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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)

2019/2020 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 2020 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 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Revenue	3	**288,271**	317,134
Cost of sales		**(256,238)**	(285,513)
Gross profit		**32,033**	31,621
Interest income		**13,673**	13,263
Other income and gains		**1,819**	10,952
General and administrative expenses		**(93,312)**	(138,041)
Selling and distribution expenses		**(8,213)**	(6,966)
Finance costs	6	**(14,371)**	(13,449)
Change in fair value of derivative financial instruments, net		**(134)**	(1,132)
Change in fair value of investment properties, net	10	**371**	41,618
Change in fair value and gain or loss on disposal of financial assets at fair value through profit or loss, net		**(10,850)**	(32,085)
Reversal of expected credit loss/(expected credit loss) recognised, net		**11,678**	(3,725)
Impairment loss on intangible assets		**(29,348)**	(143,351)
Revaluation deficit of right-of-use assets		**(25,202)**	–
Share of results of associates and impairment loss on interests in associates		**(18,926)**	(39,471)
Share of results of joint ventures		**(4,048)**	(16,525)

* *For identification purposes only*

	Notes	2020 HK$'000	2019 HK$'000
Loss before taxation	5	**(144,830)**	(297,291)
Income tax credit/(expenses)	7	**1,111**	(5,545)
Loss for the year		**(143,719)**	(302,836)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Surplus on transfer from right-of-use assets and property, plant and equipment to investment properties, net of deferred tax		**57,421**	–
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(19,917)**	9,471
Share of other comprehensive income of associates		**(187)**	(1,369)
Share of other comprehensive income of joint ventures		**20**	141
Other comprehensive income for the year		**37,337**	8,243
Total comprehensive income for the year		**(106,382)**	(294,593)
Loss attributable to:			
Owners of the Company		**(142,259)**	(301,963)
Non-controlling interests		**(1,460)**	(873)
		(143,719)	(302,836)
Total comprehensive income attributable to:			
Owners of the Company		**(106,100)**	(294,089)
Non-controlling interests		**(282)**	(504)
		(106,382)	(294,593)
Loss per share:	9		
– Basic and diluted (HK$)		**(0.060)**	(0.127)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**28,373**	58,543
Investment properties	10	**515,356**	321,160
Prepaid lease payments for land	11	**–**	100,354
Right-of-use assets	12	**8,460**	–
Intangible assets	13	**427,349**	456,723
Prepayments		**3,680**	34,134
Other assets		**–**	200
Interests in associates	14	**33,125**	52,238
Interests in joint ventures	15	**12,379**	16,407
Other receivables	16	**11,614**	–
Total non-current assets		**1,040,336**	1,039,759
Current assets			
Inventories		**23,354**	22,685
Debtors, other loans and receivables, deposits and prepayments	16	**241,778**	229,449
Bills receivable		**20**	4,261
Financial assets at fair value through profit or loss		**8,768**	26,699
Derivative financial assets		**–**	24
Prepaid lease payments for land	11	**–**	2,853
Pledged bank deposits		**2,191**	2,274
Bank balances held on behalf of brokerage clients		**28**	46
Bank balances and cash		**63,634**	59,992
		339,773	348,283
Assets classified as held for sale		**–**	13,119
Total current assets		**339,773**	361,402

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Current liabilities			
Creditors, other advances and accrued charges	18	**86,404**	61,399
Borrowings		**105,344**	158,090
Promissory notes	19	**8,251**	–
Lease liabilities	12	**2,894**	–
Provision for litigation	21	**15,348**	–
Taxation		**47**	72
Total current liabilities		**218,288**	219,561
Net current assets		**121,485**	141,841
Total assets less current liabilities		**1,161,821**	1,181,600
Non-current liabilities			
Other payables and advances	18	**14,569**	–
Borrowings		**69,294**	–
Promissory notes	19	**–**	14,004
Deferred tax liabilities		**69,092**	53,575
Total non-current liabilities		**152,955**	67,579
Total net assets		**1,008,866**	1,114,021
EQUITY			
Capital and reserves			
Share capital		**23,745**	23,745
Reserves		**993,626**	1,098,499
Equity attributable to owners of the Company		**1,017,371**	1,122,244
Non-controlling interests		**(8,505)**	(8,223)
Total equity		**1,008,866**	1,114,021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	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 2018	23,650	1,823,623	612,360	(4,273)	4,866	66,475	13,507	(1,136,152)	1,404,056	(8,678)	1,395,378
Loss for the year	–	–	–	–	–	–	–	(301,963)	(301,963)	(873)	(302,836)
Exchange difference on translation of foreign operations	–	–	–	9,102	–	–	–	–	9,102	369	9,471
Share of other comprehensive income of associates	–	–	–	(1,369)	–	–	–	–	(1,369)	–	(1,369)
Share of other comprehensive income of joint ventures	–	–	–	141	–	–	–	–	141	–	141
Total comprehensive income for the year	–	–	–	7,874	–	–	–	(301,963)	(294,089)	(504)	(294,593)
Share-based payment by granting share options	–	–	–	–	–	–	8,414	–	8,414	–	8,414
Exercise of share options	95	4,809	–	–	–	–	(1,532)	–	3,372	–	3,372
Lapse of share options	–	–	–	–	–	–	(11,975)	11,975	–	–	–
Transfer to statutory reserve	–	–	–	–	12	–	–	(12)	–	–	–
Changes in non-controlling interests without change in control	–	–	–	–	–	–	–	491	491	959	1,450
At 30 June 2019	23,745	1,828,432	612,360	3,601	4,878	66,475	8,414	(1,425,661)	1,122,244	(8,223)	1,114,021

