

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **SOLARTECH INTERNATIONAL HOLDINGS LIMITED**

**蒙古礦業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1166)**

### **2013/2014 INTERIM RESULTS ANNOUNCEMENT**

The Board of Directors (the “**Directors**”) of Solartech International Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2013, as follows:

\* *For identification purposes only*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

		<b>For the six months ended</b>	
	<i>Notes</i>	<b>31 December 2013</b>	31 December 2012
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Turnover	3	<b>402,816</b>	308,613
Cost of sales		<b><u>(389,590)</u></b>	<u>(293,643)</u>
Gross profit		<b>13,226</b>	14,970
Interest income		<b>298</b>	4,314
Other income		<b>6,446</b>	7,348
General and administrative expenses		<b>(55,538)</b>	(45,397)
Selling and distribution expenses		<b>(4,896)</b>	(4,311)
Change in fair value of derivative financial instruments	14	<b>3,222</b>	848
Change in fair value of financial assets at fair value through profit or loss	15	<b>20,767</b>	13,611
Change in fair value of investment properties	9	<b>3,859</b>	3,586
Impairment loss recognised for doubtful debts, net		<b>(397)</b>	(233)
Finance costs		<b>(4,969)</b>	(7,388)
Share of results of jointly-controlled entities		<b><u>(58)</u></b>	<u>(196)</u>
Loss before taxation	4	<b>(18,040)</b>	(12,848)
Taxation	5	<b><u>(351)</u></b>	<u>(290)</u>
<b>Loss for the period attributable to owners of the Company</b>		<b><u>(18,391)</u></b>	<u>(13,138)</u>

		<b>For the six months ended</b>	
	<i>Note</i>	<b>31 December 2013 HK\$'000 (Unaudited)</b>	31 December 2012 HK\$'000 (Unaudited)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		<u>2,044</u>	<u>(1,919)</u>
Other comprehensive income for the period		<u>2,044</u>	<u>(1,919)</u>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<u><u>(16,347)</u></u>	<u><u>(15,057)</u></u>
Loss per share			
- Basic and diluted (HK cents)	7	<u><u>(7.34)</u></u>	<u><u>(9.34)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 December 2013 <i>HK\$'000</i> (Unaudited)	30 June 2013 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	182,015	182,037
Prepayments for acquisition of property, plant and equipment		18,896	6,946
Investment properties	9	135,630	131,771
Prepaid lease payments for land		92,820	93,001
Mining right	10	802,583	803,210
Exploration and evaluation assets	11	20,516	23,447
Interests in jointly-controlled entities		<u>99,723</u>	<u>99,781</u>
 Total non-current assets		 <u>1,352,183</u>	 <u>1,340,193</u>
<b>Current assets</b>			
Inventories		79,392	80,164
Debtors, other loans and receivables, deposits and prepayments	12	146,190	195,526
Bills receivable	13	1,925	1,295
Financial assets at fair value through profit or loss	15	65,101	44,334
Prepaid lease payments for land		2,824	2,787
Derivative financial assets	14	690	3
Pledged deposits and bank balances		3,804	34,060
Bank balances and cash		<u>91,180</u>	<u>142,316</u>
 Total current assets		 <u>391,106</u>	 <u>500,485</u>
<b>Current liabilities</b>			
Creditors, other advances and accrued charges	16	65,100	49,486
Bills payable	17	794	79,685
Taxation		190	157
Obligations under finance leases		191	186
Borrowings	18	123,464	177,433
Derivative financial liabilities	14	<u>370</u>	<u>1,813</u>
 Total current liabilities		 <u>190,109</u>	 <u>308,760</u>

