

Financial Highlights

Gross profit margin percentage increased by 41%.

Basic earnings per share was HK19.5 cents.

The Board has proposed a final dividend of HK4 cents per share.



Management Discussion and Analysis



Dividend

The Directors recommended a final dividend of HK4 cents per ordinary share (30 June 2005: nil) in respect of the year ended 30 June 2006. As no interim dividend was paid by the Company during the year, the proposed final dividend makes a total dividend of HK4 cents per share for the year ended 30 June 2006 (2004/05: Nil). Subject to the approval of shareholders at the forthcoming Annual General Meeting, the dividend will be distributed and paid on or about 1 December 2006 to those shareholders as registered at the close of business on 22 November 2006.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 23 November 2006 to Friday, 24 November 2006, both days inclusive, during which no transfer of shares of the Company will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 22 November 2006.

Annual General Meeting

A notice of 2006 Annual General Meeting will be despatched to shareholders of the Company in due course.

Management Discussion and Analysis *(continued)*

Employees

As at 30 June 2006, the Group had approximately 5,600 employees in Hong Kong, the PRC and overseas. Remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

Liquidity and Financial Resources

During the year ended 30 June 2006, the Group had implemented a prudent financial management policy. As at 30 June 2006, the Group had cash and bank balances (including pledged bank deposits) amounted to approximately HK\$425 million (30 June 2005: HK\$189 million) and net current assets value being over approximately HK\$516 million (30 June 2005: HK\$345 million restated). The Group's gearing ratio as at 30 June 2006 was 0.58 (30 June 2005: 0.49 restated), being a ratio of total bank borrowings of approximately HK\$546 million (30 June 2005: HK\$371 million) to shareholders' funds of approximately HK\$941 million (30 June 2005: HK\$756 million restated). The face value of the convertible notes was HK\$78 million.

As at 30 June 2006, the Group had pledged certain property, plant and machinery, land use rights, fixed deposits and trade debtors with an aggregate net book value of approximately HK\$196 million (30 June 2005: HK\$212 million restated) to secure general banking facilities granted to the Group.

As at 30 June 2006, the Company had issued guarantees to the extent of approximately HK\$243 million (30 June 2005: HK\$329 million) to banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK\$166 million (30 June 2005: HK\$207 million) was utilised. In addition, the Company has issued guarantees to a financial institute amounting to approximately HK\$39 million (30 June 2005: HK\$39 million) in respect of commodity trading of copper by its subsidiaries.

In 2005, because of the adoption of new accounting standards in Hong Kong, the Group had to revalue and recognise the copper forward contracts, and foreign exchange forward contracts, (collectively referred as "derivative financial instruments" thereafter) at their fair value at the balance sheet date.

These derivative financial instruments were entered into in accordance with its hedging policies. They are solely used for hedging and risk management purposes; speculation is strictly prohibited. Although it only used the derivative financial instruments for hedging and risk management purposes, it could not fulfill the documentation requirements under the new HKFRS, which was effective from 1 January 2006. Therefore, the outstanding derivative financial instruments have to be revalued and stated at their fair value at the balance sheet date and the changes in fair value were charged to current year's income statement.

The above accounting treatment in fact had no tangible adverse impact on the Group's business operations. The Group's business operations and financial positions continue to be strong and healthy.

The Group's overall financial risk management focuses on the unpredictability of the financial markets, optimising the level of financial risks the Group can bear, and minimising any potential adverse effects on the financial performance of the Group. The purpose of which is to ensure that transactions undertaken are in accordance with the Group's policies and not for speculative purpose.