	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 2019 as originally presented (audited)	23,745	1,828,432	612,360	3,601	4,878	66,475	8,414	(1,425,661)	1,122,244	(8,223)	1,114,021
Initial application of HKFRS 16 *(Note 2)*	–	–	–	–	–	–	–	(291)	(291)	–	(291)
At 1 July 2019 as restated	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	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

Notes:

The contributed surplus represented (i) the net balance after setting off accumulated losses of the Company from reduced share capital and cancelled share premium of the Company where applicable in accordance with the Company's capital reorganisations in September 2002 and November 2012; and (ii) the credit arising from the capital reduction in accordance with the Company's capital reorganisation in July 2009.

The exchange reserve comprised all foreign exchange differences arising from the translation of the financial statements of foreign operations and share of reserves of associate.

The statutory reserve fund of the Group represents reserve required by the relevant People's Republic of China (the "**PRC**") laws applicable to the Company's PRC subsidiaries and share of statutory reserve fund of joint ventures.

The property revaluation reserve represents the gains arising on the revaluation of properties (other than investment properties) on the date of transfer from property, plant and equipment and right-of-use assets to investment properties.

Share option reserve represents the fair value of the share options granted by the Company which are yet to be exercised, net of issuing expenses in accordance with the accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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 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 2019

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 11, Joint Arrangements
Annual improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs
Amendments to HKFRS 16	COVID-19-Related Rent Concessions (early adopted)

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 July 2019 did not have any significant impact on the Group's accounting policies. Except for the amendments to HKFRS 16, the Group has not applied any new or revised standard and interpretation that is not yet effective for the year ended 30 June 2020.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on statement of financial position as of 30 June 2019 to that of 1 July 2019 as follows (increase/(decrease)):

Statement of financial position as at 1 July 2019	*HK$'000*
Right-of-use assets	108,104
Prepaid lease payments for land	(103,207)
Lease liabilities (non-current)	2,522
Lease liabilities (current)	2,666
Accumulated losses	291

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 30 June 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 July 2019:

Reconciliation of operating lease commitment to lease liabilities	*HK$'000*
Operating lease commitment as of 30 June 2019	5,657
Less: short term leases for which lease terms end within 12 months at the commencement date	(189)
Less: future interest expenses	(280)
Total lease liabilities as of 1 July 2019	5,188

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 1 July 2019 is 5.57%.

(ii) ***The new definition of a lease***

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has not applied the practical expedient but accounts for non-lease components applying other applicable HKFRSs.

(iii) ***Accounting as a lessee***

Under HKFRS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

*(iv) **Accounting as a lessor***

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these consolidated financial statements.

*(v) **Transition***

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application (1 July 2019). The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 July 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 July 2019.

The Group has elected to recognise all the right-of-use assets at 1 July 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 July 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 July 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKAS 19 – Plan amendments, curtailment or settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("**LTI**") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

Amendments to HKFRS 16 – COVID-19 Related Rent Concessions

The amendment allow lessee to elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021;
- There is no substantive change to other terms and conditions of the lease.

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 HKFRS 3	Definition of a business[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before intended use[4]
Amendments to HKAS 37	Provisions, Contingent Liabilities and Contingent Assets[4]
Annual Improvements to HKFRSs 2018–2020	HKFRS 1 First-time Adoption of International Financial Reporting Standards[4]
Annual Improvements to HKFRSs 2018–2020	HKFRS 9 Financial Instruments[4]
Annual Improvements to HKFRSs 2018–2020	Illustrative Examples accompanying HKFRS 16 Leases[4]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for business combinations and asset acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for annual periods beginning on or after 1 January 2022
5 Effective for annual periods beginning on or after 1 January 2023
6 Effective for annual periods beginning on or after a date to be determined

Amendments to HKFRS 3 – Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current

The amendments clarify how to classify debt and other liabilities as current or non-current.