	<b>31 December 2013 HK\$'000 (Unaudited)</b>	30 June 2013 HK\$'000 (Audited)
<b>Net current assets</b>	<u>200,997</u>	<u>191,725</u>
<b>Total assets less current liabilities</b>	<u>1,553,180</u>	<u>1,531,918</u>
<b>Non-current liabilities</b>		
Obligations under finance leases	49	146
Deferred tax liabilities	<u>36,349</u>	<u>36,951</u>
<b>Total non-current liabilities</b>	<u>36,398</u>	<u>37,097</u>
<b>Total net assets</b>	<u>1,516,782</u>	<u>1,494,821</u>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	3,150	1,875
Reserves	<u>1,513,132</u>	<u>1,492,446</u>
<b>Equity attributable to owners of the Company</b>	<b>1,516,282</b>	<b>1,494,321</b>
<b>Non-controlling interest</b>	<u>500</u>	<u>500</u>
<b>Total equity</b>	<u>1,516,782</u>	<u>1,494,821</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	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>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2012 (Audited)	27,719	1,171,588	612,360	842	4,866	76,914	1,894,289	500	1,894,789
Capital reorganisation (Note 19(i))	(26,333)	—	—	—	—	26,333	—	—	—
Placements of new shares	176	6,072	—	—	—	—	6,248	—	6,248
Transactions with owners	176	6,072	—	—	—	—	6,248	—	6,248
Loss for the period	—	—	—	—	—	(13,138)	(13,138)	—	(13,138)
Exchange difference on translating foreign operations	—	—	—	(1,919)	—	—	(1,919)	—	(1,919)
Total comprehensive income for the period	—	—	—	(1,919)	—	(13,138)	(15,057)	—	(15,057)
At 31 December 2012 (Unaudited)	<u>1,562</u>	<u>1,177,660</u>	<u>612,360</u>	<u>(1,077)</u>	<u>4,866</u>	<u>90,109</u>	<u>1,885,480</u>	<u>500</u>	<u>1,885,980</u>
	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>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2013 (Audited)	1,875	1,189,524	612,360	(2,480)	4,866	(311,824)	1,494,321	500	1,494,821
Placements of new shares (Note 19(ii))	1,275	37,033	—	—	—	—	38,308	—	38,308
Transactions with owners	1,275	37,033	—	—	—	—	38,308	—	38,308
Loss for the period	—	—	—	—	—	(18,391)	(18,391)	—	(18,391)
Exchange difference on translating foreign operations	—	—	—	2,044	—	—	2,044	—	2,044
Total comprehensive income for the period	—	—	—	2,044	—	(18,391)	(16,347)	—	(16,347)
At 31 December 2013 (Unaudited)	<u>3,150</u>	<u>1,226,557</u>	<u>612,360</u>	<u>(436)</u>	<u>4,866</u>	<u>(330,215)</u>	<u>1,516,282</u>	<u>500</u>	<u>1,516,782</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	<b>For the six months ended</b>	
	<b>31 December</b>	31 December
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Net cash used in operating activities	<b>(47,386)</b>	(65,453)
Net cash generated from / (used in) investing activities	<b>18,869</b>	(4,630)
Net cash used in financing activities	<u><b>(22,387)</b></u>	<u>(13,188)</u>
Net decrease in cash and cash equivalents	<b>(50,904)</b>	(83,271)
Cash and cash equivalents at beginning of the period	<b>142,316</b>	191,727
Effect of foreign exchange rate changes	<u><b>(232)</b></u>	<u>(340)</u>
Cash and cash equivalents at end of the period	<u><b>91,180</b></u>	<u>108,116</u>
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	<u><b>91,180</b></u>	<u>108,116</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

## 1. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 30 June 2013. The accounting policies and method of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2013.

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

### (a) Adoption of revised HKFRSs — effective 1 July 2013

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 19 (2011)	Employee Benefits
HK(IFRIC) — Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine
Amendments to HKFRS 1	Government loans

Except as explained below, the adoption of these amendments has no material impact on the unaudited condensed consolidated interim financial statements of the Group for both the current and prior reporting periods.



## HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purposes of measuring inventories or value in use for impairment assessment purposes). Consequential amendments have been made to HKAS 34 to require certain disclosures relating to financial instruments to be made in the interim condensed consolidated financial statements.

HKFRS 13 defines the fair value of an assets as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 was adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2013 and additional disclosures in accordance with the requirement of HKFRS 13, especially relating to fair value to the Group's investment properties, will be presented in the consolidated financial statements for the year ending 30 June 2014.

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

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

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKFRS 9	Financial Instruments
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities <sup>1</sup>
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle <sup>3</sup>
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>3</sup> Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these pronouncements will have no material impact on the results and the financial position of the Group.

### **3. TURNOVER AND SEGMENTAL INFORMATION**

#### **(a) Reportable segments**

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

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

- (i) manufacture and trading of cables and wires; and
- (ii) manufacture and trading of copper rods

On 4 May 2010, the Group completed its acquisition of mining operation located in the State of Mongolia and became engaged in the mining business, details of which are set out in the Company's announcements dated 30 November 2009 and 4 May 2010, and circular dated 9 April 2010. 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 31 December 2012 and 2013 and for the periods 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 (loss)/profit, which is measure of adjusted (loss)/profit before taxation. The adjusted (loss)/profit before taxation is measured consistently with the Group's (loss)/profit before taxation except that interest income as well as head office and corporate expenses are excluded from such measurement.

