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SOLARTECH INTERNATIONAL HOLDINGS LIMITED

星凱控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

2020/2021 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the “**Directors**” or “**Board**”) of Solartech International Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2021 together with last year’s comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	3	433,049	288,271
Cost of sales		(374,815)	(256,238)
Gross profit		58,234	32,033
Interest income		13,408	13,673
Other income and gains		1,781	1,819
General and administrative expenses		(69,550)	(93,312)
Selling and distribution expenses		(10,430)	(8,213)
Finance costs	6	(15,875)	(14,371)
Change in fair value of derivative financial instruments, net		(507)	(134)
Change in fair value of investment properties, net	10	85,911	371
Change in fair value and gain or loss on disposal of financial assets at fair value through profit or loss, net		3,274	(10,850)
(Expected credit loss)/reversal of expected credit loss recognised, net		(11,700)	11,678
Written off of a deposit		(1,415)	–
Impairment loss of property, plant and equipment		(131)	–
Reversal of impairment loss/(impairment loss) on intangible assets	12	130,206	(29,348)
Loss on disposal of subsidiaries, net		(4,656)	–
Revaluation deficit of right-of-use assets	11	–	(25,202)
Share of results of associates and impairment loss on interests in associates		(1,811)	(18,926)
Share of results of joint ventures		11,892	(4,048)

* For identification purposes only

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Profit/(loss) before taxation	5	188,631	(144,830)
Income tax (expense)/credit	7	(20,779)	1,111
Profit/(loss) for the year		167,852	(143,719)
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Surplus on transfer from right-of-use assets and property, plant and equipment to investment properties, net of deferred tax		–	57,421
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		20,491	(19,917)
Reclassification adjustment on exchange difference for foreign operations disposed of during the year	18	3,423	–
Share of other comprehensive income of associates		2,700	(187)
Share of other comprehensive income of joint ventures		(4)	20
Other comprehensive income for the year		26,610	37,337
Total comprehensive income for the year		194,462	(106,382)
Profit/(loss) attributable to:			
Owners of the Company		156,346	(142,259)
Non-controlling interests		11,506	(1,460)
		167,852	(143,719)
Total comprehensive income attributable to:			
Owners of the Company		182,947	(106,100)
Non-controlling interests		11,515	(282)
		194,462	(106,382)
Earnings/(loss) per share:			
– Basic and diluted (<i>HK\$</i>)	9	0.066	(0.060)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		24,933	28,373
Investment properties	10	650,996	515,356
Right-of-use assets	11	9,480	8,460
Intangible assets	12	557,560	427,349
Prepayments		1,632	3,680
Interests in associates	13	11,600	33,125
Interests in joint ventures	14	24,267	12,379
Other receivables	15	9,697	11,614
		<hr/>	<hr/>
Total non-current assets		1,290,165	1,040,336
Current assets			
Inventories		46,593	23,354
Debtors, other loans and receivables, deposits and prepayments	15	282,161	241,778
Bills receivable		1,189	20
Financial assets at fair value through profit or loss		5,091	8,768
Pledged bank deposits		72,150	2,191
Bank balances held on behalf of brokerage clients		28	28
Bank balances and cash		66,925	63,634
		<hr/>	<hr/>
Total current assets		474,137	339,773
Current liabilities			
Creditors, other advances and accrued charges	16	154,148	86,404
Borrowings		240,236	105,344
Derivative financial liabilities		580	–
Promissory notes	17	8,960	8,251
Lease liabilities	11	1,886	2,894
Provision for litigation	19	–	15,348
Taxation		–	47
		<hr/>	<hr/>
Total current liabilities		405,810	218,288
		<hr/>	<hr/>
Net current assets		68,327	121,485
		<hr/>	<hr/>
Total assets less current liabilities		1,358,492	1,161,821

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities	11	1,316	–
Other payables and advances	16	49,993	14,569
Borrowings		20,443	69,294
Deferred tax liabilities		88,190	69,092
		<hr/>	<hr/>
Total non-current liabilities		159,942	152,955
		<hr/>	<hr/>
Total net assets		1,198,550	1,008,866
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Capital and reserves			
Share capital		23,745	23,745
Reserves		1,176,518	993,626
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,200,263	1,017,371
		<hr/>	<hr/>
Non-controlling interests		(1,713)	(8,505)
		<hr/>	<hr/>
Total equity		1,198,550	1,008,866
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Statutory reserve fund <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2019	23,745	1,828,432	612,360	3,601	4,878	66,475	8,414	(1,425,952)	1,121,953	(8,223)	1,113,730
Loss for the year	-	-	-	-	-	-	-	(142,259)	(142,259)	(1,460)	(143,719)
Surplus on transfer from right-of-use assets and property, plant and equipment to investment properties, net of deferred tax	-	-	-	-	-	56,758	-	-	56,758	663	57,421
Exchange difference on translation of foreign operations	-	-	-	(20,432)	-	-	-	-	(20,432)	515	(19,917)
Share of other comprehensive income of associates	-	-	-	(187)	-	-	-	-	(187)	-	(187)
Share of other comprehensive income of joint ventures	-	-	-	20	-	-	-	-	20	-	20
Total comprehensive income for the year	-	-	-	(20,599)	-	56,758	-	(142,259)	(106,100)	(282)	(106,382)
Share based payment by granting share options	-	-	-	-	-	-	1,518	-	1,518	-	1,518
Lapse of share options	-	-	-	-	-	-	(1,198)	1,198	-	-	-
At 30 June 2020	<u>23,745</u>	<u>1,828,432</u>	<u>612,360</u>	<u>(16,998)</u>	<u>4,878</u>	<u>123,233</u>	<u>8,734</u>	<u>(1,567,013)</u>	<u>1,017,371</u>	<u>(8,505)</u>	<u>1,008,866</u>

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve fund HK\$'000	Property revaluation reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2020	23,745	1,828,432	612,360	(16,998)	4,878	123,233	8,734	(1,567,013)	1,017,371	(8,505)	1,008,866
Profit for the year	-	-	-	-	-	-	-	156,346	156,346	11,506	167,852
Exchange difference on translation of foreign operations	-	-	-	20,482	-	-	-	-	20,482	9	20,491
Reclassification adjustment on exchange difference for foreign operations disposed of during the year (<i>Note 18</i>)	-	-	-	3,423	-	-	-	-	3,423	-	3,423
Share of other comprehensive income of associates	-	-	-	2,700	-	-	-	-	2,700	-	2,700
Share of other comprehensive income of joint ventures	-	-	-	(4)	-	-	-	-	(4)	-	(4)
Total comprehensive income for the year	-	-	-	26,601	-	-	-	156,346	182,947	11,515	194,462
Disposal of subsidiaries	-	-	-	-	-	(14,980)	-	14,980	-	(4,778)	(4,778)
Change in non-controlling interest without change in control (<i>Note 20</i>)	-	-	-	-	-	-	-	(55)	(55)	55	-
Lapse of share options	-	-	-	-	-	-	(7,216)	7,216	-	-	-
At 30 June 2021	<u>23,745</u>	<u>1,828,432</u>	<u>612,360</u>	<u>9,603</u>	<u>4,878</u>	<u>108,253</u>	<u>1,518</u>	<u>(1,388,526)</u>	<u>1,200,263</u>	<u>(1,713)</u>	<u>1,198,550</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. ORGANISATION AND OPERATIONS

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information in the annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of cables and wires, trading of copper rods, investment properties, provision of financing and management service and holding of mining right. Its associates are engaged in advertising and media services, branding and marketing services, corporate image and strategy services, innovating strategy services, research, development, processing and sales of home furnishing lighting appliances, LED lighting products and other electrical materials and parts for various electrical appliances in the PRC. Its joint ventures are engaged in holding of mining right. The Company, together with its subsidiaries, associates and joint ventures are collectively referred to as the “**Group**”.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) Adoption of new/revised HKFRSs – effective on 1 July 2020

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior years. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting year except for the amendment to HKFRS 16, COVID-19-Related Rent Concessions. Impact on the applications of these amended HKFRSs are summarised below.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

The amendment extend the practical expedient available to lessees in accounting for COVID-19 related rent concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted.

