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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)

2021/2022 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “**Directors**” or the “**Board**”) of Solartech International Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *FOR THE SIX MONTHS ENDED 31 DECEMBER 2021*

		For the six months ended	
		31 December	31 December
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Turnover	3(a)	268,174	191,520
Cost of sales		(238,350)	(160,825)
Gross profit		29,824	30,695
Interest income		5,644	6,754
Other income		4,650	8,200
General and administrative expenses		(28,942)	(36,992)
Selling and distribution expenses		(3,786)	(5,478)
Change in fair value and gain on disposal of financial assets at fair value through profit or loss, net	14	(3,173)	3,207
Change in fair value of derivative financial instruments	15	2,692	4
Change in fair value of investment properties	10	71,413	14,561
Reversal of expected credit loss recognised, net		1,200	–
Finance costs	5	(9,290)	(8,276)
Loss on disposal of a subsidiary	19	–	(9,824)
Share of results of associates		(5,980)	71
Share of results of joint ventures		–	(3)

* *For identification purposes only*

		For the six months ended	
		31 December	31 December
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit before taxation	4	64,252	2,919
Income tax expense	6	(16,124)	(274)
Profit for the period		48,128	2,645
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		12,761	(5,593)
Reclassification adjustment on exchange difference for a foreign operation disposal of during the period		–	7,982
Other comprehensive income for the period		12,761	2,389
Total comprehensive income for the period		60,889	5,034
Profit for the period attributed to:			
Owners of the Company		46,741	2,204
Non-controlling interests		1,387	441
		48,128	2,645
Total comprehensive income for the period attributable to:			
Owners of the Company		59,528	4,710
Non-controlling interests		1,361	324
		60,889	5,034
Earnings per share			
– Basic (<i>HK cents</i>)	8	1.97	0.09
– Diluted (<i>HK cents</i>)		1.97	0.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2021 <i>HK\$'000</i> (Unaudited)	30 June 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	9	23,955	24,933
Investment properties	10	797,621	650,996
Right-of-use assets		8,521	9,480
Intangible assets	11	557,572	557,560
Prepayments		1,664	1,632
Interests in associates		5,731	11,600
Interests in joint ventures		24,255	24,267
Other receivables		10,046	9,697
		1,429,365	1,290,165
Total non-current assets			
Current assets			
Inventories		37,373	46,593
Debtors, other loans and receivables, deposits and prepayments	12	338,350	282,161
Bills receivable	13	2,923	1,189
Financial assets at fair value through profit or loss	14	8,704	5,091
Derivatives financial assets	15	431	–
Pledged bank deposits		70,439	72,150
Bank balances held on behalf of brokerage clients		28	28
Bank balances and cash		67,467	66,925
		525,715	474,137
Total current assets			
Current liabilities			
Creditors, other advances and accrued charges	16	115,718	154,148
Borrowings	17	244,165	240,236
Derivative financial liabilities	15	–	580
Promissory notes	18	6,962	8,960
Lease liabilities		1,938	1,886
		368,783	405,810
Total current liabilities			
Net current assets		156,932	68,327
Total assets less current liabilities		1,586,297	1,358,492

