,495
Trust receipts loans	**93,585**	87,796
	307,338	214,291
Analysed as:		
Secured	**93,585**	132,762
Unsecured	**213,753**	81,529
	307,338	214,291

Note: As at 31 December 2008, the Group factored bills receivable of HK$28,080,000 (2007: HK$27,944,000) to a bank will full recourse. The finance charge in relation to factorisation of the bills receivable was borne by the Group. The related bank loan of HK$28,080,000 was fully settled in March 2009 and was classified as current liability.

The exposure of the Group's borrowings and the contractual maturity dates are as follows:

	2008 HK$'000	2007 HK$'000
Carrying amount repayable on demand or within one year:		
Fixed-rate borrowings	**138,618**	90,154
Variable-rate borrowings	**168,720**	124,137
	307,338	214,291

The ranges of effective interest rate (which are also equal to contracted interest rate) on the Group's borrowings are as follow:

	2008	2007
Effective interest rate:		
Fixed-rate borrowings	**6.12% to 10.48%**	5.832% to 6.480%
Variable-rate borrowings	**2.50% to 10.48%**	5% to 5.83%

Included in the interest rate of variable-rate borrowings are based on the rates quoted by the People's Bank of China. The trust receipt loans carry interest at prevailing market rates.

28. BANK BORROWINGS-CONTINUED

The Group's borrowings are the following amount denominated in currency other than the functional currency of the relevant group entities:

	2008 HK$'000 Equivalent	2007 HK$'000 Equivalent
USD	**185,884**	120,759

29. SHARE CAPITAL

	Number of shares	**Amount** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2007, 31 December 2007 and 31 December 2008	25,000,000,000	250,000
Issued and fully paid:		
At 1 January 2007	3,608,212,570	36,082
Issue of shares (note a)	573,540,000	5,735
Exercise of share options (note b)	4,400,000	44
Exercise of warrants subscription right (note c)	7,976,000	80
Share repurchased (note d)	(59,100,000)	(591)
At 31 December 2007 and 1 January 2008	4,135,028,570	41,350
Exercise of share options (note e)	4,000,000	40
Shares repurchased (note f)	(7,680,000)	(77)
At 31 December 2008	4,131,348,570	41,313

Notes:

(a) On 14 June 2007, the Company entered into a subscription agreement with CA Ltd., the controlling shareholder of the Company, to allot and issue 573,540,000 ordinary shares of HK$0.01 each at a subscription price of HK$ 0.81 per share. The subscription agreement is conditional upon completion of the placing of 573,540,000 ordinary shares of the Company made by the placing agent on behalf of CA Ltd.. On 20 June 2007, following completion of the placing, 573,540,000 ordinary shares of HK$ 0.01 were issued to CA Ltd. pursuant to the subscription agreement.

(b) During the year ended 31 December 2007, Mr. Leung Hon Chuen, Mr. Poon Kwok Shin and an employee exercised share options amounting to 4,400,000 shares at a subscription price of HK$0.205 per share.

(c) On 25 July 2007, 7,976,000 units of warrants were exercised. Details of the Company's warrants are set out in note 30.

29. SHARE CAPITAL-CONTINUED

Notes: -continued

(d) During the year ended 31 December 2007, the Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares	Highest	Lowest	Aggregate consideration paid
January 2007	23,500,000	HK$0.200	HK$0.189	HK$4,688,540
August 2007	35,600,000	HK$0.600	HK$0.470	HK$20,084,000

(e) During the year ended 31 December 2008, Mr. Chu Kwok Chi, Robert and an employee exercised share options amounting to 4,000,000 shares at a subscription price ranging from HK$0.205 to HK$0.300 per share.

(f) During the year ended 31 December 2008, the Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares	Highest	Lowest	Aggregate consideration paid
January 2008	7,680,000	HK$0.375	HK$0.290	HK$2,437,978

The shares repurchased by the Company during both years were cancelled. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during both years.

30. WARRANTS

On 14 June 2007, the Company entered into a warrant placing agreement with the placing agent pursuant to which the placing agent agreed to place warrants attaching the rights to subscribe for 143,380,000 shares of the Company on the bases of an initial exercise price of HK$0.94 per warrant share, on behalf of the Company, to placees who are independent of the Company and its connected persons, at the issue price of HK$0.08 per warrant. The warrants were exercisable from 29 June 2007 to 28 June 2008.

During the year ended 31 December 2007, 7,976,000 new ordinary shares of the Company were issued on exercise of the warrants.

No warrants were exercised during the year ended 31 December 2008 before the expiry of the warrants on 28 June 2008. The remaining balance of the warrant reserve amounting to HK$10,832,000 was transferred to accumulated profits.

31. SHARE OPTIONS

THE COMPANY

The Company's share option scheme (the "Scheme") was adopted for a period of 10 years commencing 6 November 2006 pursuant to an ordinary resolution passed at the special general meeting of the shareholders held on 6 November 2006 for the purpose of providing incentives or rewards to selected employees and directors for their contribution to the Group.

Under the Scheme, the Company may grant options to selected employees and directors of the Company and its subsidiaries to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to eligible vendors, customers, advisors and consultants to the Company and its subsidiaries at the discretion of the board of directors of the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include substantial shareholders, independent non-executive directors, or any of their respective associates) in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be also approved by the Company's shareholders.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of: (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options which must be a business day; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

As at 31 December 2008, options to subscribe for an aggregate of 210,060,000 shares (2007: 247,240,000 shares) of the Company granted to the directors and certain employees pursuant to the Scheme remained outstanding.