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

*For the six months ended 31 December 2013 (Unaudited)*

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	108,954	280,686	13,176	402,816	—	402,816
Inter-segment revenue	<u>—</u>	<u>5,538</u>	<u>—</u>	<u>5,538</u>	<u>(5,538)</u>	<u>—</u>
Reportable segment revenue	<u>108,954</u>	<u>286,224</u>	<u>13,176</u>	<u>408,354</u>	<u>(5,538)</u>	<u>402,816</u>
Reportable segment (loss)/profit	<u>(18,593)</u>	<u>2,565</u>	<u>2,404</u>	<u>(13,624)</u>	<u>—</u>	<u>(13,624)</u>
Finance costs	(1,633)	(3,336)	—	(4,969)	—	(4,969)
Change in fair value of derivative financial instruments	—	(219)	3,441	3,222	—	3,222
Change in fair value of financial assets at fair value through profit or loss	—	—	20,767	20,767	—	20,767
Change in fair value of investment properties	—	—	3,859	3,859	—	3,859
Impairment loss recognised for doubtful debts, net	(397)	—	—	(397)	—	(397)
Share of results of jointly-controlled entities	—	—	(58)	(58)	—	(58)
Depreciation of property, plant and equipment	(5,161)	(2,708)	(97)	(7,966)	—	(7,966)
Unallocated	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,571)</u>
						(13,537)
Taxation	<u>—</u>	<u>(351)</u>	<u>—</u>	<u>(351)</u>	<u>—</u>	<u>(351)</u>

*For the six months ended 31 December 2012 (Unaudited)*

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	100,157	208,456	—	308,613	—	308,613
Inter-segment revenue	<u>—</u>	<u>35,723</u>	<u>—</u>	<u>35,723</u>	<u>(35,723)</u>	<u>—</u>
Reportable segment revenue	<u>100,157</u>	<u>244,179</u>	<u>—</u>	<u>344,336</u>	<u>(35,723)</u>	<u>308,613</u>
Reportable segment (loss)/profit	<u>(10,587)</u>	<u>2,511</u>	<u>(120)</u>	<u>(8,196)</u>	<u>—</u>	<u>(8,196)</u>
Finance costs	(1,736)	(5,652)	—	(7,388)	—	(7,388)
Change in fair value of derivative financial instruments	249	234	365	848	—	848
Change in fair value of financial assets at fair value through profit or loss	—	—	13,611	13,611	—	13,611
Change in fair value of investment properties	—	—	3,586	3,586	—	3,586
Impairment loss recognised for doubtful debts, net	(233)	—	—	(233)	—	(233)
Share of results of jointly-controlled entities	—	—	(196)	(196)	—	(196)
Depreciation of property, plant and equipment	(5,630)	(2,847)	(577)	(9,054)	—	(9,054)
Unallocated	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,225)</u>
						(13,279)
Taxation	<u>—</u>	<u>(229)</u>	<u>(61)</u>	<u>(290)</u>	<u>—</u>	<u>(290)</u>

*As at 31 December 2013 (Unaudited)*

	<b>Cables and wires HK\$'000</b>	<b>Copper rods HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
Reportable segment assets	307,335	214,997	1,149,429	1,671,761
Additions to non-current assets	2,709	360	8,829	11,898
Reportable segment liabilities	93,184	85,709	10,947	189,840

*As at 30 June 2013 (audited)*

	<b>Cables and wires HK\$'000</b>	<b>Copper rods HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
Reportable segment assets	194,189	356,649	1,214,865	1,765,703
Additions to non-current assets	4,868	265	12,223	17,356
Reportable segment liabilities	84,233	218,216	6,173	308,622

**(b) Reconciliation of reportable segment profit or loss**

	<b>For the six months ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss before taxation</b>		
Reportable segment loss	(13,624)	(8,196)
Unallocated corporate expenses	<u>(4,416)</u>	<u>(4,652)</u>
Consolidated loss before taxation	<u><u>(18,040)</u></u>	<u><u>(12,848)</u></u>

(c) **Geographical information**

The Group's operations are located in the People's Republic of China (the "PRC"), Americas, Europe, Hong Kong and other Asian regions.