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa; this could affect a company's loan covenants.

Amendments to HKAS 1 and HKAS 8 – Definition of material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

HKFRS 17 – Insurance Contracts

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

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

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKAS 16 – Property, Plant and Equipment – Proceeds before intended use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

Amendments to HKAS 37 – Provisions, Contingent Liabilities and Contingent Assets

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Sales of goods	**276,254**	303,858
Others	**–**	4,034
	276,254	307,892
Revenue from other sources:		
Rental income	**12,017**	9,187
Others	**–**	55
	12,017	9,242
	288,271	317,134

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.

During the year, the CODM considers that the Group's other operation's did not constitute a business segment as at 30 June 2020 and for the years then ended for the purpose of segment reporting. Accordingly, the segment information below for the prior year is represented to conform the current year presentation.

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 2019 and 2020 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 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 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 customers	**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/(expenses)						
– allocated	**305**	**1,879**	**(1,090)**	**1,094**	**–**	**1,094**
– unallocated						**17**
						1,111

For the year ended 30 June 2019 (represented)

	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 customers	176,494	127,419	9,187	313,100	–	313,100
Inter-segment revenue	–	24,057	–	24,057	(24,057)	–
Reportable segment revenue	176,494	151,476	9,187	337,157	(24,057)	313,100
Reportable segment (loss)/profit	(27,123)	4,915	36,158	13,950	–	13,950
Finance costs	(7,652)	(4,566)	–	(12,218)	–	(12,218)
Change in fair value of derivative financial instruments, net	–	(494)	–	(494)	–	(494)
Change in fair value of investment properties, net	7,841	–	33,777	41,618	–	41,618
Gain on disposal of property, plant and equipment	4,281	2,079	–	6,360	–	6,360
(Expected credit loss)/reversal of expected credit loss for doubtful debts, net						
– allocated	(8,625)	4,710	–	(3,915)	–	(3,915)
– unallocated						190
						(3,725)
Depreciation of property, plant and equipment						
– allocated	(6,694)	(4,118)	(1,031)	(11,843)	–	(11,843)
– unallocated						(2,754)
						(14,597)
Income tax (expense)/credit						
– allocated	(1,883)	4,767	(9,804)	(6,920)	–	(6,920)
– unallocated						1,375
						(5,545)

As at 30 June 2020

	Cables and wires ***HK$'000***	**Copper rods** ***HK$'000***	**Investment properties** ***HK$'000***	**Total** ***HK$'000***
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**

As at 30 June 2019 (represented)

	Cables and wires *HK$'000*	Copper rods *HK$'000*	Investment properties *HK$'000*	Total *HK$'000*
Reportable segment assets	109,710	266,080	373,025	748,815
Additions to non-current assets	2,914	–	–	2,914
Reportable segment liabilities	127,064	64,171	11,696	202,931

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

	2020	2019
	HK$'000	*HK$'000*
		(represented)
For the year ended 30 June		
Loss before taxation		
Reportable segment (loss)/profit	**(868)**	13,950
Change in fair value of derivative financial instruments	**–**	(638)
Impairment loss on intangible assets	**(29,348)**	(143,351)
Loss on early redemption of promissory notes	**(531)**	–
Revaluation deficit of right-of-use assets	**(25,202)**	–
Share of results of joint ventures	**(4,048)**	(16,525)
Share-based payment expenses	**(1,518)**	(8,414)
Share of results of associates and impairment loss on interests in associates	**(18,926)**	(39,471)
Unallocated finance costs	**(1,648)**	(1,231)
Unallocated corporate expenses	**(62,741)**	(101,611)
Consolidated loss before income tax credit/expense	**(144,830)**	(297,291)
At 30 June		
Assets		
Reportable segment assets	**870,564**	748,816
Mining right	**427,349**	456,723
Interests in joint ventures	**12,379**	16,407
Interests in associates	**33,125**	52,238
Unallocated bank balances and cash	**3,427**	6,547
Unallocated corporate assets	**33,265**	120,430
Consolidated total assets	**1,380,109**	1,401,161
Liabilities		
Reportable segment liabilities	**283,191**	202,931
Taxation	**47**	72
Promissory notes	**8,251**	14,004
Deferred tax liabilities	**69,092**	53,575
Unallocated corporate liabilities	**10,662**	16,558
Consolidated total liabilities	**371,243**	287,140