		31 December	30 June
		2021	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current liabilities			
Lease liabilities		333	1,316
Other payables and advances	16	77,665	49,993
Borrowings	17	142,805	20,443
Deferred tax liabilities		106,055	88,190
		<hr/>	<hr/>
Total non-current liabilities		326,858	159,942
		<hr/>	<hr/>
Total net assets		1,259,439	1,198,550
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Capital and reserves			
Share capital	20	23,745	23,745
Reserves		1,236,046	1,176,518
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,259,791	1,200,263
Non-controlling interests		(352)	(1,713)
		<hr/>	<hr/>
Total equity		1,259,439	1,198,550
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Statutory reserve fund <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2020 (audited)	23,745	1,828,432	612,360	(16,998)	4,878	123,233	8,734	(1,567,013)	1,017,371	(8,505)	1,008,866
Profit for the period	-	-	-	-	-	-	-	2,204	2,204	441	2,645
Exchange difference on translating foreign operations	-	-	-	(5,476)	-	-	-	-	(5,476)	(117)	(5,593)
Reclassification adjustment on exchange difference for a foreign operation disposal of during the period (Note 19)	-	-	-	7,982	-	-	-	-	7,982	-	7,982
Total comprehensive income for the period	-	-	-	2,506	-	-	-	2,204	4,710	324	5,034
Disposal of a subsidiary	-	-	-	-	-	(14,980)	-	14,980	-	(5,363)	(5,363)
Lapsed of share options	-	-	-	-	-	-	(27)	27	-	-	-
At 31 December 2020 (unaudited)	<u>23,745</u>	<u>1,828,432</u>	<u>612,360</u>	<u>(14,492)</u>	<u>4,878</u>	<u>108,253</u>	<u>8,707</u>	<u>(1,549,802)</u>	<u>1,022,081</u>	<u>(13,544)</u>	<u>1,008,537</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>	Property revaluation reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2021 (audited)	23,745	1,828,432	612,360	9,603	4,878	108,253	1,518	(1,388,526)	1,200,263	(1,713)	1,198,550
Profit for the period	-	-	-	-	-	-	-	46,741	46,741	1,387	48,128
Exchange difference on translating foreign operations	-	-	-	12,787	-	-	-	-	12,787	(26)	12,761
Total comprehensive income for the period	-	-	-	12,787	-	-	-	46,741	59,528	1,361	60,889
Lapsed of share options	-	-	-	-	-	-	(1,518)	1,518	-	-	-
At 31 December 2021 (unaudited)	<u>23,745</u>	<u>1,828,432</u>	<u>612,360</u>	<u>22,390</u>	<u>4,878</u>	<u>108,253</u>	<u>-</u>	<u>(1,340,267)</u>	<u>1,259,791</u>	<u>(352)</u>	<u>1,259,439</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	For the six months ended	
	31 December	31 December
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(58,001)	(8,245)
Net cash (used in)/generated from investing activities	(55,503)	5,193
Net cash generated from/(used in) financing activities	109,993	(15,556)
Net decrease in cash and cash equivalents	(3,511)	(18,608)
Cash and cash equivalents at beginning of the period	66,925	63,634
Effect of foreign exchange rate changes	4,053	(3,756)
Cash and cash equivalents at end of the period	<u>67,467</u>	<u>41,270</u>
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	<u>67,467</u>	<u>41,270</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 30 June 2021. 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 2021.

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2021, which comprise HKFRSs; Hong Kong Accounting Standards (“**HKASs**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s unaudited condensed consolidated interim financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

The Group has applied the following amendment to HKFRSs issued by the HKICPA to this interim financial information for the current accounting period:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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The Group has assessed the impact of the adoption of the above amendment and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies for the current and prior periods have been prepared or presented.

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 (“CODM”) that are used to make strategic decisions.

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

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

In prior years, the Group acquired its mining operation located in the State of Mongolia and became engaged in the mining business. However, no active operation took place since the date of acquisition and therefore the directors of the Company consider that the mining operation did not constitute a business segment as at 31 December 2020 and 31 December 2021, 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 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 interest income as well as head office and corporate expenses are excluded from such measurement.

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

Segment liabilities exclude promissory notes, 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 2021 (Unaudited)

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	169,709	91,419	7,046	268,174	–	268,174
Inter-segment revenue	–	6,355	–	6,355	(6,355)	–
Reportable segment revenue	169,709	97,774	7,046	274,529	(6,355)	268,174
Reportable segment profit	2,725	2,470	78,485	83,680	–	83,680
Finance costs	(7,388)	(514)	(1,013)	(8,915)	–	(8,915)
Change in fair value of derivative financial instruments, net						
– allocated	(92)	–	–	(92)	–	(92)
– unallocated						2,784
						2,692
Change in fair value of investment properties	–	–	71,413	71,413	–	71,413
Gain on disposal of property, plant and equipment	–	–	19	19	–	19
Reversal of expected credit loss/ (expected credit loss) recognised, net						
– allocated	(850)	(432)	2,134	852	–	852
– unallocated						348
						1,200
Depreciation of right-of-use assets						
– allocated	(4)	(108)	(12)	(124)	–	(124)
– unallocated						(951)
						(1,075)
Depreciation of property, plant and equipment						
– allocated	(2,016)	(139)	(155)	(2,310)	–	(2,310)
– unallocated						(66)
						(2,376)
Taxation	–	–	(16,124)	(16,124)	–	(16,124)

For the six months ended 31 December 2020 (Unaudited)