The following table provides an analysis of the Group's sales by geographical markets, irrespective of the origin of the goods:

	<b>For the six months ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
PRC	<b>337,931</b>	249,673
Americas	<b>23,354</b>	19,202
Europe	<b>15,353</b>	14,158
Hong Kong	<b>14,424</b>	9,816
Other Asian regions	<b>11,754</b>	15,764
	<b><u>402,816</u></b>	<b><u>308,613</u></b>

**4. LOSS BEFORE TAXATION**

This has been arrived at after charging:

	<b>For the six months ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Depreciation of property, plant and equipment	<b>13,537</b>	13,279
Write-down of inventories, net	<b>251</b>	182
Charge of prepaid lease payments for land	<b><u>1,400</u></b>	<b><u>1,358</u></b>

## 5. TAXATION

	For the six months ended	
	31 December	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Taxation in other jurisdictions	<u>351</u>	<u>290</u>

No Hong Kong profits tax has been provided as the Group has no estimated assessable profit arising in Hong Kong during the current and prior periods. 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.

## 6. DIVIDEND

The directors do not recommend the payment of any dividend for the six months ended 31 December 2013 (six months ended 31 December 2012: HK\$Nil).

## 7. LOSS PER SHARE

The calculation of basic loss per share amounts for the six months ended 31 December 2013 is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period. The calculation of basic loss per share amounts for the six months ended 31 December 2012 is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue, as adjusted to reflect the capital reorganisation during the prior period.

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

<i>Loss</i>	For the six months ended	
	31 December	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the purpose of basic loss per share	<u>(18,391)</u>	<u>(13,138)</u>

<i>Number of shares</i>	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	<b><u>250,517,671</u></b>	<u>140,621,061</u>

Since there is no potential dilutive share during the current and prior periods, the basic and diluted losses per share in the current and prior periods are equal.

## **8. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 31 December 2013, the Group purchased property, plant and equipment of HK\$ 11,898,000 (six months ended 31 December 2012: HK\$5,603,000). In addition, the Group disposed of property, plant and equipment with a carrying value of HK\$671,000 (six months ended 31 December 2012: HK\$Nil).

## **9. INVESTMENT PROPERTIES**

	<b>The Group</b>	
	<b>31 December</b>	30 June
	<b>2013</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
<b>Fair value:</b>		
At the beginning of period/year	<b>131,771</b>	119,564
Fair value gains, net	<b><u>3,859</u></b>	<u>12,207</u>
At end of period/year	<b><u>135,630</u></b>	<u>131,771</u>

Investment properties were valued at 31 December 2013 by Peak Vision Appraisals Limited, an independent firm of professionally qualified valuers, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and category of properties being valued. The valuation of the investment properties was arrived at by capitalising the rental income derived from existing tenancies with due provision for any reversionary income potential of the tenancies. This valuation gave rise to net fair value gains of HK\$ 3,859,000 during the current period (six months ended 31 December 2012: HK\$3,586,000).



The property rental income earned by the Group from its investment properties amounted to HK\$4,802,000 (six months ended 31 December 2012: HK\$2,481,000). Direct operating expenses arising on the investment properties during the period amounted to HK\$12,000 (six months ended 31 December 2012: HK\$33,000).

The Group's investment properties were located in the PRC held under medium leases.

## 10. MINING RIGHT

	<i>HK\$'000</i>
COST:	
At 1 July 2013 (Audited)	1,170,007
Exchange realignments	<u>(641)</u>
At 31 December 2013 (Unaudited)	<u>1,169,366</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:	
At 1 July 2013 (Audited)	366,797
Exchange realignments	<u>(14)</u>
At 31 December 2013 (Unaudited)	<u>366,783</u>
NET CARRYING AMOUNT:	
At 31 December 2013 (Unaudited)	<u>802,583</u>
At 30 June 2013 (Audited)	<u>803,210</u>

The mining right represents the right to conduct mining activities in the location of Nergui, Delgerkhangai 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.

## 11. EXPLORATION AND EVALUATION ASSETS

	<b>31 December</b> <i>2013</i> <i>HK\$'000</i> (Unaudited)	30 June <i>2013</i> <i>HK\$'000</i> (Audited)
<b>Exploration permits</b>		
Cost:		
At the beginning of period/year	<b>23,447</b>	25,355
Exchange realignments	<u>(2,931)</u>	<u>(1,908)</u>
At end of period/year	<u><b>20,516</b></u>	<u>23,447</u>

As at 31 December 2013, the amount represented exploration permits in the locations of Uguujit of Orkhontuul soum in Selenge province and Undur of Bugat soum in Gobi-Altai province, the State of Mongolia. The valid period of these exploration permits were granted for an initial periods of 3 years and have been extended to 9 April 2014. In the opinion of the directors, in the event that the exploration and evaluation works have not been completed before the respective expiry dates of the exploration permits, the Group is confident that it can renew all exploration permits before the respective expiry dates.