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies of changing the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information' ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁴
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to HKAS 16	Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
HKFRS 17	Insurance Contracts ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Annual Improvements to HKFRSs 2018–2020	HKFRS 1 First-time Adoption of International Financial Reporting Standards ²
Annual Improvements to HKFRSs 2018–2020	HKFRS 9 Financial Instruments ²
Annual Improvements to HKFRSs 2018–2020	Illustrative Examples accompanying HKFRS 16 ²

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies of changing the disclosure requirements with respect to accounting policies from ‘significant accounting policies’ to ‘material accounting policy information’

The amendments change the disclosure requirements with respect to accounting policies from ‘significant accounting policies’ to ‘material accounting policy information’. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to HKAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As HKFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to HKFRS Practice Statement 2.

Amendment to HKAS 8 – Definition of Accounting Estimates

The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of HKFRS 16). It introduces an additional criterion for the initial recognition exemption under HKAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

Amendments to HKAS 16 – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

HKFRS 17 – Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a ‘General Model’, which is modified for insurance contracts with direct participation features, described as the ‘Variable Fee Approach’. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

Annual Improvements to HKFRSs 2018–2020 – HKFRS 1, First-time Adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

Annual Improvements to HKFRSs 2018–2020 – HKFRS 9, Financial Instruments

The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Annual Improvements to HKFRSs 2018–2020 – Illustrative Examples accompanying HKFRS 16, Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The Group is in the process of making an assessment of the potential impact of these new pronouncements. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. REVENUE

Revenue derived from the Group's principal activities comprises of the followings:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers:		
Sales of goods	419,295	276,254
Revenue from other sources:		
Rental income	<u>13,754</u>	<u>12,017</u>
	<u>433,049</u>	<u>288,271</u>

4. SEGMENTAL INFORMATION

(a) Reportable segments

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

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

- (i) manufacture and trading of cables and wires;
- (ii) trading of copper rods; and
- (iii) investment properties.

In prior years, the Group acquired its mining operation located in the State of Mongolia and became engaged in the mining business. However, no active operation took place since the date of acquisition and therefore the directors of the Company consider that the mining operation did not constitute a business segment as at 30 June 2020 and 2021 and for the years then ended for the purpose of segment reporting.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is measure of adjusted profit/loss before taxation. The adjusted profit/loss before taxation is measured consistently with the Group's profit/loss before taxation except that impairment loss on mining right, share of results of associates and joint ventures as well as head office and corporate expenses (including share-based payment expenses etc.) are excluded from such measurement.

Segment assets exclude mining right, interests in associates and joint ventures, deferred tax assets, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude promissory notes, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

For the year ended 30 June 2021

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue from external customer	278,995	140,300	13,754	433,049	-	433,049
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	278,995	140,300	13,754	433,049	-	433,049
Reportable segment (loss)/profit	(15,254)	2,070	88,061	74,877	-	74,877
Finance costs	(9,792)	(3,832)	(1,354)	(14,978)	-	(14,978)
Change in fair value of derivative financial instruments, net	69	4	-	73	-	73
Change in fair value of investment properties, net	-	-	85,911	85,911	-	85,911
Gain on disposal of property, plant and equipment	3	-	-	3	-	3
Expected credit loss, net allocated	(624)	(1,929)	(5,762)	(8,315)	-	(8,315)
unallocated						(3,385)
						(11,700)
Provision for litigation	-	(743)	-	(743)	-	(743)
Depreciation of right of use assets allocated	(7)	(209)	(46)	(262)	-	(262)
unallocated						(2,268)
						(2,530)
Depreciation of property, plant and equipment allocated	(4,942)	(835)	(368)	(6,145)	-	(6,145)
unallocated						(2,728)
						(8,873)
Income tax expense	-	-	(20,779)	(20,779)	-	(20,779)

For the year ended 30 June 2020

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue from external customer	178,209	98,045	12,017	288,271	–	288,271
Inter-segment revenue	–	15,433	–	15,433	(15,433)	–
Reportable segment revenue	178,209	113,478	12,017	303,704	(15,433)	288,271
Reportable segment profit/(loss)	5,643	(16,329)	9,818	(868)	–	(868)
Finance costs	(8,203)	(3,962)	(558)	(12,723)	–	(12,723)
Change in fair value of derivative financial instruments, net	–	(134)	–	(134)	–	(134)
Change in fair value of investment properties, net	–	–	371	371	–	371
Loss on disposal of property, plant and equipment allocated	(752)	(770)	(426)	(1,948)	–	(1,948)
unallocated						(10)
						(1,958)
Reversal of expected credit loss/ (expected credit loss) recognised, net allocated	(601)	(1,067)	9,931	8,263	–	8,263
unallocated						3,415
						11,678
Provision for litigation	–	(15,514)	–	(15,514)	–	(15,514)
Depreciation of right of use assets allocated	(7)	(906)	(874)	(1,787)	–	(1,787)
unallocated						(2,448)
						(4,235)
Depreciation of property, plant and equipment allocated	(5,269)	(2,728)	(655)	(8,652)	–	(8,652)
unallocated						(2,762)
						(11,414)
Income tax credit/(expense) allocated	305	1,879	(1,090)	1,094	–	1,094
unallocated						17
						1,111

As at 30 June 2021

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	262,504	162,407	687,290	1,112,201
Additions to non-current assets	3,331	–	54,733	58,064
Reportable segment liabilities	353,093	16,403	91,374	460,870

As at 30 June 2020

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	105,781	197,139	567,644	870,564
Additions to non-current assets	1,056	–	45,644	46,700
Reportable segment liabilities	151,708	79,089	52,394	283,191

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
For the year ended 30 June		
Profit/(loss) before taxation		
Reportable segment profit/(loss)	74,877	(868)
Change in fair value of derivative financial instruments	(580)	–
Reversal of impairment loss/(impairment loss) on intangible assets	130,206	(29,348)
Loss on redemption of promissory notes	–	(531)
Revaluation deficit of right-of-use assets	–	(25,202)
Share of results of joint ventures	11,892	(4,048)
Share-based payment expenses	–	(1,518)
Share of results of associates and impairment loss on interests in associates	(1,811)	(18,926)
Unallocated finance costs	(897)	(1,648)
Unallocated corporate expenses	(25,056)	(62,741)
Consolidated profit/(loss) before income tax expense/credit	<u>188,631</u>	<u>(144,830)</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 30 June		
Assets		
Reportable segment assets	1,112,201	870,564
Mining right	557,560	427,349
Interests in joint ventures	24,267	12,379
Interests in associates	11,600	33,125
Unallocated bank balances and cash	12,937	3,427
Unallocated corporate assets	45,737	33,265
	<u>1,764,302</u>	<u>1,380,109</u>
Liabilities		
Reportable segment liabilities	460,870	283,191
Taxation	–	47
Promissory notes	8,960	8,251
Deferred tax liabilities	88,190	69,092
Unallocated corporate liabilities	7,732	10,662
	<u>565,752</u>	<u>371,243</u>

(c) **Geographical information**

The Group's operations are conducted in Hong Kong, the PRC, Americas, Europe and other Asian regions.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The PRC	270,599	194,947	456,597	535,335
Americas	38,843	19,399	–	–
Europe	61,646	38,479	–	–
Hong Kong	35,333	21,174	3,538	51,043
Other Asian regions	26,628	14,272	820,333	442,344
	<u>433,049</u>	<u>288,271</u>	<u>1,280,468</u>	<u>1,028,722</u>

The revenue information above is based on the locations of the customers. The non-current asset information above is based on the locations of the assets.