(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**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**194,947**	240,425	**535,335**	490,124
Americas	**19,399**	13,857	**–**	–
Europe	**38,479**	32,598	**–**	–
Hong Kong	**21,174**	18,146	**51,043**	57,286
Other Asian regions	**14,272**	12,108	**442,344**	492,149
	288,271	317,134	**1,028,722**	1,039,559

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 2020

	Cables and wires	**Copper rods**	**Investment properties**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'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	**–**	**–**	**–**	**–**
	178,209	**98,045**	**–**	**276,254**
Revenue from other sources	**–**	**–**	**12,017**	**12,017**
	178,209	**98,045**	**12,017**	**288,271**

For the year ended 30 June 2019 (represented)

	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	176,494	127,419	–	303,913
– Transferred over time	–	–	–	–
	176,494	127,419	–	303,913
Revenue from other sources	–	–	9,187	9,187
	176,494	127,419	9,187	313,100

(e) Information about major customers

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

	2020 ***HK$'000***	2019 *HK$'000*
Copper rods segment		
Customer A	**47,859**	56,702
Customer B	**–**	39,158

5. LOSS BEFORE TAXATION

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

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**2,150**	2,150
Amortisation of prepaid lease payments for land	**–**	2,885
Depreciation of property, plant and equipment	**11,414**	14,597
Carrying amount of inventories sold	**256,505**	286,837
Reversal of write-down	**(267)**	(1,324)
Cost of inventories recognised as expenses *(Note (i))*	**256,238**	285,513
Lease payments under operating leases	**–**	12,264
Short term lease expenses	**200**	–
Depreciation of right-of-use assets	**4,235**	–
Direct operating expenses arising from investment properties that generate rental income during the year	**1,261**	2,017
Loss/(gain) on disposal of property, plant and equipment	**1,958**	(6,360)
Loss on disposal of investment properties	**1,290**	–
Exchange difference, net	**(188)**	35,066
Government subsidies	**(562)**	–
Share-based payment expenses	**1,518**	8,414
Staff costs (including directors' remuneration)	**56,017**	59,546
Loss on early redemption of promissory notes	**531**	–
Provision for litigation	**15,514**	–

Notes:

(i) Included in cost of inventories is HK$25,899,000 (2019: HK$28,224,000) 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

	2020	2019
	HK$'000	*HK$'000*
Interest on borrowings	**14,901**	13,214
Interest on lease liabilities *(Note 12)*	**212**	–
Imputed interest on promissory notes *(Note 19)*	**797**	235
Less: Amount capitalised *(Note i)*	**(1,539)**	–
	14,371	13,449

Notes:

(i) Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 9.13% (2019: Nil) to expenditure on qualifying assets.

7. INCOME TAX CREDIT/(EXPENSES)

	2020	2019
	HK$'000	*HK$'000*
Current tax for the year		
Hong Kong profits tax		
– provision for the year	**–**	–
Taxation in other jurisdictions:		
– provision for the year	**(18)**	(91)
– under-provision in respect of previous years	**(352)**	(162)
	(370)	(253)
Deferred tax for the year	**1,481**	(5,292)
	1,111	(5,545)

No provision for Hong Kong profits tax is made for current year and prior year 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 2019 and 2020.

9. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(142,259)**	(301,963)

	2020	2019
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,374,532,340**	2,372,059,737

The computation of diluted loss per share does not assume the subscription of the Company's outstanding potential dilutive ordinary shares as they are anti-dilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the years ended 30 June 2020 and 2019.

10. INVESTMENT PROPERTIES

	Note	Completed investment properties HK$'000	Investment properties under construction HK$'000	Total HK$'000
At 1 July 2018		303,146	–	303,146
Change in fair value		41,618	–	41,618
Exchange realignment		(10,485)	–	(10,485)
		334,279	–	334,279
Less: classified as held for sale		(13,119)	–	(13,119)
At 30 June 2019 and 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	12	22,010	97,814	119,824
Change in fair value, net		(230)	601	371
Exchange realignment		(10,450)	(1,594)	(12,044)
At 30 June 2020		368,470	146,886	515,356

11. PREPAID LEASE PAYMENTS FOR LAND

	2020 ***HK$'000***	2019 *HK$'000*
Carrying amount at beginning of year	**103,207**	110,526
Initial application of HKFRS 16 *(Note 2(a)(i))*	**(103,207)**	–
Disposal	**–**	(62)
Charged to the profit or loss during the year	**–**	(2,885)
Exchange realignment	**–**	(4,372)
Carrying amount at end of year	**–**	103,207

The Group's carrying amount of the prepaid lease payments for land is analysed as follows:

	2020	2019
	HK$'000	*HK$'000*
Leasehold land situated in the PRC	–	102,999
Leasehold land situated in Hong Kong	–	208
	–	103,207

Analysed for reporting purposes as:

Non-current	–	100,354
Current	–	2,853
	–	103,207

Upon the initial application of HKFRS 16 on 1 July 2019, the balance was reclassified to right-of-use assets as detailed in Note 12.