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	118,991	64,858	7,671	191,520	–	191,520
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	118,991	64,858	7,671	191,520	–	191,520
Reportable segment profit	186	2,281	10,868	13,335	–	13,335
Finance costs	(4,400)	(2,278)	(1,059)	(7,737)	–	(7,737)
Change in fair value of derivative financial instruments, net	–	4	–	4	–	4
Change in fair value of investment properties	–	–	14,561	14,561	–	14,561
Loss on disposal of property, plant and equipment	(3)	–	–	(3)	–	(3)
Loss on disposal of a subsidiary	–	–	(9,824)	(9,824)	–	(9,824)
Depreciation of right-of-use assets						
– allocated	(4)	(102)	(22)	(128)	–	(128)
– unallocated						(1,224)
						(1,352)
Depreciation of property, plant and equipment						
– allocated	(2,439)	(670)	(198)	(3,307)	–	(3,307)
– unallocated						(1,362)
						(4,669)
Taxation	(37)	–	(237)	(274)	–	(274)

As at 31 December 2021 (Unaudited)

	Cables and wires <i>HK\$'000</i>	Copper rods <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	265,490	218,895	835,006	1,319,391
Additions to non-current assets	960	–	61,904	62,864
Reportable segment liabilities	326,373	195,097	55,988	577,458

As at 30 June 2021 (Audited)

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

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

	For the six months ended	
	31 December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit before taxation		
Reportable segment profit	83,680	13,335
Change in fair value and profit on disposal of financial assets at fair value through profit or loss, net	(3,173)	3,207
Share of results of joint ventures	–	(3)
Share of results of associates	(5,980)	71
Unallocated finance costs	(375)	(539)
Unallocated corporate expenses	(9,900)	(13,152)
Consolidated profit before taxation	64,252	2,919
	31 December	30 June
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Assets		
Reportable segment assets	1,319,391	1,112,201
Mining right	557,572	557,560
Interests in joint ventures	24,255	24,267
Interests in associates	5,731	11,600
Unallocated bank balances and cash	3,767	12,937
Unallocated corporate assets	44,364	45,737
Consolidated total assets	1,955,080	1,764,302

	31 December	30 June
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Liabilities		
Reportable segment liabilities	577,458	460,870
Promissory notes	6,962	8,960
Deferred tax liabilities	106,055	88,190
Unallocated corporate liabilities	5,166	7,732
	<hr/>	<hr/>
Consolidated total liabilities	695,641	565,752
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(c) **Geographical information**

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

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

	For the six months ended	
	31 December	
	Revenue from external customers	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The PRC	160,528	115,410
Americas	23,568	20,196
Europe	51,579	30,895
Hong Kong	21,699	15,207
Other Asian regions	10,800	9,812
	<hr/>	<hr/>
	268,174	191,520
	<hr/> <hr/>	<hr/> <hr/>

4. PROFIT BEFORE TAXATION

This has been arrived at after charging/(crediting) the following:

	For the six months ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	2,376	4,669
Depreciation of right-of-use assets	1,075	1,352
Government subsidies	–	(556)
(Gain)/loss on disposal of property, plant and equipment	(19)	3
Reversal of write-down on inventories	(33)	(109)
	<u>2,376</u>	<u>4,669</u>

5. FINANCE COSTS

	For the six months ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on borrowings	8,874	7,801
Imputed interest on promissory notes	302	423
Interest on lease liabilities	114	52
	<u>9,290</u>	<u>8,276</u>

6. TAXATION

	For the six months ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – other jurisdictions		
Tax for period	171	37
Deferred tax for the period	15,953	237
	<u>16,124</u>	<u>274</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.

7. DIVIDEND

The directors do not recommend the payment of any dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: HK\$Nil).

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share amounts for the six months ended 31 December 2021 is based on the earnings for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period.

<i>Earnings</i>	For the six months ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company for the purpose of basic earnings per share	46,741	2,204
	<u>46,741</u>	<u>2,204</u>
<i>Number of shares</i>	For the six months ended	
	31 December	
	2021	2020
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,374,532,340	2,374,532,340
	<u>2,374,532,340</u>	<u>2,374,532,340</u>

The computation of diluted earnings per share for the six months ended 31 December 2021 and 2020 does not assume the subscription of the Company's outstanding potential dilutive ordinary shares as they were anti-dilutive. Therefore, the diluted earnings per share was the same as the basic earnings per share for the six months ended 31 December 2021 and 2020.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2021, the Group purchased and disposed of property, plant and equipment of HK\$960,000 (six months ended 31 December 2020: HK\$2,046,000) and HK\$15,000 (six months ended 31 December 2020: HK\$4,600) respectively.