(d) Disaggregation of revenue by timing of revenue recognition

For the year ended 30 June 2021

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000
Revenue from contracts with customers disaggregated by timing of revenue recognition				
At a point in time	278,995	140,300	–	419,295
Transferred over time	–	–	–	–
	<u>278,995</u>	<u>140,300</u>	<u>–</u>	<u>419,295</u>
Revenue from other sources	<u>–</u>	<u>–</u>	<u>13,754</u>	<u>13,754</u>
	<u>278,995</u>	<u>140,300</u>	<u>13,754</u>	<u>433,049</u>

For the year ended 30 June 2020

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000
Revenue from contracts with customers disaggregated by timing of revenue recognition				
At a point in time	178,209	98,045	–	276,254
Transferred over time	–	–	–	–
	<u>178,209</u>	<u>98,045</u>	<u>–</u>	<u>276,254</u>
Revenue from other sources	<u>–</u>	<u>–</u>	<u>12,017</u>	<u>12,017</u>
	<u>178,209</u>	<u>98,045</u>	<u>12,017</u>	<u>288,271</u>

(e) Information about major customers

Revenue from external customers contributing 10% or more of the total revenue of the Group is as follows:

	2021 HK\$'000	2020 HK\$'000
Copper rods segment		
Customer A	54,484	47,859

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) from operations is arrived at after charging/(crediting) the followings:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	2,150	2,150
Depreciation of property, plant and equipment	8,873	11,414
Carrying amount of inventories sold	375,444	256,505
Reversal of write-down of inventories	<u>(629)</u>	<u>(267)</u>
Cost of inventories recognised as expenses (<i>Note (i)</i>)	374,815	256,238
Short term lease expenses	651	200
Depreciation of right-of-use assets	2,530	4,235
Direct operating expenses arising from investment properties that generate rental income during the year	395	1,261
(Gain)/loss on disposal of property, plant and equipment	(3)	1,958
Loss on disposal of investment properties	–	1,290
Exchange difference, net	5,008	(188)
Government subsidies	(602)	(562)
Research and development expenses	4,570	–
Share-based payment expenses	–	1,518
Staff costs (including directors' remuneration)	61,598	56,017
Loss on early redemption of promissory notes	–	531
Provision for litigation (<i>Note 19</i>)	<u>743</u>	<u>15,514</u>

Note:

- (i) Included in cost of inventories is HK\$35,382,000 (2020: HK\$25,899,000) relating to staff costs and depreciation of property, plant and equipment. The amounts are also included in the respective total amounts as separately disclosed above.

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on borrowings	15,043	14,901
Interest on lease liabilities (<i>Note 11</i>)	123	212
Imputed interest on promissory notes (<i>Note 17</i>)	709	797
Less: Amount capitalised (<i>Note (i)</i>)	<u>–</u>	<u>(1,539)</u>
	<u>15,875</u>	<u>14,371</u>

Note:

- (i) During the year ended 30 June 2020, borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 9.13% to expenditure on qualifying assets.

7. INCOME TAX EXPENSE/(CREDIT)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax for the year		
Hong Kong profits tax		
– provision for the year	–	–
Taxation in other jurisdictions:		
– provision for the year	–	18
– Under-provision in respect of previous years	–	352
	<u>–</u>	<u>370</u>
Deferred tax for the year	<u>20,779</u>	<u>(1,481)</u>
	<u>20,779</u>	<u>(1,111)</u>

No provision for Hong Kong profits tax is made for current and prior years as there is no assessable profits arising in Hong Kong for both years. Taxation in other countries and jurisdictions is calculated at the rates applicable in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The domestic tax rate of principal subsidiaries in the PRC is used as it is where the operations of the Group are substantially based. The corporate income tax for enterprises in the PRC is calculated at the applicable standard rate of 25% for both years.

8. DIVIDEND

The directors did not recommend the payment of any dividend for the years ended 30 June 2020 and 2021.

9. EARNINGS/(LOSS) PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) for the year attributable to the owners of the Company	<u>156,346</u>	<u>(142,259)</u>
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,374,532,340</u>	<u>2,374,532,340</u>

There was no movement on the number of shares in issue during the year. The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the year ended 30 June 2021 and 2020 are 2,374,532,340.

The computation of diluted earnings per share during the year ended 30 June 2021 does not assume the exercise of the Company's all share options because the exercise price of those options was higher than the average market price for shares for the year ended 30 June 2021, while the computation of diluted earnings per share during the year ended 30 June 2020 did not assume the subscription of the Company's outstanding potential dilutive ordinary shares as they are anti-dilutive. Therefore, the diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share for the years ended 30 June 2021 and 2020.

10. INVESTMENT PROPERTIES

	<i>Notes</i>	Completed investment properties HK\$'000	Investment properties under construction HK\$'000	Total HK\$'000
At 1 July 2019		321,160	–	321,160
Additions		–	2,747	2,747
Transferred from property, plant and equipment		35,980	47,318	83,298
Transferred from right-of-use assets	11	22,010	97,814	119,824
Change in fair value		(230)	601	371
Exchange realignment		(10,450)	(1,594)	(12,044)
		<u>368,470</u>	<u>146,886</u>	<u>515,356</u>
At 30 June 2020 and 1 July 2020		368,470	146,886	515,356
Additions		–	54,733	54,733
Change in fair value		31,238	54,673	85,911
Disposal of subsidiaries	18	(53,110)	–	(53,110)
Exchange realignment		31,094	17,012	48,106
		<u>31,094</u>	<u>17,012</u>	<u>48,106</u>
At 30 June 2021		<u>377,692</u>	<u>273,304</u>	<u>650,996</u>

11. LEASES

(a) The Group as lessee

The Group has lease contracts for office buildings. Lump sum payments were made upfront to acquire the interests in the leasehold land in the PRC. Leases of office buildings generally have lease terms ranging from one to three years and lease payments are fixed over the lease terms. There is no extension options, variable lease payments nor restrictions or covenants included in these agreements.

Certain leases of office buildings have lease terms of 12 months or less and the Group did not capitalised these leases by applying the short-term lease recognition exemption.

(i) **Right-of-use assets**

The movements of the carrying amounts of the Group's right-of-use assets during the year are set out below:

		Leasehold land	Buildings	Total
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 July 2019		103,207	4,897	108,104
Revaluation, net (<i>Note</i>)		27,161	–	27,161
Transferred to investment properties	10	(119,824)	–	(119,824)
Depreciation		(1,787)	(2,448)	(4,235)
Exchange realignment		(2,746)	–	(2,746)
		<u>6,011</u>	<u>2,449</u>	<u>8,460</u>
As at 30 June 2020 and 1 July 2020		6,011	2,449	8,460
Addition		–	3,808	3,808
Depreciation		(262)	(2,268)	(2,530)
Modification of leases		–	(815)	(815)
Exchange realignment		557	–	557
		<u>557</u>	<u>–</u>	<u>557</u>
		6,306	3,174	9,480
As at 30 June 2021		<u>6,306</u>	<u>3,174</u>	<u>9,480</u>

Note: During the year ended 30 June 2020, the revaluation amount comprised the net effect of revaluation gain of HK\$52,363,000 and revaluation deficit of HK\$25,202,000. With regard to the revaluation gain, a surplus of revaluation, net of deferred taxation, of HK\$39,272,000 was credited to property revaluation reserve. The revaluation deficit of HK\$25,202,000 was charged to profit or loss.