31. SHARE OPTIONS-CONTINUED

THE COMPANY-continued

Details of the movements in the number of share options during the year under the Scheme are as follows:

Option type	Date of grant	Exercisable period (both dates inclusive)	Exercise price HK$	Outstanding at 1.1.2007	Granted during the year	Exercise during the year	Outstanding at 1.1.2008	Exercise during the year	Forfeited during the year	Outstanding at 31.12.2008
	Directors:									
A	31 January 2007	21 February 2007- 31 December 2009	0.205	–	20,500,000	(2,400,000)	18,100,000	(1,340,000)	–	16,760,000
B	31 January 2007	1 January 2008- 31 December 2009	0.205	–	18,260,000	–	18,260,000	(660,000)	–	17,600,000
C	31 January 2007	1 January 2009- 31 December 2009	0.205	–	16,000,000	–	16,000,000	–	–	16,000,000
D	21 February 2007	28 February 2007- 31 December 2009	0.300	–	680,000	–	680,000	–	–	680,000
E	21 February 2007	1 January 2008- 31 December 2009	0.300	–	2,140,000	–	2,140,000	–	–	2,140,000
F	21 February 2007	1 January 2009- 31 December 2009	0.300	–	4,340,000	–	4,340,000	–	–	4,340,000
				–	61,920,000	(2,400,000)	59,520,000	(2,000,000)	–	57,520,000
	Employees:									
A	31 January 2007	21 February 2007- 31 December 2009	0.205	–	57,500,000	(2,000,000)	55,500,000	(1,000,000)	(10,060,000)	44,440,000
B	31 January 2007	1 January 2008- 31 December 2009	0.205	–	57,500,000	–	57,500,000	–	(10,060,000)	47,440,000
C	31 January 2007	1 January 2009- 31 December 2009	0.205	–	55,320,000	–	55,320,000	–	(10,060,000)	45,260,000
E	21 February 2007	1 January 2008- 31 December 2009	0.300	–	7,200,000	–	7,200,000	(1,000,000)	(1,500,000)	4,700,000
F	21 February 2007	1 January 2009- 31 December 2009	0.300	–	9,200,000	–	9,200,000	–	(1,500,000)	7,700,000
G	15 August 2007	15 August 2008- 15 August 2011	0.642	–	1,000,000	–	1,000,000	–	–	1,000,000
H	15 August 2007	15 August 2009- 15 August 2011	0.642	–	1,000,000	–	1,000,000	–	–	1,000,000
I	15 August 2007	15 August 2010- 15 August 2011	0.642	–	1,000,000	–	1,000,000	–	–	1,000,000
				–	189,720,000	(2,000,000)	187,720,000	(2,000,000)	(33,180,000)	152,540,000
	Total			–	251,640,000	(4,400,000)	247,240,000	(4,000,000)	(33,180,000)	210,060,000

The vesting period ends on the date when the exercisable period of the share options begin.

In respect of the share options exercised during the year ended 31 December 2008, the share price at the dates of exercise ranged from HK$0.290 to HK$0.310 (2007: HK$0.610 to HK$0.870) and the weighted average share price is HK$0.300 (2007: HK$0.681).

31. SHARE OPTIONS-CONTINUED

THE COMPANY-continued

The Company used the Binomial model (the "Model") with the consideration of vesting period and possible exercise pattern to value the share options granted during the year ended 31 December 2007. The Model is one of the commonly used models to estimate the fair value of share options. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The share options were granted on 31 January 2007, 21 February 2007 and 15 August 2007. The estimated fair value of the options granted on those dates was as follows:

Option type	Grant date	Fair value
		HK$
A	31 January 2007	0.0562
B	31 January 2007	0.0603
C	31 January 2007	0.0664
D	21 February 2007	0.0645
E	21 February 2007	0.0684
F	21 February 2007	0.0765
G	15 August 2007	0.2123
H	15 August 2007	0.2346
I	15 August 2007	0.2522

The inputs into the Model were as follows:

	Option type								
	A	B	C	D	E	F	G	H	I
Share price on grant date (HK$)	0.205	0.205	0.205	0.270	0.270	0.270	0.642	0.642	0.642
Exercise price (HK$)	0.205	0.205	0.205	0.300	0.300	0.300	0.642	0.642	0.642
Expected volatility	44.87%	44.87%	44.87%	44.76%	44.76%	44.76%	47.88%	47.88%	47.88%
Expected life (years)	1.92	1.92	1.92	1.75	1.75	1.75	4.00	4.00	4.00
Risk-free rate	4.059%	4.059%	4.059%	4.108%	4.108%	4.108%	4.126%	4.126%	4.126%
Expected dividend yield	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%

The Group recognised an expense in the consolidated income statement of approximately HK$3.4 million (2007: HK$12.5 million) for the year ended 31 December 2008 in relation to share options granted by the Company.

31. SHARE OPTIONS-CONTINUED

SUBSIDIARY

A subsidiary of the Company, Vision Tech, also operates a share option scheme (the "Subsidiary's Scheme"). The Subsidiary's Scheme was adopted pursuant to an ordinary resolution passed at the annual general meeting of Vision Tech's shareholders held on 18 July 2008 for the purpose of providing incentives or rewards to selected participants for contribution they have made or may make to Vision Tech and/or to enable Vision Tech to recruit and retain high-calibre employees and attract human resources that are valuable to Vision Tech.