10. INVESTMENT PROPERTIES

	Completed investment properties <i>HK\$'000</i>	Investment properties under construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2020 (Audited)	368,470	146,886	515,356
Additions	–	54,733	54,733
Change in fair value	31,238	54,673	85,911
Disposal of subsidiaries	(53,110)	–	(53,110)
Exchange realignment	31,094	17,012	48,106
	<hr/>	<hr/>	<hr/>
At 30 June 2021 and 1 July 2021 (Audited)	377,692	273,304	650,996
Additions	–	61,904	61,904
Change in fair value	4,559	66,854	71,413
Exchange realignment	6,373	6,935	13,308
	<hr/>	<hr/>	<hr/>
At 31 December 2021 (Unaudited)	388,624	408,997	797,621
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Group's investment properties were valued at 31 December 2021 by LCH (Asia-Pacific) Surveyors Limited and Peak Vision Appraisals Limited. They are independent firms of professionally qualified valuers, who have 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 based on one of the following approaches:

- (i) investment approach by capitalising the rental income derived from existing tenancies with due provision for any reversionary income potential of the tenancies;
- (ii) direct comparison approach by making reference to comparable sales evidence available as in the relevant market; or
- (iii) depreciated replacement cost approach by making reference to the market value of comparable land and the estimated replacement cost of the buildings.

These valuations gave rise to net fair value gain of HK\$71,413,000 during the current period (six months ended 31 December 2020: HK\$14,561,000).

No direct operating expenses arising on the investment properties were incurred during the six months ended 31 December 2021 and 2020.

11. INTANGIBLE ASSETS

	Mining right <i>HK\$'000</i>
COST:	
At 1 July 2021 (Audited)	1,167,689
Exchange realignments	12
At 31 December 2021 (Unaudited)	1,167,701
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:	
At 1 July 2021 (Audited) and 31 December 2021 (Unaudited)	610,129
NET CARRYING AMOUNT:	
At 31 December 2021 (Unaudited)	557,572
At 30 June 2021 (Audited)	557,560

Mining right

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

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

At 31 December 2021, included in the Group's debtors, other loans and receivables, deposits and prepayments were trade debtors of approximately HK\$89,195,000 (30 June 2021: HK\$84,612,000).

- (i) The Group allows an average credit period of 30 to 60 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:

	31 December 2021 <i>HK\$'000</i> (Unaudited)	30 June 2021 <i>HK\$'000</i> (Audited)
Within 30 days	17,823	37,240
31–60 days	20,115	27,325
61–90 days	21,833	14,020
Over 90 days	29,424	6,027
	89,195	84,612

- (iii) At 31 December 2021, included in debtors, other loans and receivables, deposits and prepayments were amounts due from financial institutions amounting to approximately HK\$2,470,000 (30 June 2021: HK\$2,151,000) 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 2021 and 30 June 2021, all bills receivable aged within 90 days.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Equity securities held for trading and listed in Hong Kong	8,704	5,091

The fair values of the equity securities are determined based on the quoted market prices. During the period, a loss on change in fair value of HK\$3,173,000 (six months ended 31 December 2020: gain of HK\$1,757,000) and a net gain on disposal of HK\$Nil (six months ended 31 December 2020: HK\$1,450,000) were recognised in profit or loss.

15. DERIVATIVE FINANCIAL INSTRUMENTS

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

The fair values of copper future contracts are determined based on the quoted market prices 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\$2,692,000 (six months ended 31 December 2020: HK\$4,000) has been recognised in the profit or loss during the period. All of these derivative financial instruments are not designated as hedging instruments.

16. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

At 31 December 2021, included in the Group's creditors, other advances and accrued charges were trade creditors of HK\$68,224,000 (30 June 2021: HK\$84,702,000).

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

	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Within 30 days	48,126	43,524
31–60 days	3,748	19,037
61–90 days	9,117	8,841
Over 90 days	7,233	13,300
	68,224	84,702

17. BORROWINGS

During the six months ended 31 December 2021, the Group raised new borrowings of HK\$183,869,000 (six months ended 31 December 2020: HK\$52,679,000) to provide for additional working capital and made repayment of HK\$61,657,000 (six months ended 31 December 2020: HK\$60,385,000). The borrowings of HK\$386,970,000 of the Group are secured. The average effective interest rates of the bank borrowings range from 1.5% to 7.6% (30 June 2021: 1.5% to 7.6%) per annum. The average effective interest rates of the other loans were 10.8% to 11.5% (30 June 2021: 11.5%) per annum.

18. 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. The promissory note was unsecured, bear interest at 6% per annum and matured at 30 April 2021. During the year ended 30 June 2021, the maturity date was extended to 29 November 2021. During the six months ended 31 December 2021, the maturity date was further extended to 29 May 2022.