(ii) **Lease liabilities**

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 July	2,894	5,188
New leases	3,808	–
Interest expenses	123	212
Lease payments	(2,719)	(2,506)
Modification of leases	(904)	–
	<u>3,202</u>	<u>2,894</u>
At 30 June	3,202	2,894
Classified under:		
Non-current portion	1,316	–
Current portion	1,886	2,894
	<u>3,202</u>	<u>2,894</u>

At 30 June 2021, the undiscounted lease payments receivable by the Group in future period under non-cancellable operating leases with its tenants are as follows:

	2021		
	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
Within one year	2,005	119	1,886
After one year but within two years	1,337	21	1,316
	<u>3,342</u>	<u>140</u>	<u>3,202</u>
	2020		
	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
Within one year	2,962	68	2,894
	<u>2,962</u>	<u>68</u>	<u>2,894</u>

(iii) *Information in relation to short term leases*

	2021 HK\$'000	2020 HK\$'000
Short term lease expenses	651	200
Aggregate undiscounted commitments for short term leases	<u>85</u>	<u>116</u>

(b) **The Group as lessor**

The Group leases out its investment properties under operating lease arrangements with leases negotiated for period ranging from one year to fifteen years (2020: one year to fifteen years). As at 30 June 2021, the Group had contracted with tenants for the following future minimum lease payments receivable:

	2021 HK\$'000	2020 HK\$'000
Within one year	16,158	40,995
In the second year	15,270	14,983
In the third year	15,769	15,059
In the fourth year	13,077	15,045
In the fifth year	4,977	11,967
Over five years	15,067	21,632
	<u>80,318</u>	<u>119,681</u>

12. INTANGIBLE ASSETS

	Mining right <i>HK\$'000</i>
COST:	
At 1 July 2019	1,167,711
Exchange realignment	<u>(27)</u>
At 30 June 2020 and 1 July 2020	1,167,684
Exchange realignment	<u>5</u>
At 30 June 2021	1,167,689
ACCUMULATED AMORTISATION AND IMPAIRMENT:	
At 1 July 2019	710,988
Impairment	29,348
Exchange realignment	<u>(1)</u>
At 30 June 2020 and 1 July 2020	740,335
Reversal of impairment	<u>(130,206)</u>
At 30 June 2021	610,129
NET CARRYING AMOUNT:	
At 30 June 2021	557,560
At 30 June 2020	427,349

The mining right represents the right to conduct mining activities in the location of Nergui, Delgerkhantai soum, Dundgobi aimag, the State of Mongolia, for a period of 30 years, expiring on 23 November 2039. The mining operating license is issued by the Mineral Resources Authority of the State of Mongolia. It is extendable by 2 successive 20 years each.

The mining right is subject to impairment review whenever there are indications that the mining right's carrying amount may not be recoverable or impairment losses recognised in prior periods may have decreased.

During the year ended 30 June 2021, the directors of the Company have engaged Peak Vision in determining the recoverable amount of the CGU for which the mining right belongs to (the "Mining CGU"). Given the current development status of mining right, management has determined that recoverable amount of the Mining CGU on a fair-value-less-costs-of-disposal basis. The calculation has incorporated assumptions that a typical market participant would use in estimating the recoverable amount of the Mining CGU, which adopted cash flow projection for a period of 9 years, which is estimated to be the entire period of mining activities.

The outbreak of COVID-19 affected the global economic environment and to cope with the pandemic, Mongolia imposed lockdown measures for most of the time during the year, which limited the work of geologists at the mining sites of the projects. Upon the Board's deliberation of these factors and the development direction of the Group, the directors are of opinion that the exploitation of mineral resources could not create synergy effect to the business development of the Group for the time being. The Group suspended its mining investment and development in Mongolia temporarily and consequently, a cash flow projection based on latest financial budgets approved by the Group's management. There has been no change from the valuation technique used in prior year.

The key assumptions used in the cash flow projection are as follow:

At 30 June 2021, management analysed changes in the economic environment and performed an impairment test for Mining CGU at 30 June 2021 using the following key assumptions to determine the recoverable amount:

- In determining the revenue growth, a constant of the production level is expected in the cash flow projection periods;
- Total production was estimated based on average sustainable production levels of 20,000 metric tonnes of primary copper cathode per annum, of 12.56 million tonnes of ores. The ores will be used primarily for the production of the primary copper cathode;
- Budgeted average gross margins 58% in the cash flow projection periods based on management expectations of market development and estimated mineral resources reserves based on technical report;
- The unit market price of copper cathode was ranged from US\$5,795 per tonne to US\$8,452 per tonne with reference to the future copper price at the end of each forecast period predicted by the World Bank;
- The post-tax discount rate was estimated in real terms based on the weighted average cost of capital basis and was 21.83%. In determining the discount rate, the weighted average cost of capital was used, which is based on capital asset pricing model and determined with reference to the Mongolia Bank Prime Loan Rate and has taken into account the average of the weight of debt of industry comparable;
- Operating costs were projected based on the feasibility study report adjusted for inflation; and
- For the estimation of inflation rate, inflation rates relevant to the global and local Mongolian economy are taken as reference.

Values assigned to key assumptions and estimates used to measure Mining CGU's recoverable amount based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 10% reduction in the projected copper price level would result in a decrease in the recoverable amount by 20% but would not lead to an impairment; and
- A 10% increase in the post-tax discount rate (i.e. increased from 21.83% to 24.01%) would result in a decrease in the recoverable amount by 13% but would not lead to an impairment.

The fair value of the mining right is a Level 3 non-recurring fair value measurement.

As at 30 June 2021, in view of the continuously increase (2020: decrease) in the LME copper price, the carrying amount of the Mining CGU was HK\$429,408,000, which was lower than the recoverable amount of HK\$559,614,000. Accordingly, reversal of impairment losses on Mining CGU of approximately HK\$130,206,000, is recognised in profit or loss for the year ended 30 June 2021. The reversal of impairment loss is primarily due to the significant increase in copper price and hence a corresponding increase in future cash inflows, which is attributed to the increase in the recoverable amount of the Mining CGU.

As at 30 June 2020, the carrying amount of the Mining CGU was HK\$459,490,000, which was higher than the recoverable amount of HK\$430,142,000 based on the above assessment, resulting in an impairment loss of HK\$29,348,000. The impairment loss is primarily due to the delay in the mining plan and hence a corresponding decrease in future cash inflows, which is attributed to the decrease in the recoverable amount of the mining right.

13. INTERESTS IN ASSOCIATES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Share of net assets	11,600	33,125

Particulars of the Group's associates as at 30 June 2021 are as follows:

Name of associate	Form of business structure	Place of incorporation/operation	Proportion of effective interest held by the Group	Principal activities
Idea Advertising Holdings Ltd.#	Limited liability company	BVI	49% (direct)	Investment holding
Idea Advertising Hong Kong Company Ltd.#	Limited liability company	Hong Kong	49% (indirect)	Investment holding
廣州市藝典廣告有限公司#	Limited liability company	PRC	49% (indirect)	Advertising and media services, branding and marketing services, corporate image and strategy services and innovation strategy services
Ocean Pride Ventures Limited*	Limited liability company	BVI	17% (direct)	Investment holding
Vietta Investment Holdings Limited*	Limited liability company	Hong Kong	17% (indirect)	Investment holding
江門市健輝照明科技有限公司*	Limited liability company	PRC	17% (indirect)	Investment holding
江門市博林照明科技有限公司*	Limited liability company	PRC	17% (indirect)	Research, development, processing and sales of home furnishing lighting appliances, LED lighting products and other electrical materials and parts for various electrical appliances in the PRC

Collectively known as the "Idea Group"

* Collectively known as the "Ocean Ride Group"

14. INTERESTS IN JOINT VENTURES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Share of net assets	<u>24,267</u>	<u>12,379</u>

Particulars of the Group's joint ventures as at 30 June 2021 are as follows:

Name of joint venture	Place of incorporation/ operation	Proportion of effective interest held by the Group	Principal activities
Venture Max Limited	BVI	10% (direct)	Investment holding
Mongolian Copper Mining LLC	Mongolia	10% (indirect)	Mining business (not yet commenced)

The Group has joint control over the arrangements as unanimous consent is required from all parties to the arrangements for the relevant activities of the aforesaid companies. The contractual arrangement in relation to the aforesaid companies provide the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for the liabilities of the joint arrangements resting primarily with these companies.

15. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade debtors, net	84,612	56,514
Loans receivable, net	146,123	148,300
Prepayments	3,446	6,368
Deposits and other receivables, net	49,812	30,863
VAT recoverable	<u>7,865</u>	<u>11,347</u>
	291,858	253,392
Less: Amount shown under non-current assets	<u>(9,697)</u>	<u>(11,614)</u>
Amount shown under current assets	<u>282,161</u>	<u>241,778</u>

- (i) The Group usually grants credit period ranging from 30 to 60 days (2020: 30 to 60 days) to its trade customers.