Top-up Placing of Existing Shares and Subscription of New Shares of Hua Yi Copper Holdings Limited

On 4 July 2005, Skywalk Assets Management Limited ("Skywalk"), a wholly owned subsidiary of the Company, entered into the agreements to place and subscribe for new shares in Hua Yi Copper Holdings Limited ("Hua Yi Copper"), a subsidiary of the Company whose shares are listed on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Pursuant to the agreements, Skywalk placed 111,000,000 ordinary shares of HK\$0.20 each in the capital of Hua Yi Copper to independent investors at a price of HK\$0.88 per share ("Top-Up Placing") and, upon the completion of the Top-Up Placing, subscribed for 111,000,000 new ordinary shares of HK\$0.20 each in the capital of Hua Yi Copper at a price of HK\$0.88 per share (the "Subscription"). The Top-Up Placing and the Subscription were completed on 7 July 2005 and 18 July 2005 respectively.

Prior to the Top-Up Placing and the Subscription, Skywalk had held 397,121,875 shares in Hua Yi Copper, representing approximately 71.49% of the issued share capital of Hua Yi Copper. Upon completion of the Top-Up Placing and the Subscription, Skywalk held 397,121,875 shares in Hua Yi Copper, representing 59.59% of the enlarged issued share capital of Hua Yi Copper.

In June 2006, Skywalk purchased 3,478,000 shares of Hua Yi Copper at the average price of HK\$0.46 per share on the Exchange. As at 30 June 2006, Skywalk held 400,599,875 shares in Hua Yi Copper, representing approximately 60.05% of the issued share capital of Hua Yi Copper.

Formation of a Joint Venture Company for the Production of Copper Pipe Products

On 8 September 2005, Hua Yi Copper entered into an agreement with Fujian Zijin Investment Co., Ltd and Minxi Xinghang State-owned Assets Investment Co., Ltd under which the parties agreed to jointly establish a limited liability joint venture company ("JV") in Fujian Province, the PRC to mainly engage in copper pipes production and sales in Shanghang, Fujian. The JV is named "Fujian Jinyi Copper Products Company Limited." Pursuant to the agreement, the registered capital of the JV is RMB40 million, of which RMB18 million, representing a 45% equity interest in the JV, had to be contributed by Hua Yi Copper. Hua Yi Copper contributed RMB5.4 million in November 2005 and RMB12.6 million in May 2006. The details of the formation of the JV were set out in the circular dated 17 November 2005.

Placing of Existing Shares and Subscription of New Shares of the Company

Pursuant to the placing agreement dated 20 April 2006, Chau's Family Trust and Mr. Chau Lai Him (collectively "Chau's Family") placed 93,000,000 ordinary shares of HK\$0.01 each in the capital of the Company to certain placees at a price of HK\$1.00 per share (the "Placing"). The Placing was completed on 28 April 2006.

Pursuant to the subscription agreement dated 20 April 2006, Chau's Family subscribed for 93,000,000 new ordinary shares of HK\$0.01 each in the capital of the Company at a price of HK\$1.00 per share (the "Subscription"). As Mr. Chau is a director of the Company and Chau's Family Trust is a substantial shareholder of the Company, each holding approximately 8.97% and 20.9% of the issued capital of the Company respectively, as at the date of the subscription agreement, they were connected persons of the Company pursuant to the Listing Rules. Accordingly, the Subscription constituted a connected transaction pursuant to Chapter 14A of the Listing Rules. Following the completion of the Placing, the approval by the shareholders in the special general meeting held on 5 June 2006 and the granting of the approval by the Stock Exchange for the listing of and permission to deal in the Subscription Shares, the Subscription was completed on 21 June 2006. The details of the Subscription were set out in the circular dated on 17 May 2006.