## 12. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS

At 31 December 2013, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of approximately HK\$ 91,567,000 (30 June 2013: HK\$74,077,000).

- (i) The Group allows an average credit period of 90 days to its trade customers.
- (ii) The aging analysis of trade debtors, net of allowance for doubtful debts, based on invoice date, is as follows:

	<b>The Group</b>	
	<b>31 December</b> <i>2013</i> <i>HK\$'000</i> (Unaudited)	30 June <i>2013</i> <i>HK\$'000</i> (Audited)
Within 30 days	<b>89,797</b>	71,069
31 - 60 days	<b>1,666</b>	2,344
61 - 90 days	<b>104</b>	593
Over 90 days	<u>—</u>	<u>71</u>
	<u><b>91,567</b></u>	<u>74,077</u>

(iii) At 31 December 2013, included in debtors, other loans and receivables, deposits and prepayments were amounts due from financial institutions amounting to approximately HK\$6,390,000 (30 June 2013: HK\$4,245,000) resulting from the net settlements of derivative financial instruments which were in the closed-out positions at the end of reporting period.

### 13. BILLS RECEIVABLE

As at 31 December 2013 and 30 June 2013, all bills receivable aged within 90 days.

### 14. DERIVATIVE FINANCIAL INSTRUMENTS

The Group entered into copper future contracts to manage the copper price risk of raw materials.

The fair value of the derivative financial assets and liabilities at 31 December 2013 as provided by the banks or financial institutions amounted to approximately HK\$690,000 and HK\$370,000 respectively (30 June 2013: derivative financial assets and liabilities of approximately HK\$3,000 and HK\$1,813,000 respectively). The fair values of copper future contracts are determined based on the quoted market prices and the fair values of foreign exchange forward contracts were provided by banks or financial institutions at the end of reporting periods. The gain on change in fair value of derivative financial instruments of approximately HK\$3,222,000 (six months ended 31 December 2012: gain of HK\$848,000) has been recognised in the profit or loss during the period. All of these derivative financial instruments are not designated as hedging instruments.

### 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>The Group</b>	
	<b>31 December</b>	30 June
	<b>2013</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Equity securities held for trading and listed in Hong Kong	<u><b>65,101</b></u>	<u>44,334</u>

The fair values of the equity securities are determined based on the quoted market prices and the gain on change in fair value of HK\$20,767,000 (six months ended 31 December 2012: gain of HK\$13,611,000) has been recognised in the profit or loss during the period.

## 16. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

At 31 December 2013, included in the Group's creditors, other advances and accrued charges were trade creditors of HK\$42,276,000 (30 June 2013: HK\$22,668,000).

The aging analysis of trade creditors, based on invoice date, is as follows:

	<b>The Group</b>	
	<b>31 December 2013 HK\$'000 (Unaudited)</b>	30 June 2013 HK\$'000 (Audited)
Within 30 days	<b>41,167</b>	17,600
31 - 60 days	<b>576</b>	2,788
61 - 90 days	<b>388</b>	1,005
Over 90 days	<u><b>145</b></u>	<u>1,275</u>
	<u><b>42,276</b></u>	<u>22,668</u>

## 17. BILLS PAYABLE

As at 31 December 2013 and 30 June 2013, all bills payable aged within 90 days.

## 18. BORROWINGS

During the six months ended 31 December 2013, the Group raised new borrowings of HK\$161,104,000 (six months ended 31 December 2012: HK\$125,076,000) to provide for additional working capital and made repayment of HK\$216,738,000 (six months ended 31 December 2012: HK\$136,810,000). The borrowings of the Group are secured, due within one year and carried at average effective interest rates of the bank borrowings ranging from 5.99% to 7.00% (30 June 2013: 5.99% to 7.00%) per annum.

## 19. PLEDGE OF ASSETS

As at 31 December 2013, the Group has pledged property, plant and equipment, prepaid lease payments for land and pledged deposits and bank balances in the aggregate amount of HK\$182,869,000 (30 June 2013: HK\$218,429,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

The Board announced that for the six months ended 31 December 2013 (the “**period under review**”), the total turnover of the Group was approximately HK\$402,816,000, representing an increase of 30.5% as compared to approximately HK\$308,613,000 recorded for the corresponding period last year. During the period under review, loss attributable to the owners of the Company was approximately HK\$18,391,000, representing an increase of 40.0%, as compared to loss attributable to the owners of the Company of approximately HK\$13,138,000 for the corresponding period last year. Loss per share for the period under review was approximately HK7.34 cents (Loss per share for 2012/13 Interim: HK9.34 cents).