- (ii) The aging analysis of net trade debtors, based on invoice date, as of the end of the reporting period is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	37,240	27,401
31–60 days	27,325	12,549
61–90 days	14,020	10,130
Over 90 days	6,027	6,434
	<u>84,612</u>	<u>56,514</u>

16. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade creditors	84,702	40,056
Contract liabilities	4,945	1,418
Other payables and accruals	86,923	52,921
Rental received in advance	27,571	6,578
	<u>204,141</u>	<u>100,973</u>
Less: Amount shown under non-current liabilities		
Other payables	(22,723)	(7,991)
Rental received in advance	(27,270)	(6,578)
	<u>(49,993)</u>	<u>(14,569)</u>
Amount shown under current liabilities	<u>154,148</u>	<u>86,404</u>

Aging analysis of trade creditors, based on invoice date or the date of recognition, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–30 days	43,524	21,525
31–60 days	19,037	7,670
61–90 days	8,841	4,040
Over 90 days	13,300	6,821
	<u>84,702</u>	<u>40,056</u>

Note: Contract liabilities primarily relate to the advances received from customers for sale of goods. The advances remain as contract liabilities until they are recognised as revenue when control of goods is transferred to the customers.

Changes in the contract liabilities balances during the year are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At the beginning of year	1,418	1,577
Cash received	4,913	1,475
Recognised as revenue	(1,418)	(1,577)
Exchange realignment	32	(57)
	<hr/>	<hr/>
At the end of year	4,945	1,418
	<hr/> <hr/>	<hr/> <hr/>

HK\$1,418,000 of the contract liabilities as at 1 July 2020 were recognised as revenue for the year ended 30 June 2021 from performance obligations satisfied during the year.

The contract liabilities as at 30 June 2021 were expected to be recognised as revenue in the next 12 months. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contract which has an original expected duration of one year or less is not disclosed.

17. PROMISSORY NOTES

On 30 April 2020, the Company issued promissory note with principal amount of HK\$15,000,000 as the consideration to acquire 17% equity interest of Ocean Pride Ventures Limited. The promissory note was unsecured, bear interest at 6% per annum and matured at 30 April 2021. During the year, the maturity date was extended to 29 November 2021.

The promissory notes are initially recognised at their fair values at the dates of issue and subsequently measured at amortised cost using the effective interest method.

The movements of the promissory notes during the year are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 July	8,251	14,004
Imputed interest	709	797
Redemption	–	(7,000)
Interest paid	–	(81)
Loss on early redemption	–	531
	<hr/>	<hr/>
At 30 June	8,960	8,251
	<hr/> <hr/>	<hr/> <hr/>

18. DISPOSAL OF SUBSIDIARIES

- (a) On 24 November 2020, the Group, through a wholly-owned subsidiary, entered into an agreement with Dongguan Taizhou Industrial Investment Co., Ltd., an independent third party, to dispose of the entire issued share capital in a subsidiary, Dongguan Xin Bao Fine Chemical Co., Ltd. (the “**Disposal DGXB**”), at the consideration of HK\$44,460,000 in cash. The Disposal DGXB is principally engaged in property holding in the PRC.

On 18 December 2020, the disposal of equity interest in the Disposal DGXB was completed.

Details of the assets and liabilities of the Disposal DGXB at the date of disposal are:

	<i>HK\$'000</i>
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	91
Investment property	53,110
Debtors, other loans and receivables, deposits, and prepayments	6,918
Bank balances and cash	1,329
Creditors, other advances and accrued charges	(990)
Deferred tax liabilities	(8,793)
Non-controlling interests	(5,363)
	<hr/>
Net assets disposed of	46,302
Cumulative exchange differences in respect of the net assets of the Disposal DGXB reclassified from equity to profit or loss on loss of control of the Disposal DGXB	3,061
Loss on disposal	(4,903)
	<hr/>
Total consideration	44,460
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash consideration (<i>Note</i>)	44,460
Less: Cash and bank balances disposed of	(1,329)
	<hr/>
Net cash inflows	43,131
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Note: During the year ended 30 June 2021, the consideration of HK\$44,460,000 was received by the Group.

- (b) During the year, the Group also disposed of its 51% equity interest in a subsidiary Dongguan Youpin Business Development Company Limited and its subsidiary at a cash consideration of HK\$1, to the existing 49% equity owner (the “**Disposal DGYP**”). The Disposal DGYP was dormant in current and prior years.

On 6 January 2021, the disposal of equity interest in the Disposal DGYP was completed. Cumulative exchange differences in respect of the net assets of the Disposal DGYP reclassified from equity to profit or loss on loss of control of the Disposal DGYP of HK\$362,000 and gain on disposal of HK\$247,000 is recognised in the profit or loss.

Net cash outflow arising on the disposal of the Disposal DGYP was HK\$6,000.

19. LITIGATION

During the year ended 30 June 2020, a subsidiary of the Company (the “**Subsidiary**”) entered into a service agreement with a constructor (the “**Constructor**”) in connection with the development of an industrial complex in Dongguan, the PRC.

During the year ended 30 June 2020, the Subsidiary resolved to suspend the development and accordingly terminated the service agreement without the consent of the Constructor. The Constructor took legal action against the Subsidiary to Dongguan Third Primary People’s Court (the “**Court**”) for an aggregate compensation of RMB14,000,000 for the breach of the service agreement by the Subsidiary. On 20 March 2020, according to the first court judgement (“**First Judgement**”), the Subsidiary is liable for the payment of RMB14,000,000 to the Constructor. On 6 May 2020, the Subsidiary lodged an objection to Dongguan Intermediate People’s Court to appeal against the First Judgement (the “**First Appeal**”).

In October 2020, the Subsidiary was informed by its legal counsel that the First Appeal was rejected by Dongguan Intermediate People’s Court (the “**Second Judgement**”). On 27 October 2020, the Subsidiary lodged another objection to High People’s Court of Guangdong Province to appeal against the Second Judgement (the “**Second Appeal**”). On 4 December 2020, the Second Appeal was rejected by High People’s Court of Guangdong Province (the “**Third Judgement**”). On 4 December 2020, the Court issued a notice to the Subsidiary that the First Judgement shall be executed immediately upon the receipt of the notice by the Subsidiary. Accordingly, the Subsidiary made a full settlement of approximately RMB14,633,000, (equivalent to approximately HK\$17,162,000) comprised of the compensation of RMB14,000,000 and late interest of RMB633,000. Subsequent to the settlement made, the Court issued a notification of case closure to the Subsidiary on 23 June 2021.

Details of movements of the provision for litigation are as follows:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
At the beginning of the year	15,348	–
Additions	–	15,514
Under-provision of interest on compensation	743	–
Settlement	(17,162)	–
Exchange realignment	1,071	(166)
	<hr/>	<hr/>
At the end of the year	–	15,348
	<hr/> <hr/>	<hr/> <hr/>

20. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

During the year, the Group acquired further 49% equity interest in China Co-Op International Trading Company Limited (“**China Co-Op**”) at a consideration of HK\$490 which was satisfied by payment of cash, pursuant to which China Co-Op became a wholly-owned subsidiary of the Group. Upon the acquisition, the difference approximately of HK\$55,000 between the proportionate share of the carrying amount of its net assets and the capital injection for an additional interest has been debited to accumulated losses.