12. LEASES

HKFRS 16 was adopted on 1 July 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 July 2019, see Note 2(a).

(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**
	HK$'000	*HK$'000*	*HK$'000*
At 30 June 2019	–	–	–
Initial application of HKFRS 16 *(Note 2(a)(i))*	103,207	4,897	108,104
As at 1 July 2019	103,207	4,897	108,104
Revaluation, net *(Note)*	27,161	–	27,161
Transferred to investment properties *(Note 10)*	(119,824)	–	(119,824)
Depreciation expense	(1,787)	(2,448)	(4,235)
Exchange realignment	(2,746)	–	(2,746)
As at 30 June 2020	6,011	2,449	8,460

Note: 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***

	HK$'000
At 30 June 2019	–
Initial application of HKFRS 16 *(Note 2(a)(i))*	5,188
As at 1 July 2019	5,188
Interest expense	212
Payments	(2,506)
As at 30 June 2020	2,894
Classified under:	
Non-current portion	–
Current portion	2,894
	2,894

Future lease payments are due as follows:

	2020		
	Minimum lease payments	**Interest**	**Present value**
	HK$'000	***HK$'000***	***HK$'000***
Within one year	**2,962**	**68**	**2,894**

(iii) Information in relation to short term leases

	2020
	HK$'000
Short term lease expenses	**200**
Aggregate undiscounted commitments for short term leases	**116**

(iv) Disclosure regarding operating lease commitment as at 30 June 2020 under HKAS 17

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due during the period as follows:

	2020
	HK$'000
Within one year	**116**

Operating lease payments represent rentals payable by the Group for its office properties. Leases were negotiated for an average term of two years with fixed rentals over the terms of the leases.

(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 (2019: one year to ten years). As at 30 June 2020, the Group had contracted with tenants for the following future minimum lease payments receivable:

	2020	2019
	HK$'000	*HK$'000*
Within one year	**40,995**	10,075
In the second year	**14,983**	9,141
In the third year	**15,059**	8,799
In the fourth year	**15,045**	8,799
In the fifth year	**11,967**	8,799
Over five years	**21,632**	4,100
	119,681	49,713

13. INTANGIBLE ASSETS

	Mining right *HK$'000*	Trading right *HK$'000*	Goodwill *HK$'000*	Total *HK$'000*
COST:				
At 1 July 2018	1,167,915	630	57,570	1,226,115
Exchange realignment	(204)	–	–	(204)
At 30 June 2019 and 1 July 2019	1,167,711	630	57,570	1,225,911
Exchange realignment	(27)	–	–	(27)
At 30 June 2020	**1,167,684**	**630**	**57,570**	**1,225,884**
ACCUMULATED AMORTISATION AND IMPAIRMENT:				
At 1 July 2018	614,489	–	11,351	625,840
Impairment	96,502	630	46,219	143,351
Exchange realignment	(3)	–	–	(3)
At 30 June 2019 and 1 July 2019	710,988	630	57,570	769,188
Impairment	29,348	–	–	29,348
Exchange realignment	(1)	–	–	(1)
At 30 June 2020	**740,335**	**630**	**57,570**	**798,535**
NET CARRYING AMOUNT:				
At 30 June 2020	**427,349**	**–**	**–**	**427,349**
At 30 June 2019	456,723	–	–	456,723

The mining right is subject to impairment review whenever there are indications that the mining right's carrying amount may not be recoverable.

As a result of the further delay in the mining plan during the current year, management considered that such further delay is an impairment indicator on the CGU for which the mining right belongs to, and hence an impairment assessment is carried out.

Based on the above assessment, 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 resulting in an impairment loss of HK$29,348,000 recognised in profit or loss during the year.

14. INTERESTS IN ASSOCIATES

	2020	2019
	HK$'000	*HK$'000*
Share of net assets	**33,125**	33,600
Goodwill	**–**	18,638
	33,125	52,238

Particulars of the Group's associates as at 30 June 2020 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
珠海藝典廣告有限公司#	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 some furnishing lighting appliances, LED lighting products and other electrical materials and parts for various electrical applicances in the PRC

Collectively known as the "Idea Group"
* Collectively known as the "Ocean Pride Group", acquired during the year ended 30 June 2019. Details of which are set out in Note 20.

The financial statements of the above companies are not audited by BDO Limited or any of its member firms.

15. INTERESTS IN JOINT VENTURES

	2020	2019
	HK$'000	*HK$'000*
Share of net assets	**12,379**	16,407

Particulars of the Group's joint ventures as at 30 June 2020 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.