The promissory note was 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 are as follows:

	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
At the beginning of the period/year	8,960	8,251
Imputed interest	302	709
Redemption	(2,000)	–
Interest paid	(300)	–
	<hr/>	<hr/>
At the end of the period/year	6,962	8,960

19. DISPOSAL OF A SUBSIDIARY

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

During the six months ended 31 December 2020, the disposal of equity interest in the Disposal Subsidiary has been completed.

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

HK\$'000

Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	91
Investment properties	53,110
Debtors, other loans and receivables, deposits, and prepayments	6,918
Bank balances and cash	1,329
Creditors, other advances and accrued charges	(990)
Deferred tax liabilities	(8,793)
Non-controlling interests	(5,363)
	<hr/>
Net assets disposed of	46,302
Cumulative exchange differences in respect of the net assets of the Disposal Subsidiary reclassified from equity to profit or loss on loss of control of the Disposal Subsidiary	7,982
Loss on disposal	(9,824)
	<hr/>
Total consideration	<u>44,460</u>
Net cash inflow arising on disposal:	
Cash consideration (<i>Note</i>)	44,460
Less: Cash and bank balances disposed of	(1,329)
	<hr/>
	<u>43,131</u>

Note: During the year ended 30 June 2021, the consideration of HK\$44,460,000 was received by the Group.

20. SHARE CAPITAL

	Number of shares		Share capital	
	31 December 2021 '000 (Unaudited)	30 June 2021 '000 (Audited)	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Ordinary shares of HK\$0.01 each:				
Authorised	<u>50,000,000</u>	<u>50,000,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
At beginning and at end of the period/ year	<u>2,374,532</u>	<u>2,374,532</u>	<u>23,745</u>	<u>23,745</u>

21. CAPITAL COMMITMENTS

	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of construction of:		
Buildings	<u><u>178,178</u></u>	<u><u>228,244</u></u>

22. SHARE OPTION SCHEME

On 18 December 2012, the Company adopted a new share option scheme (the “**Scheme**”) for the primary purpose to attract, retain and motivate talented employees, executive and non-executive directors and consultants of the Company or any subsidiaries of associated companies or such persons who from time to time are determined by the board of directors (the “**Board**”) at its discretion as having contributed to the Group based on his/her performance and/or years of services, or it regarded as valuable resources and other relevant factors (the “**Participants**”), to strive for future developments and expansion of the Group. The Scheme will end on 17 December 2022.

Under the Scheme, the Board of the Company may grant options to the Participants to subscribe for shares in the Company at a price equal to the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the offer date, which must be a business day; (ii) the average of the closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a share, subject to a maximum of 237,453,234 shares, representing approximately 10% of the issued share capital of the Company as at the date of annual general meeting on 6 December 2019.

No share options were granted during the six months ended 31 December 2021 and 2020. During the six months ended 31 December 2021, 53,800,000 share options were lapsed. As at 31 December 2021, the Company did not have any outstanding share option under the Scheme accordingly (30 June 2021: 53,800,000).

23. RELATED PARTY TRANSACTIONS

In addition to the information detailed elsewhere in these unaudited condensed consolidated interim financial statements, and except for the compensation of key management personnel as disclosed below, the Group has no other related party transaction for both periods.

Compensation of key management personnel of the Group

Members of key management personnel of the Group during the periods comprised only of the directors.

24. PLEDGE OF ASSETS

As at 31 December 2021, the Group has pledged property, plant and equipment, investment property, right-of-use assets and pledged deposits and bank balances in the aggregate amount of HK\$458,078,000 (30 June 2021: HK\$436,413,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announced that for the six months ended 31 December 2021 (the “**period under review**”), the total turnover of the Group was approximately HK\$268,174,000, representing an increase of 40.0% as compared to approximately HK\$191,520,000 recorded for the corresponding period last year. During the period under review, profit attributable to the owners of the Company was approximately HK\$46,741,000, representing an increase of 2,020.7% as compared to profit attributable to the owners of the Company of approximately HK\$2,204,000 for the corresponding period last year.

Earnings per share for the period under review was approximately HK1.97 cents (Earnings per share for 2020/2021 interim: HK0.09 cent).

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 31 December 2021 (31 December 2020 interim: nil).