The Board has resolved not to recommend the payment of any interim dividend for the year ending 30 June 2014 (2012/13 Interim: nil).

### BUSINESS REVIEW

The Group’s turnover for the period under review was approximately HK\$402,816,000, representing an increase of 30.5% as compared to approximately HK\$308,613,000 for the corresponding period last year. By business segments, the turnover of the cables and wires business was approximately HK\$108,954,000, representing an increase of 8.8% as compared to approximately HK\$100,157,000 for the corresponding period last year and accounted for 27.1% of the total turnover of the Group. Turnover of the copper rod business was approximately HK\$280,686,000, representing an increase of 34.7% as compared to HK\$208,456,000 for the corresponding period last year and accounted for 69.7% of the total turnover of the Group.

By geographical segments, turnover from the business in the Americas increased by 21.6% to approximately HK\$23,354,000 from approximately HK\$19,202,000 for the corresponding period last year, accounting for 5.8% of the Group’s total turnover. Turnover from the business in Mainland China and Hong Kong increased by 35.8% to approximately HK\$352,355,000 from approximately HK\$259,489,000 for the corresponding period last year, accounting for 87.5% of the Group’s total turnover. Turnover from the business in other Asian markets decreased by 25.4% to approximately HK\$11,754,000 from approximately HK\$15,764,000 for the corresponding period last year, accounting for 2.9% of the Group’s total turnover. Turnover from the European business increased by 8.4% to approximately HK\$15,353,000 from approximately HK\$14,158,000 for the corresponding period last year, accounting for 3.8% of the Group’s total turnover.

## **Cables and Wires**

The major customers of the Group's cables and wires business are primarily manufacturers of domestic white goods appliances. During the period under review, the global economy, especially in the U.S. and Europe, gradually recovered from economic gloom. Although the economic growth of Mainland China slowed down, the GDP of China recorded a 7.7% increase in 2013, which is still higher than the expected annual growth of 7.5%, reflecting the economy of Mainland China maintained its continuous and stable growth momentum. With the Group's continuous study on and adjustment to its sales system and expanding its market share during the period under review, it resulted in overall improved sales of the Group.

## **Copper Rod Business**

The copper rod business comprises the manufacturing and trading of copper rods and copper wires and their related products, which are primarily used in the production of electric wires or cables for domestic appliances, electronic products and power supply in infrastructure facilities. During the period under review, international copper prices rose, with the 3-month London Metal Exchange copper price rising from approximately US\$7,000 at the beginning of the period to approximately US\$7,400 at the end of the period. The Group was cautious towards its inventory and deployed most of the production capacity of its copper rod business in Dongguan City to provide processing services for customers. During the period under review, a significant growth in the turnover of the copper rod business was recorded due to the increase in demand.

## **Mining**

Mongolia enters into long and cold winter commencing from October every year. Accordingly, the exploration activities carried out by the Group in Mongolia have to suspend. The Group is preparing to apply for consent, permit and approval required to mine from the relevant government authorities in respect of its copper mine in Dundgobi Aimag.

During the period under review, additional exploration works for the copper mine in Bayan-Ulgii Aimag, Mongolia, in which the Group owns a 10% interest, continued to be conducted and such work will continue after the winter.

During the period under review, due to various internal and external factors, the investment traction and foreign investment in Mongolia decreased, which significantly hit Mongolia's economy and tugrik, the currency of Mongolia, significantly depreciated and inflation surged accordingly. The laws and policies of Mongolia have been changing, which often makes investors at a loss as to what to do.

The Group is also cautious towards its investment in Mongolia. The Group expects Mongolia's new Foreign Investment Act and various laws and regulations which are being revised to effectively stabilize the legal environment of foreign investment in the mining industry in Mongolia.

## **PROSPECTS**

The Group's Santai Industrial Zone located at Changping Town, Dongguan City is temporarily held for lease. The application has been made to transform the Santai Industrial Zone under the "Three Olds Reform" scheme. In order to support local rapid economic and social development, the Group plans to change the nature of the Zone from industrial to commercial and residential, which would be beneficial to improve land use efficiency and meet the requirement of economical and intensive land use.

In addition, the Group intends to relocate the cables and wires factory in Changping Town, Dongguan City to its nearby copper rod factory, which, on one hand, can obtain benefits in terms of fixed cost and centralized management, on the other hand, the vacated factory space can be used to generate rental income. The Group expects to improve its assets utilization rate through integrating and taking advantage of its resources so as to generate additional rental income.