The financial statements of the above companies are not audited by BDO Limited or any of its member firms.

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

	2020	2019
	HK$'000	*HK$'000*
Trade debtors, net	**56,514**	45,421
Loans receivable	**148,300**	148,994
Prepayments	**6,368**	5,955
Deposits and other receivables, net	**42,210**	29,079
	253,392	229,449
Less: Amount shown under non-current assets	**(11,614)**	–
Amount shown under current assets	**241,778**	229,449

(i) The Group usually grants credit period ranging from 30 to 60 days (2019: 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:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**27,401**	21,100
31 – 60 days	**12,549**	9,226
61 – 90 days	**10,130**	7,283
Over 90 days	**6,434**	7,812
	56,514	45,421

17. DEEMED DISPOSAL OF SUBSIDIARIES

For the year ended 30 June 2019

2,981,748 new shares of Pico Zeman were allotted and subscribed by the then director of Pico Zeman at an aggregate amount of HK$1,450,000. Upon the completion of these subscription, the Group's equity interest in Pico Zeman was reduced from 100% to 93.94%. Such deemed disposal does not result in the loss of control on Pico Zeman and is accounted for as an equity transaction with non-controlling interest.

The Group and an independent third party agreed to make capital injection into a Group's then wholly-owned subsidiary, DG Yunxin, amounted to RMB31,000,000 (equivalent to approximately HK$36,270,000) and RMB32,670,000 (equivalent to approximately HK$37,167,000) respectively. Upon the completion of capital injection, the equity interest of the Group in DG Yunxin reduced to 51%. As at 30 June 2020, the capital injection has not been completed.

The Group also disposed of its 49% equity interest in a then wholly-owned subsidiary On Legend at a cash consideration of HK$490. The disposal does not result in the loss of control on On Legend and is accounted for as an equity transaction with non-controlling interest.

18. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

	2020	2019
	HK$'000	*HK$'000*
Trade creditors	**40,056**	23,136
Contract liabilities	**1,418**	1,577
Other payables and accruals	**52,921**	36,686
Rental received in advance	**6,578**	–
	100,973	61,399
Less: Amount shown under non-current liabilities		
Other payables	**(7,991)**	–
Rental received in advance	**(6,578)**	–
	(14,569)	–
Amount shown under current liabilities	**86,404**	61,399

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

	2020	2019
	HK$'000	*HK$'000*
0 – 30 days	**21,525**	11,821
31 – 60 days	**7,670**	5,393
61 – 90 days	**4,040**	854
Over 90 days	**6,821**	5,068
	40,056	23,136

19. PROMISSORY NOTES

On 30 April 2019, 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 (Note 20). The promissory note was unsecured, bear interest at 6% per annum and matured at 30 April 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:

	2020	2019
	HK$'000	*HK$'000*
At 1 July	**14,004**	–
Issued at fair value	**–**	13,769
Imputed interest	**797**	235
Redemption	**(7,000)**	–
Interest paid	**(81)**	–
Loss on early redemption	**531**	–
At 30 June	**8,251**	14,004
Current portion	**8,251**	–
Non-current portion	**–**	14,004
	8,251	14,004

20. ACQUISITION OF ASSOCIATES

During the year ended 30 June 2019, the Group completed the acquisition of 17% equity interests in Ocean Pride and its subsidiaries (collectively the "**Ocean Pride Group**") at an aggregate nominal consideration of HK$15,000,000 which was satisfied in promissory notes of HK$15,000,000 in favour of the vendor by the Company upon the date of completion of acquisition.

The fair values of the consideration and identifiable assets and liabilities of the Ocean Pride Group attributable to the Group, as at the completion date of the acquisition, are as below:

	HK$'000
Fair value of consideration:	
Promissory notes issued *(Note 19)*	13,769
Fair value of identifiable assets and liabilities of Ocean Pride Group attributable to the Group	(8,777)
Goodwill	4,992

21. LITIGATION

During the year ended 30 June 2019, 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 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 the Subsidiary is liable for the payment of RMB14,000,000 to the Constructor. On 6 May 2020, the Subsidiary lodged an objection to appeal against the aforesaid court judgement. As at 30 June 2020 and up to the date of these financial statements, no court judgement with regard to the Subsidiary's appeal is made.

Notwithstanding an appeal was made, a provision of RMB14,000,000, equivalent to approximately HK$15,348,000 was made in the financial statements.