BUSINESS REVIEW

The Group’s turnover for the period under review was approximately HK\$268,174,000, representing an increase of 40.0% as compared to approximately HK\$191,520,000 for the same period of last year. By business segments, the turnover of cables and wires business was approximately HK\$169,709,000, representing an increase of 42.6% as compared to approximately HK\$118,991,000 for the same period of last year and accounting for 63.3% of the Group’s total turnover. Turnover of copper rod business was approximately HK\$91,419,000, representing an increase of 41.0% as compared to approximately HK\$64,858,000 for the same period of last year and accounting for 34.1% of the Group’s total turnover. Turnover of leasing business was approximately HK\$7,046,000, representing a decrease of 8.1% as compared to approximately HK\$7,671,000 for the same period of last year and accounting for 2.6% of the Group’s total turnover. Other businesses remained dormant during the period under review.

By geographical market segments, turnover from the business in the Americas increased by 16.7% to approximately HK\$23,568,000 from approximately HK\$20,196,000 for the same period of last year, accounting for 8.8% of the Group’s total turnover. Turnover from the business in Mainland China and Hong Kong increased by 39.5% to approximately HK\$182,227,000 from approximately HK\$130,617,000 for the same period of last year, accounting for 68.0% of the Group’s total turnover. Turnover from the business in Europe increased by 66.9% to approximately HK\$51,579,000 from approximately HK\$30,895,000 for the same period of last year, accounting for 19.2% of the Group’s total turnover. Turnover from the business in other regions increased by 10.0% to approximately HK\$10,800,000 from approximately HK\$9,812,000 for the same period of last year, accounting for 4.0% of the Group’s total turnover.

Cables and Wires

The Group's turnover of the cables and wires business for the period under review was approximately HK\$169,709,000, representing an increase of 42.6% as compared to approximately HK\$118,991,000 for the same period of last year. The major customers are primarily manufacturers of white goods appliances. During the period under review, people's lifestyles changed amid the COVID-19 pandemic as they spent more time working or studying at home. The world was recovering socially and economically with the widespread vaccination, which led to a continuous increase in the demand for household appliances. Due to the overwhelming demand for logistics and the strict quarantine on logistics imposed by countries, the delivery delays were on the rise. Overseas customers intended to increase their inventories of household appliances in order to meet the huge market demand. The above factors contributed to the substantial growth of the Group's cables and wires business during the period under review.

Copper Rod Business

The copper rod business includes the trading of copper rods and copper wires and their related products. During the period under review, the turnover of the copper rod business was approximately HK\$91,419,000, representing an increase of 41.0% as compared to approximately HK\$64,858,000 for the corresponding period of last year. International copper prices maintained at high level during the period under review, and the 3-month London Metal Exchange copper price increased from approximately US\$9,400 per tonne at the beginning of the period under review to approximately US\$9,500 per tonne at the end of the period under review. With economic recovery and rising inflation, copper prices rebounded continually. The copper rod trading business also recorded growth amid such operating environment. The Group has been closely monitoring the development of the operating environment and adopted targeted marketing strategies accordingly.

Rental Income

Investment properties of the Group mainly comprise industrial properties in Hong Kong and the PRC. During the period under review, rental income was approximately HK\$7,046,000, representing a decrease of approximately 8.1% as compared with approximately HK\$7,671,000 for the same period of last year. The decrease in rental was due to the disposal of certain factory buildings in Dongguan by the Group during the same period last year.

Mining

The Group's mineral resources are concentrated in Dundgobi Aimag and Bayan-Ulgii Aimag, Mongolia. No revenue was recorded for the period under review as these projects did not carry out any production activities. During the period under review, the COVID-19 pandemic has brought unprecedented challenges to all countries around the world. The countries, including Mongolia, continued to implement strict COVID-19 pandemic preventive measures. The Sino-Mongolian border was closed from time to time in response to the development of the pandemic, which severely affected logistics and entry by foreigners. This posed an increased risk of uncertainty to the Group's plan for the development of mineral resources in Mongolia. Therefore, the Group has adjusted its investment plan in Mongolia in a more prudent manner. Apart from the work required to maintain mining rights, no large-scale capital investment was made during the period under review.

Advertising Business

The Group owns 49% of the issued capital of Idea International Holdings Limited (“**Idea**”). During the period under review, many domestic media no longer operated mainly for profit. Instead, they took the ideological propaganda as their top priorities. Therefore, it has become a common new normal for media to incur losses. Under such circumstances, it is extremely difficult for advertising companies, as intermediaries, to make a profit. In addition, the consumption power has generally shrunk amid the pandemic, which posed great pressure on advertisers to operate. As a general choice, the advertisers endeavored to explore new streams of income and reduce expenditure, which have led to a difficult business environment and tricky prospects for Idea.