21. NOVEL CORONAVIRUS OUTBREAK

Since January 2020, the outbreak of Novel Coronavirus (“**COVID-19**”) has impact on the business environment in the PRC and Hong Kong. Up to the date of this report, COVID-19 has not resulted in material impact to operating activities or financial performance and financial position of the Group. The manufacturing and trading business and leasing activities are almost operating normally during the pandemic and manufacturing activities has been fully resumed in March 2020. However, as COVID-19 continue to evolve, depending on the subsequent development and spread of COVID-19, it may have significant impact to the Group. The Group will continue to pay close attention to the development of COVID-19 and evaluate its impact arising.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that for the year ended 30 June 2021 (the “**year under review**”), total turnover of the Group was approximately HK\$433,049,000, representing an increase of 50.2% as compared to approximately HK\$288,271,000 recorded for the corresponding period last year. During the year under review, profit attributable to owners of the Company was approximately HK\$156,346,000 as compared to the loss attributable to owners of the Company of approximately HK\$142,259,000 for the corresponding period last year. Earnings per share for the year under review was approximately HK\$0.066 (Loss per share for 2019/2020: HK\$0.06).

BUSINESS REVIEW

The Group’s turnover for the year under review was approximately HK\$433,049,000, representing an increase of 50.2% as compared to approximately HK\$288,271,000 for the same period of last year. By business segments, the turnover of the cables and wires business was approximately HK\$278,995,000, representing an increase of 56.6% as compared to approximately HK\$178,209,000 for the same period of last year and accounted for 64.4% of the Group’s total turnover. Turnover of the copper rod business was approximately HK\$140,300,000, representing an increase of 43.1% as compared to approximately HK\$98,045,000 for the same period of last year and accounted for 32.4% of the Group’s total turnover. Turnover of the leasing business was approximately HK\$13,754,000, representing an increase of 14.5% as compared to approximately HK\$12,017,000 for the same period of last year and accounted for 3.2% of the Group’s total turnover. Other business remained dormant during the year under review.

By geographical market segments, turnover from the business in the Americas increased by 100.2% to approximately HK\$38,843,000 from approximately HK\$19,399,000 for the same period of last year, accounting for 9.0% of the Group’s total turnover. Turnover from the business in Mainland China and Hong Kong increased by 41.6% to approximately HK\$305,932,000 from approximately HK\$216,121,000 for the same period of last year, accounting for 70.7% of the Group’s total turnover. Turnover from the business in Europe increased by 60.2% to approximately HK\$61,646,000 from approximately HK\$38,479,000 for the same period of last year, accounting for 14.2% of the Group’s total turnover. Turnover from the business in other regions increased by 86.6% to approximately HK\$26,628,000 from approximately HK\$14,272,000 for the same period of last year, accounting for 6.1% of the Group’s total turnover.

Cables and Wires

The Group's turnover of the cables and wires business for the year under review was approximately HK\$278,955,000, representing an increase of 56.6% as compared to approximately HK\$178,209,000 for the same period of last year. The major customers are primarily manufacturers of white goods appliances. During the year under review, people's lifestyles changed amid the ongoing COVID-19 pandemic as they spent more time working or studying at home, which led to a sharp increase in the demand for household appliances. With the recovery of global economy, the delivery delays caused by the overwhelming demand for logistics were on the rise. Overseas customers intended to increase their inventories of household appliances in order to meet market demand. Moreover, the copper price hit a record high during the year under review. The above factors contributed to the substantial growth of the Group's cables and wires business during the year under review.

Copper Rod Business

The copper rod business includes the trading of copper rods and copper wires and their related products. During the year under review, the turnover of the copper rod business was approximately HK\$140,300,000, representing an increase of 43.1% as compared to approximately HK\$98,045,000 for the corresponding period of last year. International copper prices increased during the year under review, and the 3-month London Metal Exchange copper price increased from approximately US\$6,300 per tonne at the beginning of the year under review to approximately US\$9,400 per tonne at the end of the year under review. With the prospects of economic recovery, copper prices rebounded markedly and the copper rod trading business also recorded growth. The Group has been closely monitoring the development of the operating environment and adopted targeted marketing strategies accordingly.

Rental Income

Investment properties of the Group mainly comprise industrial properties in Hong Kong and the PRC. During the year under review, rental income was approximately HK\$13,754,000, representing an increase of approximately 14.5% as compared with approximately HK\$12,017,000 for the same period of last year. During the year under review, the Group made good use of its land and plant resources to generate more rental income.

Mining

Copper is one of the metals most widely used in finished goods, civil construction, telecommunications and automobile manufacturing, and the demand for copper in such fields has been untouched by the COVID-19 pandemic. The rise in copper prices in the past year was mainly driven by the high demand from China, the world's largest copper consumer, and the growing optimism on the global economic recovery in light of the rollout of the COVID-19 vaccines. Significant uncertainties surrounding copper production in Chile and Peru, the world's two largest copper producers, also played a part. Chile's hasty closure of its borders to cope with the severe COVID-19 situation, coupled with its domestic port strikes and labour disputes, affected its copper supply and production. As such, the global supply of copper was disrupted while the demand remained robust.

During the year under review, copper prices rose to a record high of US\$10,720 per tonne, which was quite unexpected as the global economy was plagued by the COVID-19 pandemic. In light of the surge in copper prices, in calculating the recoverable amount of the cash generating unit for which the mining right belongs to (the "**Mining CGU**") as part of the procedure for the impairment test for the year, the copper price assumption adopted ranged from US\$5,795 per tonne to US\$8,452 per tonne as forecasted at the end of the year under review, which was higher than the spot price of approximately US\$6,038 per tonne at the end of the last year adopted for the previous year. Based on the assessment, the carrying amount of the Mining CGU was HK\$429,408,000, which was lower than its recoverable amount of HK\$559,614,000, resulting in a reversal of impairment losses on the mining right of HK\$130,206,000 previously recognised, which was attributable to the increase in recoverable amount of the Mining CGU as a result of higher copper price. The details of the reversal are set out in Note 12 to the consolidated financial statements of this announcement.

The Group noted that the International Copper Study Group (ICSG) stated in the middle of the year that there would be market surpluses for the current year and the next year as copper producers intend to expand their production capacity. If the ICSG forecast is correct, then the current high copper prices are not reasonable and should be much lower. In addition, Europe's slow recovery from the pandemic and China's measures to stabilise prices amid worries about runaway inflation have affected the commodities outlook in the both regions. Therefore, the calculation of the recoverable amount of the Mining CGU is based on the copper price predicted by the World Bank in its commodity forecast report for the current year instead of period-end spot price adopted for previous periods, as the surge of copper prices in a short time span during the year under review resulted from various reasons and the Group does not want the valuation of the mining right being subject to significant impairment or reversal of impairment loss due to the fluctuations of copper prices.

Mongolia has imposed quarantine, entry ban and other restrictions to cope with the pandemic, and travel in the country has been very limited, including a complete ban on all international travel by road, rail or air. Mongolia has been very vulnerable to the pandemic due to its own inadequate health care system. The Centers for Disease Control and Prevention (CDC) has recommended that foreigners should avoid going to Mongolia, which would reduce the willingness of experts and workers to travel to Mongolia. As long as these measures remain in place, they will have negative impacts on the establishment of our processing plant and the purchase of mining equipment, and complicate our decision-making on investment in Mongolia.

The Group's mineral resources are concentrated in Dundgobi Aimag and Bayan-Ulgii Aimag, Mongolia. No revenue was recorded for the year under review as these projects did not carry out any production activities. Apart from the work required to maintain mining rights, no large-scale capital investment was made.

Advertising Business

The Group owns 49% of the issued capital of Idea International Holdings Limited (“**Idea**”). To cope with the impact of the COVID-19 pandemic, corporate customers slashed their budget on advertisements to reduce operating costs during the year under review. As a result, China's advertising market as a whole experienced a significant decline, with the conventional advertising segment being the worst hit. Furthermore, the rise of new media and the de-intermediation of brands have led to a difficult business environment and tricky prospects for traditional advertising companies.

PROSPECTS

Looking forward to the coming year, there will be opportunities as well as challenges. Thanks to the availability of vaccines, the pandemic has been gradually brought under control. The global economy is expected to see a steady recovery in the coming year as various countries and their central banks have rolled out stimulus policies. Therefore, the operating environment of the Group's cables and wires and copper rod businesses are expected to continue to improve greatly. The Group will capitalise on the improvement of the operation environment and closely monitor the impact of the evolving COVID-19 situation on the economy and its business so as to adjust its sales strategy and ramp up its production capacity in a timely manner to increase its revenue.