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

	2020 ***HK$'000***
At the beginning of the year	**–**
Additions	**15,514**
Exchange realignment	**(166)**
At the end of the year	**15,348**

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that for the year ended 30 June 2020 (the "**year under review**"), total turnover of the Group was approximately HK$288,271,000, representing a decrease of 9.1% as compared to approximately HK$317,134,000 recorded for the corresponding period last year. During the year under review, loss attributable to owners of the Company was approximately HK$142,259,000, representing a decrease of 52.9% as compared to approximately HK$301,963,000 recorded for the corresponding period last year. Loss per share for the year under review was approximately HK$0.06 (Loss per share for 2018/19: HK$0.13).

BUSINESS REVIEW

The Group's turnover for the year under review was approximately HK$288,271,000, representing a decrease of 9.1% as compared to approximately HK$317,134,000 for the same period of last year. By business segments, the turnover of the cables and wires business was approximately HK$178,209,000, representing an increase of 1.0% as compared to approximately HK$176,494,000 for the same period of last year and accounted for 61.8% of the Group's total turnover. Turnover of the copper rod business was approximately HK$ 98,045,000, representing a decrease of 23.1% as compared to approximately HK$127,419,000 for the same period of last year and accounted for 34.0% of the Group's total turnover. Turnover of the leasing business was approximately HK$12,017,000, representing an increase of 30.8% as compared to approximately HK$9,187,000 for the same period of last year and accounted for4.2% of the Group's total turnover. Other business had no turnover for the year under review.

By geographical market segments, turnover from the business in the Americas increased by 40.0% to approximately HK$19,399,000 from approximately HK$13,857,000 for the same period of last year, accounting for 6.7% of the Group's total turnover. Turnover from the business in Mainland China and Hong Kong decreased by 16.4% to approximately HK$216,121,000 from approximately HK$258,571,000 for the same period of last year, accounting for 75.0% of the Group's total turnover. Turnover from the business in Europe increased by 18.0% to approximately HK$38,479,000 from approximately HK$32,598,000 for the same period of last year, accounting for 13.3% of the Group's total turnover. Turnover from the business in other regions increased by 17.9% to approximately HK$14,272,000 from approximately HK$12,108,000 for the same period of last year, accounting for 5.0% 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$178,209,000, representing an increase of 1.0% as compared to approximately HK$176,494,000 for the same period of last year. The major customers are primarily manufacturers of white goods appliances. During the year under review, despite the ongoing COVID-19 pandemic, the Group adjusted its sales strategy in a timely manner and maintained the stability of its wire and cable business. The Group has been closely monitoring the development of the pandemic and has adopted appropriate market strategies.

Copper Rod Business

The copper rod business comprises 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$98,045,000, representing a decrease of 23.1% as compared to approximately HK$127,419,000 for the same period of last year. International copper prices dropped during the year under review and the 3-month London Metal Exchange copper price decreased from approximately US$5,900 at the beginning of the year under review to approximately US$5,700 at the end of the year under review. As the COVID-19 pandemic and ongoing Sino-US trade war have casted shadow to economic prospects and resulted in continuous low copper prices, the operating conditions of the copper rod trading business remained challenging. The Group will closely monitor the development of the Sino-US trade war and adopt appropriate 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$12,017,000, representing an increase of approximately 30.8% as compared to approximately HK$9,187,000 for the same period last year. Such increase was mainly due to the resumption of leasing of the plant in Changping town, Dongguan during the year under review.

Mining

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. Global demand for commodities such as copper declined due to the impact of the Sino-US trade war and the COVID-19 pandemic on the economy. Upon the Board's deliberation of the above factors and the development direction of the Group, the Group is of opinion that the exploitation of mineral resources could not create synergy effect to the business development of the Group for the time being. Therefore, the Group suspended its mining investment and development in Mongolia temporarily. Apart from the work required to maintain mining rights, no large-scale capital investment was made during the year under review. The Group will closely monitor the development of the above factors and adjust the development strategy of the Group in a timely manner.

Advertising Business

The Group owns 49% of the issued capital of Idea International Holdings Limited ("**Idea**"). During the year under review, China's economy continued to slow down as impacted by the COVID-19 pandemic. Accordingly, corporate customers significantly reduced their budget on advertisements to reduce operating costs. While there had been an overall significant decline in the advertising market of the PRC, the conventional television advertising markets were impacted more severely. Given the rise of new media, and the de-intermediation of brands, the room for development for traditional advertisement companies is seriously cramped. The aforementioned factors had material adverse impact on the advertising business and its prospect during the year under review.

PROSPECTS

The ongoing COVID-19 pandemic has brought uncertainties to the global economic development. The Group will closely monitor the impact of the pandemic on the Group's business and make appropriate and timely adjustments on the Group's development direction to reduce the impact on the Group's business.