On 21 January 2014, the Company announced that it proposed to raise approximately HK\$183,000,000 by way of open offer, subject to approval of the independent shareholders of the Company. The Group intends to use part of proceeds for implementing the reform scheme of Santai Industrial Zone as well as renovation and integration of two factories. After completion of the open offer, it is expected that the Group will be able to maintain a stable liquidity position to fund its future development.

Entering into 2014, the Group will continue to implement its operation plans in a flexible and rapid manner. In addition to putting further efforts on its domestic sales in booming market in Mainland China, the Group will be more proactive in exploring major markets in the world in order to further expand its market share in the cables and wires market.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2013, the Group had approximately 1,000 employees in Hong Kong, the People's Republic of China ("PRC") and overseas (30 June 2013: 1,100). 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.

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

During the six months ended 31 December 2013, the Group implemented a prudent financial management policy. As at 31 December 2013, the Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK\$95 million (30 June 2013: HK\$176 million) and net current assets value being approximately HK\$201 million (30 June 2013: HK\$192 million). The Group's gearing ratio as at 31 December 2013 was 0.08 (30 June 2013: 0.12), being a ratio of total borrowings of approximately HK\$124 million (30 June 2013: HK\$178 million) to shareholders' funds of approximately HK\$1,517 million (30 June 2013: HK\$1,495 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 31 December 2013, the Group had pledged certain property, plant and machinery, land use rights and fixed bank deposits with an aggregate net book value of approximately HK\$183 million (30 June 2013: HK\$218 million) to secure general banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

As at 31 December 2013, the Company had issued guarantees to the extent of approximately HK\$16.7 million (30 June 2013: HK\$19.5 million) to banks to secure general banking facilities granted to its subsidiaries, of which, approximately HK\$16.7 million (30 June 2013: HK\$19.5 million) was utilised. The Company had issued guarantees to a financial institution amounting to approximately HK\$23.3 million (30 June 2013: HK\$23.3 million) in respect of commodity trading of copper by its subsidiaries.



## FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES

For the period 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 31 December 2013 and the changes in fair value were charged to the income statement. The net gain of the Derivative Financial Instruments for the period under review was approximately HK\$3,222,000 (2012/13: net gain of HK\$848,000).

## CAPITAL STRUCTURE

### Placing of New Shares under Specific Mandate

On 27 May 2013, the Company and Kingston Securities Limited, as placing agent, entered into a conditional placing agreement pursuant to which the Company conditionally agreed to place through the placing agent, on a best effort basis, up to 75,000,000 new shares of the Company to independent investors at a price of HK\$0.30 per placing share (the “**First Placing**”). The First Placing was completed on 9 August 2013. The 75,000,000 placing shares placed under the First Placing were issued pursuant to a specific mandate which was granted to the Directors at the special general meeting of the Company held on 3 July 2013. The gross proceeds and net proceeds from the First Placing were approximately HK\$22.5 million and HK\$21.7 million respectively. The Company has fully utilised the net proceeds of approximately HK\$12.0 million for plant and machinery and working capital of the new production lines of the biodiesel (fatty acid methyl ester) production project using molecular distillation technology by Dongguan Xin Bao Precision Chemical Company Limited, a subsidiary of the Group and approximately HK\$9.7 million for repayment of trust receipt loan of the Group. The net proceeds raised per placing share was approximately HK\$0.289 per share. The closing market price of the shares in the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) was HK\$0.43 per share on 27 May 2013. Details of the First Placing were set out in the announcements of the Company dated 27 May 2013 and 9 August 2013 and the shareholders’ circular issued by the Company on 10 June 2013.

## **Placing of New Shares under General Mandate**

On 9 December 2013, the Company and Kingston Securities Limited, as placing agent, entered into a placing agreement pursuant to which the Company conditionally agreed to place through the placing agent, on a best effort basis, up to 52,490,000 new shares of the Company to independent investors at a price of HK\$0.32 per placing share (the “**Second Placing**”). The Second Placing was completed on 17 December 2013. The 52,490,000 placing shares placed under the Second Placing were issued under the general mandate which was granted to the Directors at the annual general meeting of the Company held on 28 November 2013. The gross and net proceeds from the Second Placing amounted to approximately HK\$16.8 million and approximately HK\$16.2 million, respectively. The net proceeds have been fully utilised for general working capital of the Group. The net proceeds raised per placing share was approximately HK\$0.309 per share. The closing market price of the shares in the Company on the Stock Exchange was HK\$0.395 per share on 9 December 2013. Further details of the Second Placing were set out in the announcements of the Company dated 9 December 2013 and 17 December 2013.