Under the Subsidiary's Scheme, the board of directors of Vision Tech may grant options to selected employees and directors of Vision Tech and its subsidiaries to subscribe for shares in Vision Tech. Additionally, Vision Tech may, from time to time, grant share options to eligible vendors, customers, advisors and consultants of Vision Tech at the discretion of the board of directors of Vision Tech.

The total number of shares in respect of which options may be granted under the Subsidiary's Scheme is not permitted to exceed 10% of the shares of Vision Tech in issue at any point of time, without prior approval from the Vision Tech's shareholders. The number of shares of Vision Tech issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of Vision Tech in issue at any point in time, without prior approval from Vision Tech's shareholders. Options granted to Vision Tech's substantial shareholders, independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include substantial shareholders, independent non-executive directors, or any of their respective associates) in excess of 0.1% of Vision Tech's share capital or with a value in excess of HK$5,000,000 must be also approved by Vision Tech's shareholders.

HK$1 is payable on the grant of an option. The exercise price of the share options is determinable by the directors of Vision Tech which shall be no less than the highest of: (i) the closing price of the shares of Vision Tech as stated in the daily quotations sheet issued by the Stock Exchange on the offer of the share options which must be a business day; (ii) the average closing price of the shares of Vision Tech as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the offer; and (iii) the nominal value of the shares of Vision Tech on the date of grant.

As at 31 December 2008, the number of shares in respect of which options had been granted and remained outstanding under the Subsidiary's Scheme was 123,860,000, representing 9.6% of the shares of Vision Tech in issue at that date.

31. SHARE OPTIONS-CONTINUED

SUBSIDIARY-continued

Details of Vision Tech's options are as follows:

Option type	Date of grant	Exercise period	Exercise price HK$	Fair value at grant date HK$
AA	27 August 2008	27 August 2008- 20 August 2011	0.136	0.0393
BB	27 August 2008	27 August 2008- 20 August 2011	0.136	0.0336
CC	10 October 2008	10 October 2008- 9 October 2011	0.100	0.0120

In accordance with the terms of Vision Tech's share-based arrangement, options issued during the year ended 31 December 2008 vested at the date of grant.

Vision Tech used the Model with the consideration of vesting period and possible exercise pattern to value the share options granted during the year ended 31 December 2008. The Model is one of the commonly used models to estimate the fair value of share options. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The inputs into the Model were as follows:

	Option type		
	AA	BB	CC
Share price on grant date (HK$)	0.144	0.144	0.080
Exercise price (HK$)	0.136	0.136	0.100
Expected volatility	33.68%	33.68%	36.14%
Expected life (years)	2.98	2.98	3
Risk-free rate	2.397%	2.397%	1.669%
Expected dividend yield	0%	0%	0%

31. SHARE OPTIONS-CONTINUED

SUBSIDIARY-continued

Details of the movements in the number of Vision Tech's share options during the year under the Subsidiary's Scheme are as follows:

Option type	Outstanding at 1.1.2007, 31.12.2007 and 1.1.2008	Grant during the year	Outstanding at 31.12.2008
Directors of the Company:			
AA	–	15,500,000	15,500,000
Directors of Vision Tech:			
AA	–	3,200,000	3,200,000
Employees of Vision Tech and its subsidiaries:			
BB	–	6,200,000	6,200,000
Others:			
BB	–	4,960,000	4,960,000
CC	–	94,000,000	94,000,000
	–	123,860,000	123,860,000

The Group recognised an expense in the consolidated income statement of approximately HK$2.2 million (2007: nil) for the year ended 31 December 2008 in relation to share options granted by Vision Tech.

32. JOINT VENTURE

The Group has the following significant interest in a joint venture:

Name of entity	Place of registrations operations	Nominal value of registered capital	Effective percentage of interest held by the Group	Principal activities
Qingyuan JCCL EPI Copper Limited ("JCCL EPI")	PRC	RMB90,000,000	60% (2007: 51%)	Production of copper anode

The Group holds 60% (2007: 51%) of the registered capital of JCCL EPI and is entitled to nominate three out of five directors of JCCL EPI. During the year ended 31 December 2008, the Group acquired an additional 9% equity interest in JCCL EPI from a joint venture partner. The board of directors of JCCL EPI continue to comprise three directors appointed by the Group and two directors appointed by the other remaining joint venture partner. However, under the shareholders' agreement, all resolutions of JCCL EPI have to be passed with the approval of all its directors. Therefore, JCCL EPI is classified as a jointly controlled entity of the Group.

The following amounts are included in the Group's consolidated financial statements as a result of the proportionate consolidation with the line-by-line reporting format of the above joint venture:

	2008 **HK$'000**	2007 HK$'000
Non-current assets	**56,137**	43,940
Current assets	**244,660**	207,332
Current liabilities	**253,565**	187,591
Income	**881,560**	760,246
Expenses	**911,769**	746,087

33. ACQUISITION OF SUBSIDIARIES

As set out in the Company's circular dated 20 July 2007, the Group entered into a subscription agreement with Vision Tech, principal business of which involves the trading and distribution of audio-visual products and home appliances. In accordance with the subscription agreement, the Group has conditionally agreed to subscribe for and Vision Tech has conditionally agreed to issue and allot 750,000,000 new ordinary shares of Vision Tech at a subscription price of HK$0.10 per share.