廉江市周氏石材有限公司 (Lianjiang Zhou's Marble Limited*) ("**Zhou's Marble**"), an indirect non-wholly owned subsidiary of the Group, has commenced construction works during the year under review. However, given the uncertain prospect brought by the COVID-19 pandemic, the Group has temporarily suspended the relevant works to reconsider the development prospect of the project and resources allocation, and will resume the construction when practicable.

During the year under review, the Group has commenced relevant works in respect of certain parcels of land in Dongguan. The Directors are keen to fully utilize the Group's existing land resources by constructing modern plants thereon, with a view to generating new income for the Group.

The Group will proactively identify potential business partners and new business opportunities with growth potential to achieve a balanced development with existing operations, expand its income sources, realize diversified and sustainable development and increase shareholders' values.

FINAL DIVIDEND

The Board resolved not to pay any final dividend for the year ended 30 June 2020 (30 June 2019: Nil).

ANNUAL GENERAL MEETING

The 2020 Annual General Meeting of the Company (the "**2020 AGM**") will be held on Friday, 4 December 2020.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as shareholders of the Company to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Tuesday, 1 December 2020 to Friday, 4 December 2020, 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 2020 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, 30 November 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had approximately 500 employees in Hong Kong, PRC and overseas (30 June 2019: 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.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 30 June 2020, the Group implemented a prudent financial management policy. As at 30 June 2020, the Group had cash and bank balances amounting to approximately HK$64 million (30 June 2019: HK$60 million) and value of net current assets was approximately HK$121 million (30 June 2019: HK$142 million). The Group's gearing ratio as at 30 June 2020 was 0.18 (30 June 2019: 0.15), being a ratio of total borrowings of approximately HK$183 million (30 June 2019: HK$172 million) to shareholders' funds of approximately HK$1,017 million (30 June 2019: HK$1,122 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 2020, the Group had pledged investment properties with an aggregate net book value of approximately HK$308 million (30 June 2019: HK$241 million) and pledged bank deposit of HK$2 million (30 June 2019: HK$2 million) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2020, the Company had issued guarantees to the extent of approximately HK$54 million (30 June 2019: HK$50 million) to secure the total loans of approximately HK$54 million (30 June 2019: HK$50 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 2020 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$134,000 (2018/19: net loss of HK$1,132,000).

LITIGATION INVOLVING DIRECTORS OF THE COMPANY

As disclosed in the Company's announcement dated 5 June 2020, legal action has been taken by CS Asia Opportunities Master Fund to join, among other things, Mr. Chau Lai Him and Mr. Chau Chi Ho, the executive Director and the son of Mr. Chau Lai Him, as the 2nd defendant and the 3rd defendant respectively to the legal proceedings in High Court of Hong Kong against one Mr. Zhou ("**Mr. Zhou**") in relation to a purported oral guarantee given by Mr. Chau Lai Him and/or Mr. Chau Chi Ho for the amounts owing by Mr. Zhou who was allegedly to be in breach of, among others, an equity swap transaction confirmation dated 31 May 2018 and entered into between CS Asia Opportunities Master Fund and Mr. Zhou. Mr. Chau Lai Him and/or Mr. Chau Chi Ho have already engaged legal advisers to handle and defend the proceedings.

The Company will closely monitor the status of the proceedings and evaluate its impact on the Company, and will provide shareholders and potential investors with the latest information on the development of the proceedings as and when appropriate.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

On 2 July 2019, the Company announced that with effect from 11 July 2019, the Hong Kong branch share registrar and transfer office of the Company, Tricor Secretaries Limited, has changed its address to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

CHANGE OF ADDRESS OF BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

On 22 July 2019, the Company announced that with effect from 19 July 2019, the principal share registrar and transfer office of the Company in Bermuda, MUFG Fund Services (Bermuda) Limited, had changed its address to 4th floor North, Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.

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.

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.

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 2020.

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 and A.4.3 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 2020, 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. An ordinary resolution was passed at the 2019 AGM to approve the re-appointment of Mr. Chung Kam Kwong as an independent non-executive Director of the Company.

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. An ordinary resolution was passed at the 2019 AGM to approve the re-appointment of Mr. Lo Wai Ming as an independent non-executive Director of the Company.

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 ("**Mr. Lo**") will retire 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. As an Independent Non-executive Director with extensive experience and knowledge in the cable and wire industry as well as in-depth understanding of the Company's operations and business, Mr. Lo 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 would not affect his exercise of independent judgement and are satisfied that Mr. Lo has the required character, integrity and experience to continue fulfilling the role of an Independent Non-executive Director and consider Mr. Lo to be independent. A separate resolution will be proposed for his re-election at 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 2020 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 nonexecutive 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 2020

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.