## **Proposed Open Offer and Proposed Refreshment of General Mandate to allot and issue shares**

### *Proposed Open Offer*

On 21 January 2014, the Company announced that it proposed to raise approximately HK\$189 million, before expenses, by way of open offer of 1,574,878,250 offer shares at the subscription price of HK\$0.12 per offer share on the basis of five (5) offer shares for every one (1) existing share held (the “**Proposed Open Offer**”). The gross proceeds from the Proposed Open Offer will be approximately HK\$189 million. It is intended that the estimated net proceeds, after deducting the underwriting commission of 2.5% on gross proceeds and other expenses in connection with the Proposed Open Offer, will be approximately HK\$183 million which are intended to be used as to: (i) approximately HK\$40 million for developing a parcel of land situated on the Santai Industrial Zone; (ii) approximately HK\$30 million for renovation of two factories owned by the Group in Changping Town, Dongguan City; (iii) approximately HK\$60 million for the repayment of short term loans; and (iv) the remaining proceeds of approximately HK\$53 million for general working capital of the Group. The Proposed Open Offer will be fully underwritten by Kingston Securities Limited (the “**Underwriter**”), on the terms and subject to the conditions of the underwriting agreement dated 21 January 2014 entered into between the Company and the Underwriter. As the Proposed Open Offer will increase the issued share capital or the market capitalisation of the Company by more than 50%, the Proposed Open Offer is subject to the approval of the independent shareholders of the Company.

### ***Proposed Refreshment of General Mandate to Allot and Issue Shares***

Under the existing general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 28 November 2013 (the “**Existing General Mandate**”), the Directors were authorised to allot and issue up to 52,497,130 shares in the Company. As at the date of this announcement, the Existing General Mandate has been utilised as to 52,490,000 Shares pursuant to the Second Placing. In order to provide a flexible means for the Company to raise further funds through the issue of new shares for its future business development, the Board has proposed to seek a refreshment of the Existing General Mandate at a special general meeting of the Company (the “**SGM**”) for the Directors to allot and issue new shares (the “**Proposed Issue Mandate**”) not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

The SGM will be held on 13 March 2014 for the purpose of considering and, if thought fit approving, among other things (i) the Proposed Open Offer; and (ii) the grant of the Proposed Issue Mandate.

Further details of the Proposed Open Offer and the Proposed Issue Mandate were set out in the announcements of the Company dated 21 January 2014 and 11 February 2014 and the circular of the Company dated 25 February 2014.

### **SIGNIFICANT INVESTMENT**

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

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

To raise capital for the Company while broadening its shareholder and capital base, the Company conducted the First Placing and the Second Placing during the six months ended 31 December 2013.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the six months ended 31 December 2013.

## **COMPLIANCE WITH THE CODE PROVISIONS**

During the period under review, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the “**Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), save and except for the deviations from Code provisions A.2.1, A.4.1 and A.4.3 which are explained below.

### **Code provision A.2.1**

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

During the period under review, Mr. Chau Lai Him 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 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 in the development of the Group and implementation of business strategies under the leadership of Mr. Chau.

### **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 of the Company 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 annual general meeting 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 of the Company 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 shareholders of the Company.

Mr. Lo Wai Ming has served as 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 retired from office by rotation at the 2012 annual general meeting of the Company (the “**2012 AGM**”) which was held on 18 December 2012 and offered himself for re-election at the 2012 AGM. An ordinary resolution was passed at the 2012 AGM to approve the appointment of Mr. Lo Wai Ming as an independent non-executive director of the Company.

Mr. Chung Kam Kwong has served as 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 retired from office by rotation at the 2013 annual general meeting of the Company (the “**2013 AGM**”) which was held on 28 November 2013 and offered himself for re-election at the 2013 AGM. An ordinary resolution was passed at the 2013 AGM to approve the appointment of Mr. Chung Kam Kwong as an independent non-executive director of the Company.

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.

### **AUDIT COMMITTEE**

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. The Audit Committee has adopted terms of reference which are in line with the code provisions set out in Appendix 14 to the Listing Rules. The Audit Committee and external auditor have reviewed the unaudited interim results for the period under review and they agreed with the accounting treatments adopted.

## 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 period under review.

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

Hong Kong SAR, 27 February 2014

*As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Liu Dong Yang and Mr. Buyan-Otgon Narmandakh and the independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming.*