Management Discussion and Analysis *(continued)*

Issue of Convertible Notes

On 24 April 2006, the Company entered into the Convertible Notes Subscription Agreements with certain investors whereby such investors agreed to subscribe for Convertible Notes (the "Convertible Notes") in the aggregate principal amount of US\$10,000,000. Upon the granting of the approval by the Stock Exchange for the listing of and permission to deal in the conversion shares, the issue of the Convertible Notes was completed on 9 May 2006. The Convertible Notes were issued pursuant to the general mandate granted to the directors of the Company on 10 November 2005, and were subscribed by the investors themselves or through their nominees in the following principal amounts on completion:

Name of Investor	Principal Amount (US\$)
Stark Investments	
<i>Centar Investments (Asia) Limited</i>	3.1 million
<i>Shepherd Investments International Limited</i>	0.6 million
<i>Stark Asia Master Fund Limited</i>	0.2 million
<i>Stark International</i>	0.1 million
Goldman Sachs International (nominee of Penta Investment)	3.0 million
Evolution Master Fund Ltd SPC, Segregated Portfolio M	2.0 million
D.B. Zwirn & Co., L.P.	
<i>D.B. Zwirn Special Opportunities Fund, L.P.</i>	0.3334 million
<i>D.B. Zwirn Special Opportunities Fund, Ltd.</i>	0.5836 million
<i>D.B. Zwirn Special Opportunities Fund (TE), L.P. (who had taken an assignment of part of the convertible notes from each of D.B. Zwirn Special Opportunities Fund, L.P. and D.B. Zwirn Special Opportunities Fund, Ltd.)</i>	0.083 million
Total:	10.0 million

Use of Proceeds

The Subscription and the issue of the Convertible Notes raised gross proceeds of approximately HK\$93 million and approximately HK\$78 million respectively. The proceeds (net of expenses of approximately HK\$4 million) of these fund raising exercises of HK\$167 million (comprising approximately HK\$90 million from the Subscription and HK\$77 million for the issue of the Convertible Notes) were used as to approximately HK\$78 million for the acquisition of Brascabos Componentes Elétricos e Eletrônicos Ltda., a subsidiary of Whirlpool S. A. in Brazil, and the balance for general working capital or funding for future acquisition opportunities when they arise.

Post Balance Sheet Event

Acquisition of Brascabos constituting a major transaction

On 30 May 2006, the Company entered into the Quota Purchase Agreement with Whirlpool S.A. and Brasmotor, for the acquisition (the "Acquisition") of their 100% interest in Brascabos Componentes Elétricos e Eletrônicos Ltda. ("Brascabos") for an aggregate consideration of US\$10,000,000 (approximately HK\$78,000,000) and guaranteeing the repayment of the shareholders' loan in an amount of not more than US\$4,000,000 (approximately HK\$31,200,000). Brascabos is one of the leading manufacturer of power cords and wire harness for white goods (large electrical home appliances) and automotive parts in Brazil. The Acquisition constituted a major transaction for the Company under the Listing Rules and was subject to the approval of Shareholders of the Company. At the special general meeting held on 24 July 2006, Shareholders approved the Acquisition. The Acquisition had been completed and its completion was announced by the Company in an announcement dated 2 August 2006. The details of the Acquisition were set out in the circular dated 26 June 2006.

Compliance with the Code on Corporate Governance Practices

During the year ended 30 June 2006, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Listing Rules, save and except that there has not been separation between the roles of the chairman and chief executive officer, the board of directors not having held at least four meetings, and notice of at least 14 days for a regular meeting not having been given.

Compliance with the Model Code

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. The Company has confirmed with all directors that they had complied with the required standard set out in the Model Code throughout the year ended 30 June 2006.

Audit Committee

The Company has revised the term of reference for the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee comprises the three independent non-executive directors of the Company. The audited results for the year ended 30 June 2006 have been reviewed by the Audit Committee and external auditors. The Audit Committee is satisfied with the Group's internal control procedures and financial reporting disclosures.

Remuneration Committee

The Remuneration Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules. The Remuneration Committee comprises the three independent non-executive directors of the Company.

Appreciation

On behalf of the Board, I would like to extend my sincere gratitude to our business partners, shareholders, staff and management for their continuous dedication, commitment and support in the past year.

On behalf of the Board

Chau Lai Him

Chairman and Managing Director

Hong Kong SAR, 5 October 2006