PROSPECTS

Thanks to widespread vaccination, the domestic and international pandemic situation is gradually stabilizing. The global economy is expected to see a steady recovery in the coming year, which will help continually improve the operating environment of the Group's cables and wires and copper rod businesses. The Group will capitalise on the improvement of the operating environment and closely monitor the impact of the evolving COVID-19 pandemic situation on the economy and its business so as to adjust its sales strategy and ramp up its production capacity in a timely manner to increase its revenue.

During the period under review, the Group proceeded with the construction of its modern factory buildings in Dongguan in an orderly manner. The Directors expect that the construction of new factory buildings will be completed in tandem in the coming year. The Group is confident that the newly constructed factory buildings will generate new income for the Group. At the same time, the Group will regularly review the strategies for allocation and development of its existing land resources, with a view to increasing the Group's income and enhancing the return to shareholders.

During the period under review, as the COVID-19 pandemic brought uncertainties on the project construction and it was still subject to coordination by the local government authorities to improve the access to water supply, electricity and roads as well as land leveling during the construction process, the Group has suspended the construction works of 廉江市周氏石材有限公司 (Lianjiang Zhou's Marble Company Limited*), an indirect non-wholly owned subsidiary of the Group, to reconsider the development prospect of the project.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had approximately 500 employees in Hong Kong, the People's Republic of China ("PRC") and overseas (30 June 2021: 500). The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund Scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

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

During the six months ended 31 December 2021 and 31 December 2020, the Group had no forfeited contributions under the retirement benefits schemes utilised to reduce its existing level of contributions to the pension plans in future years.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the six months ended 31 December 2021, the Group implemented a prudent financial management policy. As at 31 December 2021, the Group had cash and bank balances amounting to approximately HK\$67 million (30 June 2021: HK\$67 million) and value of net current assets was approximately HK\$157 million (30 June 2021: HK\$68 million). The Group's gearing ratio as at 31 December 2021 was 0.31 (30 June 2021: 0.23), being a ratio of total borrowings of approximately HK\$394 million (30 June 2021: HK\$270 million) to shareholders' funds of approximately HK\$1,260 million (30 June 2021: HK\$1,200 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 other exchange risks.

CHARGES ON GROUP ASSETS

As at 31 December 2021, the Group had pledged investment properties with an aggregate net book value of approximately HK\$382 million (30 June 2021: HK\$364 million), pledged right-of-use assets of approximately HK\$6 million (30 June 2021: nil) and pledged bank deposit of HK\$70 million (30 June 2021: HK\$72 million) to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2021, the Company had issued guarantees to the extent of approximately HK\$50 million (30 June 2021: HK\$50 million) to secure the total loans of approximately HK\$50 million (30 June 2021: HK\$50 million) granted to its subsidiary.

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 2021 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\$2,692,000 (31 December 2020 interim: net gain of HK\$4,000).

CAPITAL STRUCTURE

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

SIGNIFICANT INVESTMENT

The Group did not make any significant investment during the period 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.

SHARE OPTIONS

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 18 December 2012, the Company adopted a share option scheme (the “**Share Option Scheme**”). The details of the Share Option Scheme are set out in a circular to the shareholders of the Company dated 24 October 2012 and a summary of the Share Option Scheme was set out in the Company’s 2021 Annual Report.

Details of the share options granted, exercised, cancelled and lapsed during the period under review under the Share Option Scheme are set out below:

Name or category of participants	Date of grant	Exercisable period	Exercise price HK\$ <i>Note (1)</i>	Number of Share Options					Outstanding at 31.12.2021
				Outstanding at 1.7.2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Employees	25 July 2019	2 October 2019 to 31 December 2021	0.100	53,800,000	-	-	-	(53,800,000)	-

Note:

- (1) (i) The closing price per share as stated in the Stock Exchange’s daily quotation sheet on 25 July 2019 was HK\$0.061; (ii) the average closing price per share as stated in the Stock Exchange’s daily quotation sheet for the five trading days immediately preceding 25 July 2019 was HK\$0.062; and (iii) the closing price per share as stated in the Stock Exchange’s daily quotation sheet on 24 July 2019 (the day immediately preceding the date of grant, i.e. 25 July 2019) was HK\$0.063. There was no vesting period.

As at 31 December 2021, there were no outstanding share options to subscribe shares of the Company.

As at 31 December 2021, under the refreshed scheme mandate limit which was approved by way of an ordinary resolution of the shareholders at the annual general meeting of the Company held on 6 December 2019, the Company could grant share options for up to 237,453,234 Shares, representing 10% of the Shares in issue of the Company pursuant to the Share Option Scheme.

During the period under review, a total of 53,800,000 share options were lapsed and no share options were granted, exercised or cancelled.

Other than as disclosed above, the Company has not adopted any new share option scheme during the six months ended 31 December 2021.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, the interest of the Directors and their associates in the Shares, underlying shares or debentures of the Company or any of the Company's associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") are as follows:

Name of Director	Capacity	Number of Shares held in long position	Total percentage of the issued share capital of the Company
Chau Chi Ho	Beneficial owner	39,380,000	1.66%
Lo Wai Ming	Beneficial owner	400,000	0.02%
Lo Chao Ming	Beneficial owner	300,000	0.01%

Other than as disclosed above, as at 31 December 2021, none of the Directors nor the Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of the Company's associated corporation (within the meaning of Part XV of the SFO), as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and chief executives of the Company, as at 31 December 2021, there were no persons (other than the Directors or the Chief Executive of the Company) who had a notifiable interest or short position in the shares or underlying shares of the Company recorded in the register kept by the Company pursuant to section 336 of the SFO.

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 six months ended 31 December 2021.

COMPLIANCE WITH THE CODE PROVISIONS

During the period under review, the Company complied with the principles in the Corporate Governance Code (the “**CG Code**”) which took effect on 1 January 2022 and as set out in Appendix 14 to the Listing Rules, save and except for the deviations from Code provisions B.2.3, C.2.1 and F.2.2 which are explained below.

Code provision B.2.3

Under Code provision B.2.3, 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 (“**Mr. Chung**”) 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 retired from office by rotation at the 2021 annual general meeting of the Company held on 3 December 2021 (the “**2021 AGM**”) and offered himself for re-election at the 2021 AGM. Mr. Chung has been serving as the chairman of the Audit Committee of the Company for more than 18 years and possesses professional qualification in accounting and financial management. Coupled with his in-depth understanding of the Company’s operations and business, Mr. Chung has expressed objective views and given independent guidance to the Company over the past years. He continues demonstrating a firm commitment to his role. The Nomination Committee and the Board consider that the long service of Mr. Chung would not affect his exercise of independent judgement and are satisfied that Mr. Chung has the required character, integrity and experience to continue fulfilling the role of an Independent Non-executive Director and consider Mr. Chung to be independent. An ordinary resolution was passed at the 2021 AGM to approve the re-appointment of Mr. Chung 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 2021 AGM and offered himself for re-election at the 2021 AGM. Mr. Lo Wai Ming has more than 35 years’ experience in capital investment, consumer marketing, infrastructure investment and management, business development and corporate finance and an in-depth understanding of the Company’s operations and business. Mr. Lo Wai Ming has expressed objective views and given independent guidance to the Company over the past years. He continues demonstrating a firm commitment to his role. The Nomination Committee and the Board consider that the long service of Mr. Lo Wai Ming would not affect his exercise of independent judgement and are satisfied that Mr. Lo Wai Ming has the required character, integrity and experience to continue fulfilling the role of an Independent Non-executive Director and consider Mr. Lo Wai Ming to be independent. An ordinary resolution was passed at the 2021 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 retired from office by rotation at the 2020 annual general meeting of the Company held on 4 December 2020 (the “**2020 AGM**”) and offered himself for re-election at the 2020 AGM. Mr. Lo Chao Ming has extensive knowledge and experience in the cable and wire industry, and an in-depth understanding of the Company’s operations and business. An ordinary resolution was passed at the 2020 AGM to approve the re-appointment of Mr. Lo Chao Ming as an independent non-executive Director of the Company.

Code provision C.2.1

Under Code provision C.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 period under review, 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 F.2.2

Under Code provision F.2.2, the chairman of the board should attend the annual general meeting.

During the period under review, Mr. Chau, the Chairman and the Managing Director of the Company, could not attend the 2021 AGM as since March 2021, he has stayed in the PRC for the Group’s business operations and could not return to Hong Kong due to the COVID-19 pandemic. Mr. Chau Chi Ho, the deputy Chairman of the Company, took the chair of the 2021 AGM.

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. It has adopted terms of reference which are in line with the Code provisions.

The Audit Committee has reviewed the unaudited interim results of the Group for the period under review and has agreed with the accounting treatments adopted.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all 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, 25 February 2022

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.