During the year under review, the Group proceeded with the construction of its factory building in Dongguan, the PRC. The Directors are keen to fully utilise the Group's existing land resources by constructing modern factory buildings thereon, with a view to generating new income for the Group.

During the year under review, due to the uncertainty brought by the COVID-19 pandemic, the Group has suspended the construction works of 廉江市周氏石材有限公司 (Lianjiang Zhou's Marble Company Limited*), an indirect non-wholly owned subsidiary of the Group, to reconsider the development prospect of the project and look for potential partner(s) to jointly develop the project.

The Group will proactively identify potential business partner(s) and new business opportunities with growth potential to achieve a balanced development with existing operations, expand its income sources, realise diversified and sustainable development and increase shareholders' value.

FINAL DIVIDEND

The Board resolved not to pay any final dividend for the year ended 30 June 2021 (30 June 2020: Nil).

ANNUAL GENERAL MEETING

The 2021 Annual General Meeting of the Company (the “**2021 AGM**”) will be held on Friday, 3 December 2021.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as shareholders of the Company to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Tuesday, 30 November 2021 to Friday, 3 December 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify as shareholders of the Company to attend and vote at the 2021 AGM, investors are required to lodge all properly completed share transfer documents accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 29 November 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had approximately 500 employees in Hong Kong, PRC and overseas (30 June 2020: 500). The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

In compliance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employees of the Group in Hong Kong are required to participate in the Mandatory Provident Fund Scheme of the Group (the “MPF Scheme”). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, each of the Group and each of its the employees are required to make contributions to the MPF Scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. The Group’s contributions under the above-mentioned defined contribution retirement plan are expenses as incurred. Moreover, all the employees of the Group’s entities incorporated in the PRC participate in employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the local governments.

During the years ended 30 June 2021 and 30 June 2020, the Group had no forfeited contributions under the retirement benefits schemes utilised to reduce its existing level of contributions to the pension plans in future years.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 30 June 2021, the Group implemented a prudent financial management policy. As at 30 June 2021, the Group had cash and bank balances amounting to approximately HK\$67 million (30 June 2020: HK\$64 million) and value of net current assets was approximately HK\$68 million (30 June 2020: HK\$121 million). The Group’s gearing ratio as at 30 June 2021 was 0.23 (30 June 2020: 0.18), being a ratio of total borrowings of approximately HK\$270 million (30 June 2020: HK\$183 million) to shareholders’ funds of approximately HK\$1,200 million (30 June 2020: HK\$1,017 million).

EXCHANGE RISKS

The cash and cash equivalents of the Group are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. The majority of the Group’s operations are located in the PRC. The Company continues to pay regular and active attention to fluctuations in the Renminbi exchange rate and any exchange risks.

CHARGES ON GROUP ASSETS

As at 30 June 2021, the Group had pledged investment properties with an aggregate net book value of approximately HK\$364 million (30 June 2020: HK\$310 million) and pledged bank deposit of HK\$72 million (30 June 2020: HK\$2 million) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2021, the Company had issued guarantees to the extent of approximately HK\$50 million (30 June 2020: HK\$54 million) to secure the total loans of approximately HK\$50 million (30 June 2020: HK\$54 million) granted to its subsidiaries.

FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES

For the year under review, the Group entered into copper forward contracts (“**Derivative Financial Instruments**”) to manage copper price risks. The Group’s overall financial risk management is to ensure that transactions undertaken by the Group are in accordance with the Group’s policies and not for speculative purposes. The outstanding Derivative Financial Instruments had been revalued and stated at their fair value as at 30 June 2021 and the changes in fair value were charged to the income statement. The net loss from the Derivative Financial Instruments for the year under review was approximately HK\$507,000 (2019/2020: net loss of HK\$134,000).

CAPITAL STRUCTURE

The Company did not make any fund raisings or any capital reorganisation during the year under review and the Group does not have any other fund raising plans as at the date of this announcement.

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF 89.62% EQUITY INTEREST IN DONGGUAN XIN BAO FINE CHEMICAL CO., LTD.*

On 24 November 2020 (after trading hours), Chau’s Electrical Company Limited (the “**Vendor**”), Dongguan Taizhou Industrial Investment Co., Ltd.* (東莞市泰舟實業投資有限公司) (the “**Purchaser**”), Mr. Chau Lai Him (an executive Director and chairman of the Company), Mr. Chau Chi Ho (an executive Director), Mr. Fang Yanjun (房燕軍) (a tenant of the Group and an Independent Third Party) and Dongguan Xin Bao Fine Chemical Co., Ltd.* (東莞新寶精化有限公司) as the Vendor Guarantors and Mr. Lu Weicheng (盧偉成), a family member of Mr. Lu Guoxiong (盧國雄) (“**Mr. Lu**”), and Mr. Feng Xiaotao (馮曉桃) (“**Mr. Feng**”) as the Purchaser Guarantors entered into an equity transfer agreement (the “**Equity Transfer Agreement**”), pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Vendor’s 89.62% equity interest in Dongguan Xin Bao Fine Chemical Co., Ltd.* (東莞新寶精化有限公司) (the “**Target Company**”) at the consideration of RMB38,000,000 (equivalent to HK\$44,460,000) in cash.

The Vendor is a company incorporated in Hong Kong on 2 March 1984 with limited liability. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in manufacture and trading of cable and wire products and property holding.

The Purchaser is a company established under the laws of the PRC on 13 November 2020 with limited liability. It is owned as to (i) 27% by Mr. Lu, a private investor; (ii) 25% by Dongguan Daotian Investment Co., Ltd. (東莞市道天創業投資有限公司), which engages in business investment and consulting, and whose ultimate beneficial owner is a private investor named as Mr. Feng; (iii) 24% by Mr. Lu Guojie (盧國杰), a private investor; and (iv) 24% by Mr. Tian Yuwang (田育旺), a private investor. The Purchaser is principally engaged in industrial investment, leasing of properties and factories, and sale of construction materials.

The Target Company, a company established under the laws of the PRC on 27 September 2001 with limited liability, was owned as to (i) 89.62% by the Vendor; and (ii) 10.38% by Luckyman Assets Management Limited (運明資產管理有限公司) which is incorporated in the British Virgin Islands with limited liability and the beneficial owner of which is Mr. Zhou Yaoxiang (周耀祥).

The Target Company is principally engaged in property holding, and it legally holds the Certificate of State-owned Land Use Right in respect of a parcel of land known as Lot No. 1924130100054 (the “**Land**”) located at Songbaitang Village, Changping, Dongguan, Guangdong Province, the PRC (中國廣東省東莞市常平鎮松柏塘村), having a site area of approximately 40,010.40 square meters for industrial use. A factory complex is erected on the Land (the “**Factory Complex**”) with total gross floor area of approximately 13,857.40 square meters, of which approximately 13,368.25 square meters have been leased out by the Target Company.

The consideration for the Disposal (the “**Consideration**”) was RMB38,000,000 (equivalent to HK\$44,460,000). It was arrived at after arm’s length negotiations between the Vendor and the Purchaser and was determined with reference to (i) the net liability value of the Target Company as at 30 June 2020; (ii) 89.62% of the market value of the Land as appraised by an independent valuer (the “**Appraised Value**”), which is equivalent to approximately RMB36,880,342; and (iii) other factors as set out in the below paragraph headed “Reasons for and Benefits of the Disposal” and in an announcement published by the Company on 24 November 2020. The Consideration represented a premium of approximately 3.0% over the Appraised Value, which is a commercial decision of the Vendor and the Purchaser after arm’s length negotiations.

In accordance with the conditions of the Equity Transfer Agreement, the Consideration was settled in the following manners:

- (i) the deposit of RMB5,000,000 was paid by the Purchaser in November 2020; and
- (ii) the remaining balance of RMB33,000,000 was paid by the Purchaser in December 2020.