The transaction was completed on 3 March 2008 and the Group acquired 57.92% equity interest in Vision Tech for a consideration of HK$75,000,000 which was satisfied in cash. Vision Tech became a subsidiary of the Company. The acquisition was accounted for by the purchase method of accounting.

Further details of the subscription are set out in the Company's circular dated 20 July 2007.

33. ACQUISITION OF SUBSIDIARIES-CONTINUED

The acquiree's carrying amounts and fair values of the net assets acquired in the transaction, and the goodwill arising, are as follows:

	2008 HK$'000 (note)
Net assets acquired:	
Property, plant and equipment	735
Inventories	257
Trade and other receivables	8,930
Bank balances and cash	128,358
Trade and other payables	(33,201)
Taxation payable	(1,481)
	103,598
Minority interests	(43,594)
	60,004
Goodwill	14,996
Total consideration, satisfied by cash	75,000
Net cash inflow arising on acquisition:	
Cash consideration paid	(75,000)
Cash and cash equivalents acquired	128,358
	53,358

Notes: Carrying amount of the acquirees' net assets acquired before combination to the same as its fair value.

The goodwill arising on the acquisition is attributable to the anticipated future operating synergies with the existing operation of the Group after the business combination is consummated.

Vision Tech contributed a loss of HK$9,125,000 to the Group's loss for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2008, total group revenue for the year would have been approximately HK$2,620 million and loss for the year would have been HK$7,274,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is it intended to be a projection of future events.

34. ACQUISITION OF ADDITIONAL INTEREST IN A JOINTLY CONTROLLED ENTITY THROUGH PURCHASE OF A SUBSIDIARY

On 11 August 2008, the Group entered into an agreement with a joint venture partner in relation to the acquisition of an additional 9% equity interest in JCCL EPI. The transaction was completed on 17 September 2008 upon the approval by the independent shareholders of the Company. The Group acquired the additional 9% interest in the jointly controlled entity through purchase of the entire equity interests of Big Base Enterprises Limited ("Big Base") for a total consideration of HK$25,000,000. Big Base has not commenced other businesses at the date of acquisition of additional equity interest.

The principal asset of Big Base is 9% equity interest in JCCL EPI. The Group is in substance acquiring additional interest in JCCL EPI and the acquisition did not result in any change in control of JCCL EPI and accordingly there is no change in the classification of JCCL EPI from a jointly controlled entity to a subsidiary.

Further details of this transaction are set out in the Company's circular dated 1 September 2008.

The net assets acquired in respect of the 9% additional equity interest in JCCL EPI, and the goodwill arising, are as follows:

	2008 **HK$'000**
Net assets acquired:	
Property, plant and equipment	**4,790**
Prepaid lease payments	**3,510**
Inventories	**9,918**
Trade and other receivables	**26,349**
Bank balances and cash	**4,182**
Trade and other payables	**(23,790)**
Bank borrowings	**(14,210)**
	10,749
Goodwill	**14,251**
Total consideration, satisfied by cash	**25,000**
Net cash outflow arising on acquisition:	
Cash consideration paid	**(25,000)**
Cash and cash equivalents acquired	**4,182**
	(20,818)

The goodwill arising on the acquisition is attributable to the anticipated further earning capabilities of the Group at the date of acquisition. As at 31 December 2008, the directors considered that goodwill arising from acquisition of additional interest in JCCL EPI was impaired, details of which are disclosed in note 17.

35. DISPOSAL OF A SUBSIDIARY

On 31 March 2008, the Group disposed of its equity interest in a then subsidiary ("Disposed Subsidiary") for a consideration of HK$5,000. The net assets of the Disposed Subsidiary at the date of disposal were as follows:

	2008 HK$'000
NET ASSETS DISPOSED OF	
Inventories	63
Trade and other receivables	528
Bank balances and cash	11
Other payables	(308)
	294
Loss on disposal	(289)
Total consideration, satisfied by cash	5
Net cash outflow arising on disposal:	
Cash consideration	5
Bank balances and cash disposed of	(11)
	(6)

The financial impact of the Disposed Subsidiary on the Group's results and cash flows in the current year is insignificant.

36. PLEDGE OF ASSETS

At 31 December 2008, the following assets were pledged to secure the Group's bank borrowings and banking facilities:

	2008 HK$'000	2007 HK$'000
Property, plant and equipment	–	8,763
Prepaid lease payments	–	19,098
Index-linked note	2,684	2,340
Pledged bank deposits	43,711	26,918
	46,395	57,119

37. OPERATING LEASE COMMITMENTS

At 31 December 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2008 HK$'000	2007 HK$'000
Within one year	**7,280**	4,253
In the second to fifth year, inclusive	**4,241**	2,698
	11,521	6,951

The Group leases certain of its office properties and buildings under operating lease arrangements. Leases for properties are negotiated for terms of three years.

38. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

	2008 HK$'000	2007 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**630**	13,467

39. RETIREMENT BENEFITS SCHEMES

The Group contributes to MPF Schemes for all qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Contributions to the MPF Schemes by the Group and the employees are calculated as a percentage of employee's relevant income. The retirement benefit scheme costs charged to the consolidated income statement represent contributions payable by the Group to the funds. The assets of the MPF Schemes are held separately from those of the Group in independently administered funds.

The Group (including its subsidiaries and jointly controlled entity) also participates in the employees' pension schemes of the respective municipal governments in various places in the PRC where the Group operates. The Group makes monthly contributions calculated as a percentage of the monthly basic salary and the relevant municipal government undertakes to assume the retirement benefit obligations of all existing and future retirees of the Group.

The Group has no other obligations for the payment of pension and other post-retirement benefits of employees other than the above contributions payments.

40. RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following significant transactions with the following related parties:

Name of related party	Nature of transaction	2008 HK$'000	2007 HK$'000
Jiangxi Copper Company Limited ("JCCL")	Sale of copper anode (note i)	**881,514**	749,133
JCC (Guixi) Logistics Company Limited ("JCC Logistics")	Logistics service fee (note ii)	**228**	556
Shenzhen Jiangtong Southern Company Limited ("SZ Jiangtong Southern")	Purchase of scrap copper (note iii)	**224,287**	–

Notes:

(i) JCCL is the other joint venture partner of a jointly controlled entity in which the Group has a 60% (2007: 51%) interest.

(ii) JCC Logistics is a 64% owned indirect subsidiary of JCCL.

(iii) SZ Jiangtong Southern is an associated company of JCCL.

In addition, the Group also entered into a cooperation agreement with SZ Jiangtong Southern and its subsidiary for the proposed development of the business in the overseas sourcing and import of scrap copper to the PRC. Further details of this cooperation agreement are set out in the Company's announcement dated 11 December 2008. On 10 March 2009, no conclusion has been reached between the parties to the cooperation agreement and it was then lapsed and terminated.

(b) Balances with related parties

	2008 HK$'000	2007 HK$'000
Trade receivable from a joint venture partner	**1,024**	17,057
Loan receivable from a joint venture partner	**–**	17,433
Prepayments to SZ Jiangtong Southern	**67,129**	–
Deposits received from JCCL EPI	**(40,561)**	–
Bills payable to SZ Jiangtong Southern	**(17,100)**	–

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2008 HK$'000	2007 HK$'000
Short-term employee benefits	**12,620**	12,740
Post-employment benefits	**92**	65
	12,712	12,805

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

41. FINANCIAL INSTRUMENTS

Financial risk management objectives

The financial instruments are fundamental to the Group's daily operations. The Group's major financial instruments include loan receivables, trade and other receivables, trade receivable from a joint venture partner, financial assets at fair value through profit or loss, derivative financial instruments, held-for-trading investments, pledged bank deposits, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed on respective notes. The risks associated with the financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Categories of financial instruments

	2008 **HK$'000**	2007 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**992,922**	836,302
Designated as at FVTPL	**2,684**	2,340
Held-for-trading investments	**24,836**	9,673
Derivative financial instruments	**25,205**	1,999
	1,045,647	850,314
Financial liabilities		
Amortised cost	**405,452**	313,584
Derivative financial instruments	**22**	1,126

Interest rate risk

The cash flow interest rate risk relates primarily to the Group's floating rate loan receivables and bank borrowings and in relation to short-term deposits placed in banks that are interest-bearing at market interest rates. The fair value interest rate risk relates primarily to the fixed-rate bank borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's sensitivity to interest rate risk has been determined based on the exposure to interest rates for bank balances, bank borrowings and loan receivables at the balance sheet date and the reasonably possible change taking place at the beginning of each year and held constant throughout the year. If interest rates on bank balances, loan receivables and bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the potential effect on (loss) profit for the year is as follows:

	2008 **HK$'000**	2007 HK$'000
Increase/decrease in loss for the year 2008 and decrease/increase in profit for the year 2007	**197**	102

The management considers that the fair value interest rate risk is insignificant as the Group had no borrowings due more than one year.

41. FINANCIAL INSTRUMENTS-CONTINUED

Foreign currency risk management

The functional currency of the Company and its subsidiaries which operates in Hong Kong is HK$ in which most of the transactions are denominated. The functional currency of the Group's jointly controlled entity operating in the PRC is Renminbi in which most of its transactions are denominated. However, certain trade receivables, trade payables, bank balances and bank borrowings of the Group are denominated in USD while the relevant group entities have HK$ as their functional currency, which expose the Group to foreign currency risk. The Group currently does not have a formal foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. During the year ended 31 December 2008, the Group entered into a USD/HKD swap forward contract as part of the foreign currency risk management.

The carrying amounts of the Group's foreign currency denominated trade and bills receivables, trade and bills payables, bank borrowings and bank balances, at the reporting date are as follows:

	Liabilities		Assets	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**206,988**	127,504	**276,405**	315,412

Foreign currency sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in HK$ against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the year end for a 1% change in foreign currency rates. The sensitivity analysis represents the trade receivables, trade payables, bank borrowings and bank balances where the denomination are in USD, the major foreign currency risk. The sensitivity analysis also includes outstanding foreign currency swap contract. A negative number indicates increase in loss/decrease in profit for the year where HK$ strengthens against USD. For a 1% weakening of HK$ against USD, there would be an equal and opposite impact on the loss/profit for the year below:

	Impact of USD	
	2008	2007
	HK$'000	HK$'000
Increase in loss/decrease in profit for the year	**(580)**	(1,550)

In management's opinion, the sensitivity analysis is unpresentative of the inherent foreign exchange risk at the year end and the sensitivity analysis does not reflect the exposure during the year.

41. FINANCIAL INSTRUMENTS-CONTINUED

Other price risk

The Group's investments in listed equity securities and index-linked note are measured at fair value at each balance sheet date. Therefore, the Group is exposed to various price risks. The management manages this exposure by maintaining a portfolio of investments with different risk profiles. Details of the investments in listed equity securities and index-linked note are set out in notes 24 and 19. The management has closely monitored the price risk and will consider hedging the risk exposure should the need arise. The management considered that the other price risk of the Group's index-linked note is insignificant due to its principal protection clause.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

The management adjusted the sensitivity rate from 10% to 20% for assessing equity price risk after considering the impact of the volatile financial market condition after the third quarter of 2008.

If the prices of the respective equity instruments had been 20% higher/lower, loss for the year ended 31 December 2008 would decrease/increase by HK$4,967,000 (2007: profit for the year ended 31 December 2007 would increase/decrease by HK$967,000 at 10%) as a result of the changes in fair value of held-for-trading investments.

Commodity price risk

The Group's normal policy is to sell its products by reference to the prevailing market prices such as the London Metal Exchange and the Shanghai Stock Exchange. Exceptions to this rule are subject to strict limits laid down by the board of directors and to rigid internal controls. The Group is exposed to commodity prices risk of copper as the Group's metals sourcing and trading and production of copper anode segments are primarily related to copper concentrate and/or related materials. The Group may hedge certain commitments with some of its purchases and sales using commodity forward contracts. Details of commodity derivatives held at 31 December 2008 are set out in note 25.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to commodity price risk at the reporting date.

If the prices of copper had been 10% higher/lower, loss for the year ended 31 December 2008 would increase/decrease by HK$2,518,000 (2007: profit for the year ended 31 December 2007 decrease/increase by HK$87,000). The sensitivities are based on the assumption that the market commodity price increases/decreases by 10% with all other variables held constant. These sensitivities should be used with care. The relationship between currencies and commodity prices is a complex one and changes in exchange rates can influence commodity prices and vice versa. For the purpose of the above sensitivity analysis, exchange fluctuation is excluded.

41. FINANCIAL INSTRUMENTS-CONTINUED

Credit risk

As at 31 December 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from:

– the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and

– the amount of loan commitment in respect of credit facility issued by the Group as disclosed in note 21.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

The Group's concentration of credit risk by geographical locations is mainly in the PRC and Hong Kong, which accounted for 100% (2007: 100%) of the total trade receivables as at 31 December 2008.

With respect to credit risk arising from trade receivables from a joint venture partner, other receivables and margin deposits to financial institutions, the Group's exposure to credit risk from default of counterparties are limited as the counterparties have good credit standing and the Group does not expect any significant loss for uncollected advances from these entities.

Loan receivables normally carry interest at rates with reference to banks' lending rates and are secured by collaterals. The Group has concentration of credit risk of the Group's loan receivables from a few entities. In order to minimise the credit risk, the management continuously monitors the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower exposure or to recover overdue balances.

The Group has concentration of credit risk. Five largest customers represented approximately 80% (2007: 88%) of the revenue of the Group for the year ended 31 December 2008. The Group has concentration of credit risk as 87% (2007: 97%) of the total trade receivables was due from the Group's five largest customers as at 31 December 2008. Trade receivables attributable to the Group's largest debtor represented approximately 35% (2007: 28%) of the total receivables as at 31 December 2008. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In determining whether allowance for bad and doubtful debts is required, the Group has taken into consideration the aging status and the likelihood of collection. Following the identification of doubtful debts, the directors discuss with the relevant customers and report on the recoverability, specific allowance is only made for trade and other receivables that is unlikely to be collected. In this regard, the management considers that the Group's credit risk is significantly reduced.

Liquidity risk

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due. In managing liquidity risk, the Group monitors and maintains sufficient funds to meet all its potential liabilities as they fall due, including shareholder distributions. It is applicable to normal market conditions as well as negative projections against expected outcomes, so as to avoid any risk of incurring contractual penalties or damaging the Group's reputation.

Liquidity forecasts are produced on a monthly basis, to ensure that utilisation of current facilities is optimised; on a quarterly basis to ensure that covenant compliance targets and medium-term liquidity is maintained; and on a long-term projection basis, for the purpose of identifying long-term strategic funding requirements. The board of directors also continuously assess the balance of capital and debt funding of the Group.

41. FINANCIAL INSTRUMENTS-CONTINUED

Liquidity risk-continued

The board of directors continuously manage liquidity risk on a regular basis and will increase the frequencies of such assessment should need arise. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves of cash and banking facilities and by continuously monitoring the utilisation of bank borrowings and ensuring compliance with loan covenants.

The Group's holdings of cash and short-term deposits, together with net cash flows from operations, are expected to be sufficient to cover the operating cost of the Group in the next financial year. The management considers that the Group expects to have adequate source of funding to finance the Group and manage the liquidity position.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity tables

	Weighted average effective interest rate %	Less than 1 month HK$'000	1-6 months HK$'000	7 months to 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2008 HK$'000
2008						
Non-derivative financial liabilities						
Trade payables	n/a	25,267	16,705	–	41,972	41,972
Bills payables	4.46	–	45,918	–	45,918	44,916
Other payables	n/a	11,226	–	–	11,226	11,226
Bank borrowings						
– fixed rate	7.76	–	141,308	–	141,308	138,618
– variable rate	5.30	–	170,895	–	170,895	168,720
		36,493	374,826	–	411,319	405,452
Derivative settled net						
Commodity forward contracts	n/a	–	22	–	22	22

41. FINANCIAL INSTRUMENTS-CONTINUED

Liquidity risk-continued

Liquidity tables-continued

	Weighted average effective interest rate %	Less than 1 month HK$'000	1-6 months HK$'000	7 months to 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2008 HK$'000
2007						
Non-derivative financial liabilities						
Trade payables	n/a	77,596	1,794	–	79,390	79,390
Bills payables	n/a	12,005	–	–	12,005	12,005
Other payables	n/a	7,898	–	–	7,898	7,898
Bank borrowings						
– fixed rate	6.06	–	55,261	–	55,261	90,154
– variable rate	5.42	41,824	120,923	–	162,747	124,137
		139,323	177,978	–	317,301	313,584
Derivative settled net						
Commodity forward contracts	n/a	–	1,126	–	1,126	1,126

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximates to their fair values.

42. CAPITAL RISK MANAGEMENT

The Group's over-riding objectives when managing capital are to safeguard the business as a going concern; to maximise returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to provide a high degree of financial flexibility at the lowest cost of capital.

The capital structure of the Group consists of debt, which includes borrowings and equity attributable to equity holders of the Company, comprising issued capital, capital reserve and accumulated profits. The Group does not have a target debt/equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of new investment opportunities that may arise.

The Company's board of directors reviews the capital structure on a continuous basis. As part of this review, the board of directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from prior years.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries, all of which are limited liability companies, at 31 December 2008 and 2007 are as follows:

Name of subsidiaries	Place of incorporation/ operations	Nominal value of issued and fully paid ordinary share/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Innovision Enterprises Limited	Hong Kong	HK$1	–	100% (2007: 100%)	Trading of consumer electronics products (indent)
EPI Metals Limited	Hong Kong	HK$1	–	100% (2007: 100%)	Metals sourcing and trading
Vision Tech*	Bermuda/ Hong Kong	HK$129,496,000	–	57.92% (2007: N/A)	Investment holding
Krongate Limited	British Virgin Islands/Hong Kong	US$1,000	–	57.92% (2007: N/A)	Trading of consumer electronics products (indent)
Kingston Recycling Limited	Hong Kong	HK$1	–	57.92% (2007: N/A)	Metals sourcing and trading

* Vision Tech is listed on the Stock Exchange

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

44. COMPARATIVE FIGURES

Certain comparative figures have been restated in order to conform with current year's presentation.

Five Year Financial Summary

	Year ended 31 December				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**2,546,532**	2,053,000	264,803	513,610	119,677
Cost of sales	**(2,458,477)**	(1,927,189)	(257,909)	(498,221)	(117,147)
Gross profit	**88,055**	125,811	6,894	15,389	2,530
Net gain on debt restructuring	**–**	–	263,168	–	–
Other income	**62,785**	65,126	8,064	2,139	–
Distribution and selling expenses	**(37,097)**	(35,071)	(884)	(236)	(202)
Administrative expenses	**(84,399)**	(63,183)	(9,708)	(6,981)	(7,008)
Other expenses	**(20,475)**	(11,079)	(2,126)	–	–
Gain on deconsolidation of subsidiaries	**–**	–	–	–	205,229
Finance costs	**(7,988)**	(3,537)	(116)	(300)	(42)
Profit before taxation	**881**	78,067	265,292	10,011	200,507
Taxation	**(8,714)**	(14,556)	(350)	(1,810)	(57)
(Loss) profit for the year	**(7,833)**	63,511	264,942	8,201	200,450

	At 31 December				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**1,286,483**	1,119,587	283,518	13,982	2,532
Total liabilities	**(472,116)**	(337,735)	(17,870)	(308,359)	(305,110)
	814,367	781,852	265,648	(294,377)	(302,578)
Equity attributable to equity holders of the Company	**772,375**	781,852	265,648	(294,377)	(302,578)
Share options reserve of a subsidiary	**2,238**	–	–	–	–
Minority interests	**39,754**	–	–	–	–
	814,367	781,852	265,648	(294,377)	(302,578)

MINING AND TECHNICAL DEFINITIONS

Concentrate	The product of a physical concentration process, such as flotation or gravity concentration, which involves separating ore minerals from unwanted waste rock. Concentrates require subsequent processing (such as smelting or leaching) to break down or dissolve the ore minerals and obtain the desired elements, usually metals.
Copper	A chemical element with the symbol Cu (Latin: cuprum) and atomic number 29. It is a ductile metal with excellent electrical conductivity and is rather soft in its pure state and has a pinkish luster (beside gold) unusual for a metal that is normally silvery white. It finds extensive use as an electrical conductor, heat conductor and building material, and has a component of various alloys.
Copper anode	At the final stage of the smelting of copper concentrates, the copper is cast into specially shaped slabs called anodes for subsequent refining to produce refined cathode copper. Copper anode has a nominal 99.1% to 99.5% of copper content.
Copper cathode	Refined copper produced by electrolytic refining of impure copper or by electro-winning. Copper cathode has a nominal 99.9% of copper content. Copper cathode is a medium of measurement in the international commodity exchanges such as LME and COMEX.
Gold	A chemical element with the symbol Au (from Latin aurum, meaning "shining dawn") and atomic number 79. It is a precious metal, which occurs as nuggets, grains in rocks, underground " veins" or in alluvial deposits. Gold is dense, soft and shiny and the most malleable and ductile of the known metals.
Grade or ore grade	The relative amount of valuable elements or minerals contained in a parcel of ore materials. For copper and iron, the grade is commonly expressed in percentage %. For gold and silver, the grade is commonly expressed in grams per tonne terms.
Iron	A chemical element with the symbol Fe (Latin: ferrum) and the atomic number 26. Iron is lustrous, silvery soft metal. It is one of the few ferromagnetic elements.
Indicated resource(s)	The part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred resource(s)	The part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, which may be limited or of uncertain quality and reliability.

JORC Code	The common reference for the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, as published by The Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (latest edition 2004).
LME	London Metal Exchange
Measured resource(s)	The part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling, and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.
Mineral resource(s)	A concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction, as defined in the JORC Code. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
Molybdenum	A group 6 chemical element with the symbol Mo and atomic number 42 (from Greek, meaning "lead-like"); a silvery-white, hard, transition metal. It has the sixth highest melting point of any element, melting at around 2,625 degree Celsius. Molybdenum is a valuable alloying agent and is used mainly as a compound material to strengthen the resistance to corrosion, high temperature and pressure of steel and to increase its hardness. Molybdenum is found in trace amounts in plants and animals.
Non-ferrous metals	The term non-ferrous metals is used to indicate metals other than iron and alloys that do not contain an appreciable amount of iron. Ferrous, in the chemical science realm, indicates bivalent iron compound (as opposed to ferric, which indicates a trivalent iron compound). Outside of chemical science, ferrous is an adjective used to indicate the presence of iron. The word is derived from the Latin word ferrum (iron). Ferrous metals include steel and pig iron (which contains a small percentage of carbon) and alloys of iron with other metals (such as stainless steel).
Open pit or open pit mining	Mining of a deposit from a pit open to the surface and usually carried out by stripping of overburdened materials.
Ore	A naturally occurring solid material from which a metal or valuable mineral can be extracted profitably.
Ore reserve(s)	The economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses that may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors, as defined in the JORC Code. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserves are sub-divided in order of increasing confidence into probable ore reserves and proved ore reserves.

Probable ore reserve(s)	The economically mineable part of an indicated resource, and in some circumstances a measured resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Proved ore reserve(s)	The economically mineable part of a measured resource. It includes diluting materials and allowances for losses that may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Scrap metal	A term used to describe recyclable metal materials left over from every manner of product consumption, such as parts of vehicles, building supplies and surplus materials. Scrap metal in fact has monetary value and is one of the USA's largest exports.
Scrap yards	Also known as breakers yards, these companies collect large quantities of recycled metals and resell them to metal smelters or metal traders. Scrap yards dealers sell bulk metals by weight and price primarily using domestic market metal exchange daily rates as reference.
Silver	A chemical element with the symbol Ag (Latin: argentum) and atomic number 47. It is a precious metal that is soft, white and lustrous, and also a transition metal, with the highest electrical conductivity of any element and the highest thermal conductivity of any metal. It occurs as a pure free metal (native silver) and as an alloy with gold, as well as in various minerals, such as argentite and chlorargyrite. Most silver is produced as a by-product of copper, gold, lead and zinc mining.
Smelting	A pyro-metallurgical process of separating metal by fusion from those impurities with which it is chemically combined or physically mixed.
Tonne	Metric ton
Underground mine	Openings in the earth accessed via shafts and adits below the land surface to extract minerals.

COPPER


Copper cathode


Copper anode


Copper ingot

SCRAP COPPER

No. 1 Cu minimum 97%

No. 2 Cu 94-96%

Light Copper

CONVERSION OF WEIGHTS AND MEASURES

1 troy ounce = 31.1 grams
1 kilogram = 32.15 troy ounces
1 kilogram = 2.2046 pounds
1 metric tonne = 1,000 kilograms
1 metric tonne = 2,204.6 pounds
1 metric tonne = 1.1023 short tons
1 short ton = 2,000 pounds
1 long ton = 2,240 pounds
1 gram per metric tonne = 0.02917 troy ounces per short ton
1 gram per metric tonne = 0.03215 troy ounces per metric tonne
1 kilometre = 0.6214 miles

Disclaimer

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EPI (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

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Mr. Cheng Hairong (Deputy Chairman)
Mr. Chu Kwok Chi Robert

NON-EXECUTIVE DIRECTOR

Mr. Leung Hon Chuen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Kwok Shin Edmond
Mr. Qian Zhi Hui
Mr. Xu Mingshe

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Hong Kin Choy

PRINCIPAL BANKER (HONG KONG)

Bank of Communication Company Limited, Hong Kong Branch
Citic Ka Wah Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

PRINCIPAL BANKER (PRC)

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China Minsheng Banking Corporation Limited
Shenzhen Development Bank Company Limited

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Mr. Leung Hon Chuen
Mr. Xu Mingshe

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Mr. Leung Hon Chuen (Chairman of the Remuneration Committee)
Mr. Poon Kwok Shin Edmond
Mr. Xu Mingshe

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AUDITORS

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SHARE INFORMATION

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited
Stock Code: 0689
Board lot: 20,000 shares
Financial year end: 31 December
Number of Shares at 31 December 2008: 4,131,348,570
Share price at 31 December 2008: HK$0.076
Market capitalization at 31 December 2008: HK$314 million

WEBSITE ADDRESS

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EPI (Holdings) Limited
長盈集團(控股)有限公司

HKSE:0689

Annual Report

2008