The Company applied the proceeds of the Disposal for repayment of bank loan of approximately HK\$4 million and general working capital for the Group as intended.

Reasons for and benefits of the Disposal

The Target Company was principally engaged in the manufacturing and trading of chemical products prior to cessation of these business activities in 2015 due to continuous loss over years.

Since December 2019, the Target Company has leased out the Factory Complex. However, the local real estate market has been adversely affected by the outbreak of COVID-19 and the trend of relocation of manufacturers outside Dongguan, leading to lower transaction volume and liquidity recently.

In addition, the maintenance costs for the aging and obsolete Factory Complex are high. Absence of building ownership certificates (房產證) for several buildings comprising the Factory Complex also makes it more difficult to attract potential buyers and tenants.

Coupled with the said trend of relocation of manufacturers, the Directors are of the view that future returns from leasing the Factory Complex may not be favourable.

Having considered the uncertainty caused by COVID-19 to the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, the Directors consider that the Disposal would allow the Group to save considerable amount of maintenance costs, mitigate the risks of the real estate market and re-allocate its financial resources to better uses.

In view of the above, the Directors consider that (i) the Disposal and the transaction contemplated under the Equity Transfer Agreement are on normal commercial terms; and (ii) the terms of the Equity Transfer Agreement, which are determined after arm's length negotiations between the parties, are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

The details of the Disposal were set out in the announcements of the Company dated 24 November 2020 and 26 November 2020 and in Note 18(a) to the consolidated financial statements of this announcement.

Implications under the Listing Rules

As one or more of the applicable percentage ratios (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) in respect of the Disposal exceed 5%, but are all less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Completion of the Disposal

On 22 December 2020, the Company announced that all the conditions precedent under the Equity Transfer Agreement have been fulfilled and completion of the Disposal took place on 18 December 2020.

Following the completion of the Disposal, the Vendor ceased to have any interest in the Target Company and the Target Company ceased to be a subsidiary of the Group.

Details regarding the completion of the Disposal was set out in the announcement of the Company dated 22 December 2020.

SIGNIFICANT INVESTMENT

The Group did not make any significant investment during the year under review and the Group does not have any other plans for material investments or capital assets or disposals as at the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year ended 30 June 2021.

COMPLIANCE WITH THE CODE PROVISIONS

During the year under review, the Company complied with the principles in the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 to the Listing Rules, save and except for the deviations from Code provisions A.2.1, A.4.1, A.4.3 and E.1.2 which are explained below.

Code provision A.2.1

Under Code provision A.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

During the year ended 30 June 2021, Mr. Chau Lai Him (“**Mr. Chau**”) acted as the Chairman and the Managing Director of the Company. Mr. Chau is the founder of the Group and has extensive experience in the cable and wire industry and the mining industry. Mr. Chau is responsible for the effective running of the Board and for formulating business strategies. The Directors believe that it is in the best interests of the Group to have Mr. Chau continue to be both the Chairman and the Managing Director of the Company and that the current management structure has been effective for the development of the Group and implementation of business strategies under the leadership of Mr. Chau.

The Directors will continue to review the effectiveness of the Group's corporate governance structure to assess whether changes, including the separation of the roles of the chairman and the chief executive officer, are necessary.

Code provision A.4.1

Under Code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

The existing independent non-executive Directors were not appointed for a specific term as required under Code provision A.4.1 but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures are in place to ensure that the non-executive Directors are subject to appropriate mechanisms to avoid holding office indefinitely.

Code provision A.4.3

Under Code provision A.4.3, if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by the shareholders of the Company.

Mr. Chung Kam Kwong has been an independent non-executive Director of the Company for more than nine years since 1 March 2003. In accordance with the Bye-laws of the Company, Mr. Chung Kam Kwong retired from office by rotation at the 2019 annual general meeting of the Company held on 6 December 2019 (the “**2019 AGM**”) and offered himself for re-election at the 2019 AGM. Mr. Chung Kam Kwong has been serving as the chairman of the Audit Committee of the Company for more than 18 years and possesses professional qualification in accounting and financial management. Coupled with his in-depth understanding of the Company’s operations and business, Mr. Chung Kam Kwong has expressed objective views and given independent guidance to the Company over the past years. He continues demonstrating a firm commitment to his role. The Nomination Committee and the Board consider that the long service of Mr. Chung Kam Kwong would not affect his exercise of independent judgement and are satisfied that Mr. Chung Kam Kwong has the required character, integrity and experience to continue fulfilling the role of an Independent Non-executive Director and consider Mr. Chung Kam Kwong to be independent. A separate resolution will be proposed for his re-election at the 2021 AGM.

Mr. Lo Wai Ming has been an independent non-executive Director of the Company for more than nine years since 6 January 2000. In accordance with the Bye-laws of the Company, Mr. Lo Wai Ming retired from office by rotation at the 2019 AGM and offered himself for re-election at the 2019 AGM. Mr. Lo Wai Ming has more than 35 years’ experience in capital investment, consumer marketing, infrastructure investment and management, business development and corporate finance and an in-depth understanding of the Company’s operations and business, Mr. Lo Wai Ming has expressed objective views and given independent guidance to the Company over the past years. He continues demonstrating a firm commitment to his role. The Nomination Committee and the Board consider that the long service of Mr. Lo Wai Ming would not affect his exercise of independent judgement and are satisfied that Mr. Lo Wai Ming has the required character, integrity and experience to continue fulfilling the role of an Independent Non-executive Director and consider Mr. Lo Wai Ming to be independent. A separate resolution will be proposed for his re-election at the 2021 AGM.

Mr. Lo Chao Ming has been an independent non-executive Director of the Company for more than nine years since 16 November 2006. In accordance with the Bye-laws of the Company, Mr. Lo Chao Ming retired from office by rotation at the 2020 annual general meeting of the Company held on 4 December 2020 (the “**2020 AGM**”) and offered himself for re-election at the 2020 AGM. Mr. Lo Chao Ming has extensive knowledge and experience in the cable and wire industry, and an in-depth understanding of the Company’s operations and business. An ordinary resolution was passed at the 2020 AGM to approve the re-appointment of Mr. Lo Chao Ming as an independent non-executive Director of the Company.

Code provision E.1.2

Under Code provision E.1.2, the chairman of the board should attend the annual general meeting.

During the year ended 30 June 2021, Mr. Chau Lai Him, the Chairman and the Managing Director of the Company, could not attend the 2020 AGM as in the period from January 2020 to March 2021, he stayed in PRC for the Group's business operations and could not return to Hong Kong due to the COVID-19 pandemic. Mr. Chau Chi Ho, the deputy Chairman of the Company, took the chair of the 2020 AGM.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the “**Audit Committee**”) comprises Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, all of whom are independent non-executive Directors of the Company. It has adopted terms of reference which are in line with the Code provisions.

The Audit Committee has reviewed the annual results of the Group for the year under review as well as the risk management and internal control systems.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2021 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year under review. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) comprises Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, all of whom are independent non-executive Directors of the Company. It has adopted terms of reference which are in line with the Code provisions. The duties of the Remuneration Committee include reviewing and evaluating the remuneration packages of executive Directors and senior management and making recommendations to the Board from time to time.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) comprises Mr. Chau Lai Him, the executive director and Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, all of whom are independent non-executive Directors of the Company. It has adopted terms of reference which are in line with the Code provisions.

The duties of the Nomination Committee include reviewing the composition of the Board at least annually, identifying and recommending suitable board members, monitoring the implementation of the board diversity policy, assessing independence of independent non-executive Directors and making recommendations on appointments and re-appointments of Directors.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all of the Directors, each of the Directors confirmed that he had complied with the required standards set out in the Model Code throughout the year under review.

APPRECIATION

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

On behalf of the Board
Solartech International Holdings Limited
Chau Lai Him
Chairman and Managing Director

Hong Kong, 29 September 2021

As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Chau Chi Ho and Mr. Liu Dong Yang and the independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming.